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**RISECOMM**

**瑞斯康**

**RISECOMM GROUP HOLDINGS LIMITED**

**瑞斯康集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1679)**

## **SECOND SUPPLEMENTAL ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF THE TARGET GROUP**

Reference is made to the announcement dated 28 December 2017 (the “**Announcement**”) and the supplemental announcement dated 3 January 2018 (the “**First Supplemental Announcement**”), respectively, of Risecomm Group Holdings Limited (瑞斯康集團控股有限公司) (the “**Company**”) regarding a sale and purchase agreement dated 28 December 2017 and entered into between the Company and the Vendor (as defined in the Announcement), in relation to the proposed acquisition by the Company of the entire issued share capital of the Target Company (as defined in the Announcement). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement and the First Supplemental Announcement.

The Company would like to clarify that there was no profit guarantee in respect of the 2018 Audited Profit provided by the Vendor or its ultimate beneficial owners under the Sale and Purchase Agreement. The defined term “2018 Guaranteed Profit” is meant to represent an amount agreed by the parties under the Sale and Purchase Agreement for the sole purpose of facilitating the Adjustment Mechanism. In other words, the Consideration will be downward adjusted in accordance with the Adjustment Mechanism, and such amount of downward adjustment to the Consideration will be refunded to the Company.

For the above clarification purpose, the Company would like to replace the section headed “Sale and Purchase Agreement — Profit guarantee” in the Announcement in its entirety by the following section headed “Sale and Purchase Agreement — Adjustment mechanism”:

**“Sale and Purchase Agreement — Adjustment mechanism**

In the event that the audited consolidated net profit after taxation of the Target Group for the year ending 31 December 2018 (the “**2018 Audited Profit**”) is less than HK\$50,000,000 (the “**2018 Guaranteed Profit**”), each of the Vendor and its ultimate beneficial owners, jointly and severally, undertakes to make a payment to the Company in an amount calculated by reference to the following formula:

$$\text{Payment} = 10 \times (\text{2018 Guaranteed Profit} - \text{2018 Audited Profit})$$

The 2018 Audited Profit shall be determined according to the audited consolidated financial statements of the Target Group (the “**2018 Audited Financial Statements**”) to be prepared and reported by an auditor nominated by the Company. The 2018 Audited Profit will be prepared in accordance with the accounting policies adopted by the Group and will present the net profit of the Target Group (after deducting all costs of sales, operating and administrative expenses, interest, depreciation, amortization and taxation) for the year ending 31 December 2018 and will not be subject to any adjustment. For the purpose of calculating the amount of payment under the formula above, the 2018 Audited Profit will be zero if the Target Group is operating at a loss for the year ending 31 December 2018.

Under the Sale and Purchase Agreement, the parties agreed that:

- (i) the payment to be made by the Vendor, if any, shall not exceed 80% of the Consideration (namely, HK\$400,000,000), which shall be made by the Vendor within 15 Business Days following the issuance of the 2018 Audited Financial Statements; and
- (ii) in the event that the 2018 Audited Profit is more than the 2018 Guaranteed Profit, no additional amount has to be paid by the Company to the Vendor.

The adjustment mechanism in respect of the shortfall to the 2018 Guaranteed Profit (the “**Adjustment Mechanism**”) was determined after arm’s length negotiations between the parties having taken into account: (i) the implied P/E ratio of 10 times based on the Consideration and the 2018 Guaranteed Profit; (ii) each of the 2018 Guaranteed Profit and the Adjustment Mechanism serves as a form of complementary incentive to the Vendor to continue to assist in the management and operation of the Target Group and therefore motivates the Vendor with aligned interests of maximizing the profit of the Target Group; (iii) the Adjustment Mechanism would protect the Company’s interests in case the 2018 Guaranteed Profit could not be achieved; (iv) the Company will be entitled to a reimbursement of part of the Consideration in cash calculated by the formula set out above; and (v) the undertaking provided by the Vendor, as disclosed in the paragraph headed “Undertaking” below, would further protect the interest of the Company. In light of the above, the Directors consider that the Adjustment Mechanism is fair and reasonable and in the interest of the Company and the Shareholders as a whole.”

Save as disclosed in this announcement, all other information in the Announcement and the First Supplemental Announcement remain unchanged.

By order of the Board  
**Risecomm Group Holdings Limited**  
**Yue Jingxing**  
*Executive Director and Chief Executive Officer*

Hong Kong, 10 January 2018

*As at the date of this announcement, the executive Directors are Mr. Yue Jingxing, Mr. Wang Shiguang and Mr. Zhang Youyun, the non-executive directors are Mr. Ng Benjamin Jin-ping and Mr. Lau Wai Leung, Alfred and the independent non-executive Directors are Mr. Pan Song, Mr. Chen Yong and Mr. Ong King Keung.*