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CHONG KIN
創建集團(控股)有限公司

CHONG KIN GROUP HOLDINGS LIMITED
創 建 集 團（控 股）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1609)

DISCLOSEABLE TRANSACTION

SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF STAND EAST INVESTMENTS LIMITED

Reference is made to the announcement (the "**Announcement**") of Chong Kin Group Holdings Limited (the "**Company**") dated 12 June 2018 in relation to, among other things, the acquisition of the entire issued share capital of Stand East Investments Limited. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined herein.

On 15 October 2018 (after trading hours), the Company and the Vendor entered into a supplemental agreement (the "**Supplemental Agreement**") which amends the terms of the Agreement relating to the Consideration Shares as follows:

Consideration

The consideration of HK$458,880,000 will be satisfied by the issue and allotment by the Company to the Vendor and the Investor(s), as directed by the Vendor the Consideration Shares at Completion.

The Consideration Shares will, upon issue and fully paid, rank pari passu in all respects with all the existing Shares then in issue. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Payment terms

Immediately upon such issue of the Consideration Shares, the share certificate(s), the instruments of transfer and contract notes executed in blank by the Vendor and the Investor(s) in respect of the Consideration Shares shall be deposited with the Escrow Agent until the Payment Date. The Vendor and the Investor(s) will be entitled to exercise voting rights attaching to, and receive any dividends (including scrip dividend), rights issue, bonus issue and distribution in specie in respect of, all of the Consideration Shares prior to the Payment Date. Any dividends (including scrip dividend), rights issue, bonus issue and distribution in specie received in respect of the Consideration Shares will also be subject to the escrow arrangement with the Escrow Agent.

Subject that the Target Group shall meet the Total Net Profits in the sum of HK$20,000,000 (the "**Yearly Guarantee**") for each financial year ending 31 December 2019, 2020 and 2021, the Company shall release the Consideration Shares to the Vendor or the Investor(s) in the following manner:

(i) 50,986,666 Shares be released to the Vendor or the Investor(s) on the Payment Date following the publication of the audited financial statement of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") for the financial year ending 31 December 2019;

(ii) 50,986,666 Shares be released to the Vendor or the Investor(s) on the Payment Date following the publication of the audited financial statement of the Target Group prepared in accordance with the HKFRS for the financial year ending 31 December 2020; and

(iii) 50,986,668 Shares be released to the Vendor or the Investor(s) on the Payment Date following the publication of the audited financial statement of the Target Group prepared in accordance with the HKFRS for the financial year ending 31 December 2021.

Notwithstanding the above, shall the Target Group meet the Total Net Profits in the sum of HK$40,000,000 for the financial year ending 31 December 2020, the Company shall release all the Consideration Shares to the Vendor or the Investor(s) on the Payment Date for the financial year ending 31 December 2020.

If prior to the Payment Date, there occurs a subdivision or consolidation of the Shares, the number of the Consideration Shares shall become such number of Shares in the capital of the Company which are derived from those 152,960,000 Shares following such subdivision or consolidation of the Shares.

Compensation of the shortfall to the Yearly Guarantee or adjustment to the Consideration Shares

If the Target Group shall fail to meet the Yearly Guarantee in any of the financial year ending 31 December 2019, 2020 or 2021, the Vendor shall compensate the Company within 15 Business Days from the date of publication of the audited financial statement of the Target Group in the relevant year the shortfall to the consideration in the total sum of HK$458,880,000 in cash based on the following formula:

Amount of compensation (HK$) = (HK$20,000,000 – Actual Net Profits) x 22.944

Upon receipt of the payment from the Vendor the full amount of the compensation as calculated according to the above formula, the Company shall release such number of Consideration Shares to the Vendor or the Investors in the relevant financial year within 15 Business Days from the date of receipt of the compensation payment.

For the avoidance of doubt, the total amount of compensation payable by the Vendor shall not exceed the consideration in the sum of HK$458,880,000.

If the Vendor shall fail to pay the compensation to the Company in the manner as set out above, such numbers of Consideration Shares to be released to the Vendor or the Investors in the relevant year will not be released to the Vendor or the Investor(s) and will be sold in accordance with the applicable laws with no cash or other distribution made to the Vendor or the Investors.

The Company will make further announcement(s) if the Target Group shall fail to meet the Yearly Guarantee.

Moratorium and trading restrictions

As long as the Consideration Shares are under the escrow arrangement with the Escrow Agent, the Vendor and the Investor(s), as the case may be, being the registered owner(s) of the Consideration Shares may not sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with, either directly or indirectly, any of the Consideration Shares.

Save for the amendments contained in the Supplemental Agreement as stated above, all the other terms and conditions of the Agreement shall remain in full force and effect.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman and Chief Executive Officer

Hong Kong, 15 October 2018

As at the date hereof, the Board comprises two executive Directors, namely Mr. Zhang Jinbing and Mr. Ni Biao and three independent non-executive Directors, namely Dr. Zhu Zhengfu, Dr. Li Yifei and Mr. Tam Ping Kuen Daniel.