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VESTATE GROUP HOLDINGS LIMITED

國投集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1386)

SUPPLEMENTAL AGREEMENT FOR MAJOR TRANSACTION ACQUISITION OF 51% ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

References are made to the announcements of the Company dated (i) 9 March 2021 (the “**Announcement**”) in relation to the Acquisition; (ii) 10 March 2021 in relation to the trading halt of the Shares pending on the release of supplementary announcement which constitutes inside information of the Company; and (iii) 10 March 2021 in relation to the supplemental announcement of the Acquisition. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

On 12 March 2021 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into a supplemental agreement to the Agreement (the “**Supplemental Agreement**”) to amend certain terms and conditions of the Agreement, major changes of which are summarized as follows:

1. the definition of “Consideration Shares” in the Announcement shall be replaced by the following:

“maximum of 204,882,352 new Shares to be issued to the Vendor at an Issue Price of HK\$0.51 per new Share for full settlement of the Consideration pursuant to the terms and conditions of the Agreement (as supplemented by the Supplemental Agreement)”

2. the payment terms of the Consideration shall be replaced by the following:

“The maximum Consideration is HK\$104,490,000, which shall be satisfied in the following manner:

- (i) as to HK\$42,075,000 payable by way of allotment and issuance of 82,500,000 Consideration Shares by the Purchaser on the Completion Date (the “**First Tranche Consideration Shares**”); and
- (ii) subject to the Guaranteed Profits is being satisfied, as to HK\$62,415,000 (the “**Second Tranche Consideration**”) payable by way of allotment and issuance of 122,382,352 Consideration Shares (the “**Second Tranche Consideration Shares**”) by the Purchaser”

3. the section headed “Profit guarantee and compensation” in the Announcement shall be replaced by the following:

“The Vendor has irrevocably and unconditionally guaranteed to the Purchaser that the audited net profit after tax of the Target Group for the year ending 31 December 2021 (the “**Profit Guarantee Period**”) as shown on its audited consolidated financial statements to be prepared in accordance with the HKFRS (the “**2021 Audited Report**”) shall be no less than RMB10,000,000 (the “**Guaranteed Profits**”).

If the actual audited consolidated net profit after tax of the Target Group for the Profit Guarantee Period as shown on the 2021 Audited Report (the “**Actual Profits**”) is equal to or greater than the Guaranteed Profits, the Consideration of HK\$62,415,000 shall be payable by way of allotment and issuance of the Second Tranche Consideration Shares at the Issue Price of HK\$0.51 per Consideration Share by the Purchaser within 30 days upon the issuance of the 2021 Audited Report and subject to the Vendor has disposed or placed all the First Tranche Consideration Shares to the public (the “**First Tranche Disposal**”).

If the Actual Profits shall be less than the Guaranteed Profits, the Vendor shall compensate the Purchaser with an amount in respect of the shortfall calculated according to the following formula (the “**Compensation Sum**”) within 30 days upon the issuance of the 2021 Audited Report:

$$\text{Compensation Sum} = \frac{(\text{Guaranteed Profits} - \text{Actual Profits})}{\text{Guaranteed Profits}} \times \text{Consideration}$$

The Compensation Sum shall be settled by the Vendor with the Purchaser by way of set off against the Second Tranche Consideration (the “**Set Off**”). Subject to the completion of the First Tranche Disposal, in the event that the Compensation Sum is less than the Second Tranche Consideration, the remaining balance of the Second Tranche Consideration after the Set Off shall be payable by way of allotment and issuance of relevant number of Consideration Shares at the Issue Price of HK\$0.51 per Consideration Share by the Purchaser. In the event that the Compensation Sum is more than the Second Tranche Consideration, the shortfall of the Compensation Sum shall be paid by the Vendor in cash.

Under all circumstances, the allotment and issuance of the Second Tranche Consideration Shares will not result in the Company being unable to meet the minimum public float requirement under the Listing Rules.

For the avoidance of doubt, if the Actual Profits shall be negative, it shall be deemed to be zero. The maximum amount of the Compensation Sum payable by the Vendor shall not exceed the amount of the Consideration.

For the further avoidance of doubt, if the Actual Profits shall exceed the Guaranteed Profits, there shall not be any upward adjustment to the Consideration.

The Guaranteed Profits was arrived at after arm’s length negotiations between the Parties with reference to (i) historical financial performance of the OPCO with profit-making record; and (ii) the business development and future prospect of the Target Group.

The Company will publish announcement(s) and disclose in its future annual report(s), among others, the outcome of the Guaranteed Profits and the actual performance of the Target Group for the Profit Guarantee Period, as and when appropriate.”

Save as disclosed above, there are no other changes to the Acquisition and all other terms and conditions of the Agreement remain unchanged and continue to be in full force and effect.

The terms of the Supplemental Agreement have been arrived at after arm’s length negotiations between the Parties. The Directors are of the view that the terms and conditions of the Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion and the allotment and issuance of the First Tranche Consideration Shares; and (iii) immediately after the First Tranche Disposal and the allotment and issuance of the Second Tranche Consideration Shares:

Shareholders	As at the date of this announcement		Immediately after Completion and the allotment and issuance of the First Tranche Consideration Shares		Immediately after the First Tranche Disposal and the allotment and issuance of the Second Tranche Consideration Shares	
	<i>Number of Shares</i>	<i>Approximately %</i> <i>(Note 2)</i>	<i>Number of Shares</i>	<i>Approximately %</i> <i>(Note 2)</i>	<i>Number of Shares</i>	<i>Approximately %</i> <i>(Note 2)</i>
China Consume Elderly Care Holdings Limited <i>(Note 1)</i>	513,300,002	71.7	513,300,002	64.3	513,300,002	55.7
The Vendor	–	–	82,500,000	10.3	122,382,352	13.3
Public Shareholders	<u>202,889,998</u>	<u>28.3</u>	<u>202,889,998</u>	<u>25.4</u>	<u>285,389,998</u>	<u>31.0</u>
Total	<u><u>716,190,000</u></u>	<u><u>100.0</u></u>	<u><u>798,690,000</u></u>	<u><u>100.0</u></u>	<u><u>921,072,352</u></u>	<u><u>100.0</u></u>

Notes:

- China Consume Elderly Care Holdings Limited is a company incorporated in the Republic of Seychelles with limited liability and the entire issued share capital of which is owned by Mr. Zhu Xiaojun, an executive Director and chairman of the Company. Accordingly, Mr. Zhu Xiaojun is deemed to be interested in the entire 513,300,002 Shares held by China Consume Elderly Care Holdings Limited under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).
- Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

By order of the Board
Vestate Group Holdings Limited
ZHU Xiaojun
Chairman

Hong Kong, 12 March 2021

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. ZHU Xiaojun
 Mr. KANG Jianming
 Ms. CAI Jiaying
 Mr. YIN Wansun

Independent Non-executive Directors:

Mr. CHAU Wai Hing
 Mr. YU Lei
 Mr. CHAI Guoqiang