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## **YAT SING HOLDINGS LIMITED**

### **日成控股有限公司**

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

**(Stock Code: 3708)**

## **SUPPLEMENTAL AGREEMENT IN RELATION TO THE MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY; AND DELAY IN DESPATCH OF CIRCULAR**

References are made to the announcements of Yat Sing Holdings Limited (the “**Company**”) dated 5 September 2017 and 19 September 2017 (the “**Announcement**”), 12 October 2017, 26 October 2017, 17 November 2017 and 24 November 2017 in relation to, among other things, the Acquisition and the transactions contemplated thereunder. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise herein.

### **SUPPLEMENTAL AGREEMENT**

On 29 December 2017, a supplemental agreement to the Sale and Purchase Agreement (the “**Supplemental Agreement**”) was entered into by the Purchaser and the Vendor, pursuant to which the Purchaser and the Vendor have mutually agreed in writing to amend the following terms of the Sale and Purchase Agreement.

#### **Profit Guarantee**

The Vendor has irrevocably warranted and undertaken that the after-tax net profit of the Target Company for the year ending 31 December 2018 (the “**2018 Actual Profits**”) shall be not less than RMB10,000,000 (equivalent to approximately HK\$11,875,000) (the “**2018 Profit Guarantee**”) and the after-tax net profit of the Target Company for the year ending 31 December 2019 (the “**2019 Actual Profits**”) shall be not less than RMB12,000,000 (equivalent to approximately HK\$14,250,000) (the “**2019 Profit Guarantee**”, together with the 2018 Profit Guarantee, the “**Profit Guarantee**”).

As security for the performance of the obligations of the Vendor under the Profit Guarantee, the Vendor shall deposit in aggregate RMB12,000,000 (equivalent to approximately HK\$14,250,000) to the Purchaser on the Completion Date, comprising:

- (a) RMB6,000,000 (equivalent to approximately HK\$7,125,000) (“**2018 PG Security Deposit**”) as security deposit for the fulfilment of the 2018 Profit Guarantee; and
- (b) the remaining RMB6,000,000 (equivalent to approximately HK\$7,125,000) (“**2019 PG Security Deposit**”) as security deposit for the fulfilment of the 2019 Profit Guarantee.

The Target Company shall appoint and procure an auditor to certify the audited consolidated financial statements and the after-tax net profit of the Target Company for each of the two years ending 31 December 2018 (the “**2018 Certificate of Profits**”) and 2019 (the “**2019 Certificate of Profits**”) within three months after the end of the respective financial year, using the International Financial Reporting Standard.

In the event that the 2018 Actual Profits as shown in the 2018 Certificate of Profits is equal to or more than the 2018 Profit Guarantee, the Purchaser shall return the 2018 PG Security Deposit accordingly. In the event that the 2018 Actual Profits as shown in the 2018 Certificate of Profits is less than the 2018 Profit Guarantee, the Purchaser shall have the right to deduct the 2018 Deductible Amount from the 2018 PG Security Deposit; the 2018 Deductible Amount shall be calculated in accordance with the following formula:

$$\text{2018 Deductible Amount} = (\text{2018 Profit Guarantee} - \text{2018 Actual Profits}) \times 55\% \times 7$$

*(being the price-to-earnings ratio as agreed by the Purchaser and the Vendor)*

The 2018 PG Security Deposit shall be returned within five Business Days (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) after the receipt of the 2018 Certificate of Profits. If the 2018 Deductible Amount is equal to or more than RMB6,000,000, the 2018 PG Security Deposit shall be forfeited by the Purchaser as full and final compensation for the 2018 Profit Guarantee.

In the event that the 2019 Actual Profits as shown in the 2019 Certificate of Profits is equal to or more than the 2019 Profit Guarantee, the Purchaser shall return the 2019 PG Security Deposit accordingly. In the event that the 2019 Actual Profits as shown in the 2019 Certificate of Profits is less than the 2019 Profit Guarantee, the Purchaser shall have the right to deduct the 2019 Deductible Amount from the 2019 PG Security Deposit; the 2019 Deductible Amount calculated in accordance with the following formula:

$$\text{2019 Deductible Amount} = (\text{2019 Profit Guarantee} - \text{2019 Actual Profits}) \times 55\% \times 7$$

*(being the price-to-earnings ratio as agreed by the Purchaser and the Vendor)*

The 2019 PG Security Deposit shall be returned within five Business Days (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) after the receipt of the 2019 Certificate of Profits. If the 2019 Deductible Amount is equal to or more than RMB6,000,000, the 2019 PG Security Deposit shall be forfeited by the Purchaser as full and final compensation for the 2019 Profit Guarantee.

### **Long stop date**

As additional time is required for the Company to fulfill the conditions precedent under the Sale and Purchase Agreement, the Long Stop Date shall be extended to 29 March 2018 or any other date as the parties may agree in writing.

As at the date of this announcement, save for the condition in respect of the Shareholders' approval has been obtained, none of the other conditions precedent under the Sale and Purchase Agreement have been fulfilled.

Save as disclosed above, all other terms and conditions of the Sale and Purchase Agreement remain unchanged and in full force and effect in all respects.

### **GENERAL**

Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, pursuant to Rule 14.44 of the Listing Rules, the Company has obtained written approvals dated 19 September 2017 and 29 December 2017 for the approval of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder from Smart Paradise International Limited, being the Shareholder which held 599,100,000 Shares, representing approximately 53.55% of the issued share capital of the Company, carrying rights to vote at a general meeting. Therefore, no general meeting of the Company will be convened to approve the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

### **DELAY IN DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the financial information of the Target Company; and (iii) the unaudited pro forma financial information of the Enlarged Group upon Completion shall be despatched to the Shareholders. As additional time is required for the preparation of the aforementioned information, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and an extension of time for the despatch of the Circular to a date falling on or before 23 February 2018.

**As Completion is subject to and conditional upon fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement), the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

By order of the Board  
**Yat Sing Holdings Limited**  
**Dai Jian**  
*Chairman*

Hong Kong, 29 December 2017

*In this announcement, translation of RMB into HK\$ based on the exchange rate of RMB1.00 to HK\$1.1875. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.*

*As at the date of this announcement, the Board comprises Mr. Dai Jian (Chairman), Mr. Dai Ming as executive Directors and Mr. Chan Foon, Mr. Guo Biao and Ms. Song Dan as independent non-executive Directors*