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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE TARGET GROUP

THE ACQUISITION

On 28 December 2017, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire issued share capital of the Target Company, which indirectly holds the entire equity interest in Beijing HTWT, for a consideration of HK\$500,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Acquisition contemplated under the Sale and Purchase Agreement exceed 5% but less than 25%, the Acquisition contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 1 December 2017 in relation to the memorandum of understanding dated 1 December 2017 and entered into among the Company, Beijing HTWT and the ultimate beneficial owners of the Target Company setting out preliminary understanding in relation to the possible acquisition by the Company of the entire equity interest in Beijing HTWT.

On 28 December 2017, the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire issued share capital of the Target Company, which indirectly holds the entire equity interest in Beijing HTWT.

SALE AND PURCHASE AGREEMENT

Date

28 December 2017

Parties

- (i) the Company, as the purchaser; and
- (ii) Tiger Resort, as the vendor.

Tiger Resort, being the Vendor, is owned as to 50% by Mr. Tang, as to 30% by Mr. Zhang and as to 20% by Mr. Zhao, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (namely, Mr. Tang, Mr. Zhang and Mr. Zhao) are third parties independent of the Company and its connected persons.

Subject matter

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor shall sell and the Company shall acquire the entire issued share capital of the Target Company.

As at the date of this announcement, the Target Group comprises of the Target Company, HT Technology, Beijing HTWT, Beijing JXCD and Beijing TYCWS, each being a wholly-owned subsidiary of the Target Group.

Consideration

The consideration for the Acquisition is HK\$500,000,000 (the "**Consideration**"), which shall be settled by the Company in the following manner:

- (i) HK\$300,000,000 shall be paid in cash on Completion (the "**1st Payment**"); and
- (ii) the remaining balance of HK\$200,000,000 shall be paid in cash or by way of a promissory note on or before 30 June 2018 (the "**2nd Payment**").

The Company will raise the entire funding for the Consideration by way of bank financing, equity, debt instrument and/or equity-linked debt instrument. In the event that the Company is not able to raise:

- (i) an amount of not less than HK\$300,000,000 on or before 31 March 2018 to settle the 1st Payment, the parties will not proceed with the Completion; and

- (ii) in the event that the parties proceed with the Completion, an amount of not less than HK\$200,000,000 on or before 30 June 2018 to settle the 2nd Payment, the Company will issue to the Vendor a promissory note in the principal amount of HK\$200,000,000 with a coupon rate of 8% per annum payable on a semi-annual basis with a term of 2 years.

For the avoidance of doubt, the Consideration will not be funded by the net proceeds raised from the initial public offering of the Company and the net proceeds raised thereunder have been and will be applied by the Company in a manner in accordance with the use of proceeds as disclosed in the prospectus of the Company dated 29 May 2017.

The Consideration was arrived at after arm's length negotiations between the parties on normal commercial terms and with reference to, among other factors, (i) the 2018 Guaranteed Profit of the Target Group for the year ending 31 December 2018 of no less than HK\$50,000,000; (ii) an implied price-to-earnings ratio ("**P/E ratio**") of 10 times based on the Consideration and the 2018 Guaranteed Profit, which is comparably lower than the P/E ratio of the comparable listed companies ("**Comparable Companies**") engaging in the development of industrial internet of things (IIoT), energy industry management system or similar businesses in the PRC; (iii) the reasons for and benefits of the proposed Acquisition to the Group as disclosed in the section headed "General information of the Group and reasons for and benefits of the Acquisition" below in this announcement; (iv) the future development prospects and the management team of the Target Group; (v) the payment which may be received by the Group under the adjustment mechanism pursuant to the terms of the Sale and Purchase Agreement as disclosed in the paragraph headed "Profit guarantee" below; and (vi) the undertaking from the Vendor as disclosed in the paragraph headed "Undertaking" below.

Based on the 2018 Guaranteed Profit of the Target Group of no less than HK\$50,000,000, the implied P/E ratio of the Target Group is 10 times. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no Hong Kong-listed company engaging in similar businesses of the Target Group. Alternatively, the Directors made reference to the current P/E ratios of eight Comparable Companies listed on the stock exchanges in the PRC and the United States of America. The P/E ratio of the respective Comparable Companies is derived by dividing the market capitalization of the underlying company as at 30 November 2017 by its annual earnings as disclosed in its latest published annual report. The average and median of the P/E ratios of the Comparable Companies is approximately 48 times and 38 times, respectively. Having considered that (i) the Target Group is not listed; and (ii) the implied P/E ratio of the Target Group of 10 times represents a considerable discount to the average and median P/E ratios of the Comparable Companies, the Directors consider that the basis of the Consideration which was negotiated on an arm's length basis on normal commercial terms is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Profit guarantee

Each of the Vendor and its ultimate beneficial owners, jointly and severally, guarantees to the Company that the audited consolidated net profit after taxation of the Target Group for the year ending 31 December 2018 (the “**2018 Audited Profit**”) shall be at least HK\$50,000,000 (the “**2018 Guaranteed Profit**”).

In the event that the 2018 Audited Profit is less than 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. 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.

Condition precedent

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Company being satisfied with the results of the due diligence exercise on, among other matters, the legal, financial and business affairs of the Target Group;
- (ii) the Company being able to raise funding by way of bank financing, equity, debt instrument and/or equity-linked debt instrument on or before 31 March 2018 to settle the 1st Payment; and
- (iii) the warranties given by the Vendor under the Sale and Purchase Agreement having remained true, accurate and complete in all material respects, and the Vendor not having breached any terms and conditions of the Sale and Purchase Agreement.

If the above conditions are not fulfilled or waived on or before 31 March 2018, the Sale and Purchase Agreement will be terminated and all rights, obligations and liabilities of the parties thereunder in relation to the Acquisition shall cease and terminate and none of the parties shall have any claim against the other save for any antecedent breach of any right or obligation under the Sale and Purchase Agreement.

Completion

Completion shall take place within five Business Days (or such other date as the Company and the Vendor may agree) after fulfilment or waiver (if applicable) of the above conditions.

Upon Completion, the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

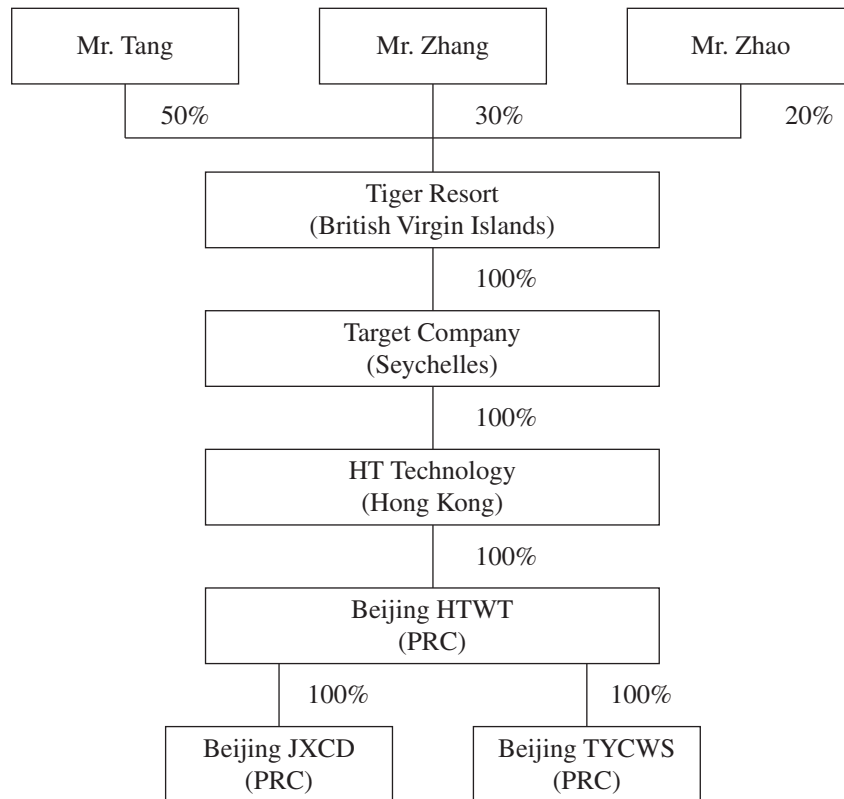
Undertaking

Each of the Vendor and its ultimate beneficial owners, jointly and severally, undertakes, among other matters, (i) each of them shall not engage in any business which is similar or competing with the Target Group within three years after the Completion; and (ii) the core management of the Target Group shall not hold any position with other companies and shall not leave the Target Group within three years after the Completion.

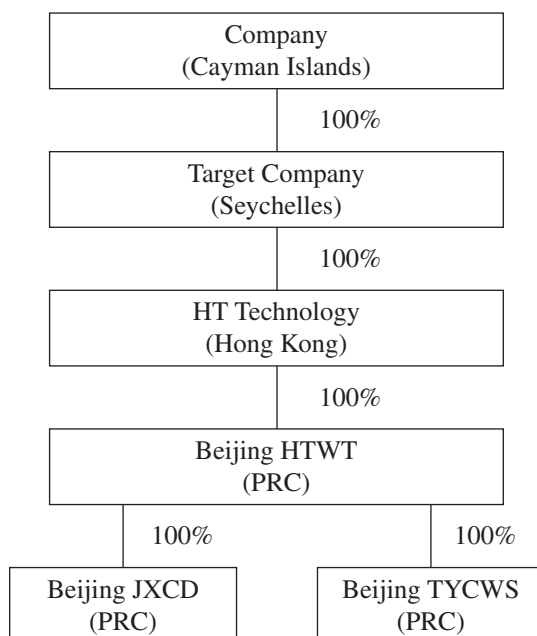
GENERAL INFORMATION OF THE VENDOR AND THE TARGET GROUP

The following charts set forth the corporate and shareholding structure of the Target Group before and after the Completion:

Before the Completion



After Completion



Vendor

The Vendor is a company incorporated under the laws of British Virgin Islands with limited liability on 16 March 2004 and is owned as to 50% by Mr. Tang, as to 30% by Mr. Zhang and as to 20% by Mr. Zhao. It is an investment holding company for Mr. Tang, Mr. Zhang and by Mr. Zhao in respect of the Target Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (namely, Mr. Tang, Mr. Zhang and Mr. Zhao) are third parties independent of the Company and its connected persons.

Target Group

Target Company

The Target Company is a company incorporated under the laws of Seychelles with limited liability on 1 September 2016 and is wholly owned by the Vendor. It is an investment holding company, being the ultimate holding company of Beijing HTWT, being the principal operating subsidiary of the Target Group.

HT Technology

HT Technology is company incorporated under the laws of Hong Kong with limited liability on 13 February 2009 and is wholly owned by the Target Company. It is an investment holding company, being the immediate holding company of Beijing HTWT, being the principal operating subsidiary of the Target Group.

Beijing HTWT

Beijing HTWT is a company established under the laws of the PRC with limited liability on 20 January 2010 and is wholly owned by HT Technology. It is the principal operating subsidiary of the Target Group.

Beijing HTWT is principally specialised in the design and implementation of industrial automation systems, particularly in the area of maintenance and safety integrity system (“MSI”) for the petroleum and petrochemicals industry by utilising its own technologies and intellectual property rights. Its major customers include one of the largest state-owned petroleum conglomerates in the PRC.

Beijing JXCD

Beijing JXCD is a company established under the laws of the PRC with limited liability on 8 May 2017 and is wholly owned by Beijing HTWT. It is principally engaged in distribution of integrated software and provision of enterprise enhancement services to one of the largest state-owned petroleum conglomerates in the PRC.

Beijing TYCWS

Beijing TYCWS is a company established under the laws of the PRC with limited liability on 8 October 2016 and is wholly owned by Beijing HTWT. Beijing TYCWS has not commenced any substantive business.

FINANCIAL INFORMATION

The following table sets out the financial information of the Target Group as extracted from its pro forma unaudited consolidated management accounts for the two years ended 31 December 2015 and 2016, respectively.

	Year ended 31 December 2015 approximately RMB	Year ended 31 December 2016 approximately RMB
Net profits before taxation	11,625,000	11,420,000
Net profits after taxation ^{Note}	11,625,000	11,420,000

Note: Beijing HTWT was approved as a software enterprise and was entitled to full income tax exemption for the two years ended 31 December 2015 and 2016, respectively. Therefore, the net profits before and after income taxation of the Target Group for the two years ended 31 December 2015 and 2016, respectively, were the same.

The pro forma unaudited consolidated net asset value of the Target Group as at 31 December 2016 as extracted from its pro forma unaudited consolidated management accounts for the year ended 31 December 2016 was approximately RMB50,930,000.

GENERAL INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a fabless research and development oriented technology company specialized in the power-line communications technology (“**PLC**”). The Group mainly has two business segments: (i) auto meter reading (“**AMR**”) business, which includes design, development and sale of PLC products and providing maintenance services in connection with the development and upgrades of AMR systems; and (ii) smart energy management (“**SEM**”) business, which includes design, development and sale of energy saving and environmental protection products and solutions used in streetlight control, building energy managements and photovoltaic power managements.

Under the AMR business segment, the Group primarily design, develop and sell PLC-based integrated circuits, modules and devices in connection with the deployment and upgrading of AMR systems by power grid companies in China. The Directors consider that while the Group has a variety of customers such as meter manufacturers in this business segment, given that the power distribution sector in China are predominantly controlled by State Grid and Southern Grid (the two state-owned power grid companies in China), the Group’s AMR business is inherently dependent on the AMR deployment plans and strategies of the two power grid companies. In this regard, the Group has been actively pursuing to expedite the growth of its SEM business as a way to mitigate the inherent risk of reliance in its AMR business, and strive to achieve a more balanced revenue composition.

Under the SEM business segment, the Group applies its proprietary PLC-based communications technology in its SEM products and solutions to facilitate data transmission and communications for remote controlling and monitoring energy consuming equipment and devices for better energy management and conservation. As mentioned in the prospectus of the Company dated 29 May 2017, the Directors consider PLC-based SEM systems to have significant market potential particularly in industrial and enterprise applications, for reason that PLC technology offers higher stability and cost effectiveness for remote controlling and monitoring energy consumption systems distributed over an extended land site or multiple buildings. It also offers better data security and capability in dealing with transmission congestion, rendering it a particularly viable candidate for industries that are relatively sensitive to security and/or required to operate in a relatively closed ecosystem. Moreover, the Directors are of the view that the Group’s core competency in PLC-based communications solutions possesses significant untapped potential for other industrial applications such as industrial automation systems, where production facilities, machineries and equipment are typically linked and powered by established power-lines and cables, essentially ready for implementation of PLC-based communications applications to enable/enhance automation, remote control and monitoring. Having successfully established business relationships with industrial players such as Foxconn Technology Group in the SEM business segment, the Group has been looking for ways to expand its PLC-based products and solutions offerings to other areas of industrial applications, as it is considered to be a sound and natural progression under the Group’s core business and technologies, and can serve to further expand the Group’s customer base, generate new revenue stream and further alleviate its reliance on China’s power distribution sector.

On the back of the foregoing and having considered factors set out below, the Group considers the Acquisition is along the line of its core business, legitimately utilizing its core technologies, and possesses potential synergies and benefits that can serve to expedite the Group's goal of expanding its non-AMR revenue contribution to achieve a more balanced revenue composition, lessen its exposure to the inherent risk of reliance on China's power grid ecosystem, and overall expand its revenue stream and further diversify its customer base:

- (1) Similar to the Group, the Target Group is a technology-based company and its core technology competency lies within the field of industrial automation systems, particularly in the area of MSI for the petroleum and petrochemicals industry. According to the Target Group, a complete MSI involves mainly three components, namely the sensor module, the master control platform and the communications protocol connecting the two for data communications and transmission. While the Target Group possesses its own technologies and intellectual property rights for the first two components, it lacks the expertise and technologies in communications solutions and has been relying on an independent third party which principally applies 4G technology in its communications solutions. Given the remoteness of geographical locations and the vast site areas involved for petroleum and petrochemicals production facilities in general, the Group's PLC technology is considered a much suited alternative technology with obvious advantages in costing and implementation, creating a significant and apparent technology-based synergy between the Group and the Target Group.
- (2) The Group has been actively exploring industrial customers for its PLC-based products and solutions, historically mainly for SEM applications; but the potential for other industrial applications are substantial and identifying such business opportunities has been an active pursuit of the Group. The existing business of the Target Group, on the other hand, is mainly targeted at the petroleum and petrochemicals industry in China, and its major customer is one of the largest state-owned petroleum conglomerates in the PRC. The Target Group has been in close negotiations with this major customer for the launch of different projects in the near term. The Acquisition provides the Group with direct access to co-service this major customer and gain invaluable technical and project experience to expedite its research and development of PLC-based communications solutions tailored for wider industrial applications.
- (3) The Acquisition will open up a whole new market sector for the Group's SEM products and solutions. With the established business relationship of the Target Group with its major customer and its established knowledge and experience in the petroleum and petrochemicals industry, the Acquisition opens up an enormous opportunity for the Group to have direct access to promote its other SEM products and solutions to this major customer and break into this relatively closed and highly guarded industry (particularly the upstream segment), which the Directors believe would otherwise not be practicable in the near to medium term, and would unavoidably involve extensive time and uncertainty as well as substantial pre-marketing and pilot project costs.

- (4) Given the opportunity presented, the Group considers the Acquisition (rather than a mere supply relationship with the Target Group for the Group's PLC products and solutions) provides the Group with more direct benefits and more elaborate synergies. It enables the Group to assume the whole business and operations of the Target Group for, among other things, (i) direct and complete access to the core technologies of the Target Group, which will significantly increase the comprehensiveness of the Group's overall research and development capability and expedite the Group's targeted development of comprehensive building energy management solutions (such as integrated PLC control systems that enable unified smart control and management of an entire energy network of a building system) as referred in the prospectus of the Company dated 29 May 2017; (ii) better management and extraction of technology-based synergies; (iii) internalizing the Target Group's direct access to its major customer for the Group's (including the Target Group's) consolidated business pursuits and development, particularly in industrial automation systems incorporating PLC-based communications protocols, and industrial PLC-based SEM products and solutions; (iv) direct access to a whole new industry sector for the Group's other SEM business developments and entitlement to the Target Group's brand presence in this industry sector; and (v) internalizing in full (as opposed to only a margin for the provision of PLC communication protocols under a mere supply relationship) the potential revenue and profitability arising from the current and future projects of the Target Group, including those with its major customer.
- (5) From the perspective of the Target Group, the Acquisition will provide it with a listed platform and sharing of the Group's established brand and market presence in the PLC technology sector to support and further its future business ventures and undertakings, the benefits and results of which will in turn be channelled back as part of the Group's overall success.

On the basis set out above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement (i) have been negotiated on an arm's length basis; and (ii) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Acquisition contemplated under the Sale and Purchase Agreement exceed 5% but less than 25%, the Acquisition contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other transaction entered into between any member of the Group and the Vendor (or its ultimate beneficial owners) within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the Acquisition, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company by the Company from the Vendor
“Adjustment Mechanism”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Profit guarantee”
“AMR”	has the meaning ascribed thereto under the section headed “General Information of the Group and Reasons for and Benefits of the Acquisition”
“Beijing HTWT”	Beijing Hongteng Weitong Technology Co., Ltd. (北京鴻騰偉通科技有限公司), a company established under the laws of the PRC with limited liability on 20 January 2010 and wholly owned by HT Technology
“Beijing JXCD”	Beijing Jianxin Chuangda Technology Co., Ltd. (北京鍵鑫創達科技有限公司), a company established under the laws of the PRC with limited liability on 8 May 2017 and wholly owned by Beijing HTWT
“Beijing TYCWS”	Beijing Tongyong Chuangweishi Technical Development Co., Ltd. (北京通用創為實技術發展有限公司), a company established under the laws of the PRC with limited liability on 8 October 2016 and wholly owned by Beijing HTWT
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays or public holidays in the PRC) on which businesses are generally open in the PRC
“Company”	Risecomm Group Holdings Limited (瑞斯康集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 19 August 2015 and whose shares are listed and traded on the main board of the Stock Exchange (stock code: 1679)
“Comparable Companies”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Consideration”
“Completion”	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed thereto under the Listing Rules

“Consideration”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Consideration”
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HT Technology”	Hongten Technology Limited (鴻騰科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on 13 February 2009 and is wholly owned by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“P/E ratio”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Consideration”
“Mr. Tang”	Mr. Tang Andong
“Mr. Zhang”	Mr. Zhang Zipeng
“Mr. Zhao”	Mr. Zhao Yong
“MSI”	has the meaning ascribed thereto under the section headed “General Information of the Vendor and the Target Group — Target Group — Beijing HTWT”
“PLC”	has the meaning ascribed thereto under the section headed “General Information of the Group and Reasons for and Benefits of the Acquisition”
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a sale and purchase agreement dated 28 December 2017 and entered into between the Company and the Vendor in relation to the Acquisition
“SEM”	has the meaning ascribed thereto under the section headed “General Information of the Group and Reasons for and Benefits of the Acquisition”

“Share(s)”	the ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Green Harmony Limited (翠和有限公司), a company incorporated under the laws of Seychelles with limited liability on 1 September 2016 and wholly owned by the Vendor
“Target Group”	the Target Company, HT Technology, Beijing HTWT, Beijing JXCD and Beijing TYCWS
“Tiger Resort”	Tiger Resort, Leisure and Entertainment, Inc., a company incorporated under the laws of British Virgin Islands with limited liability on 16 March 2004 and owned as to 50% by Mr. Tang, as to 30% by Mr. Zhang and as to 20% by Mr. Zhao
“Vendor”	Tiger Resort
“%”	per cent.
“1st Payment”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Consideration”
“2nd Payment”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Consideration”
“2018 Audited Financial Statements”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Profit guarantee”
“2018 Audited Profit”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Profit guarantee”
“2018 Guaranteed Profit”	has the meaning ascribed thereto under the section headed “Sale and Purchase Agreement — Profit guarantee”

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

Hong Kong, 28 December 2017

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.