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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)

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

On 21 September 2022 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, all being Independent Third Parties, whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of not more than 120,880,000 Subscription Shares at the Subscription Price of HK\$0.18 each.

The Subscription Shares represent (i) approximately 6.81% of the existing number of Shares in issue as at the date of this announcement; and (ii) approximately 6.37% of the total enlarged number of issued Shares immediately following completion of the Subscriptions. As the Subscription Shares will be allotted and issued pursuant to the General Mandate, the Subscription Agreements and the transactions contemplated thereunder are not subject to the approval of the Shareholders.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to, among others, the recent trading price of the Shares, the performance of the Group and the future prospects of the business of the Group. The Subscription Price of HK\$0.18 represents (i) a discount of 10% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on 21 September 2022, being the date of the Subscription Agreements; and (ii) a discount of approximately 4.26% to the average of the closing prices of HK\$0.188 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Company will apply to the Listing Committee for the listing of, and permission to deal in the Subscription Shares on the Stock Exchange.

The maximum gross proceeds from the Subscriptions are estimated to be approximately HK\$21,758,400 and the maximum net proceeds from the Subscriptions, after deduction of the related expenses, are estimated to be approximately HK\$21,700,000. The Company intends to utilise the net proceeds from the Subscriptions in the manner set out in the paragraph headed “Reasons for the Subscriptions and Use of Proceeds” of this announcement.

Shareholders and potential investors should note that completion of each of the Subscriptions is subject to fulfillment of the conditions under the relevant Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 21 September 2022 (after trading hours), the Company entered into five (5) Subscription Agreements with five (5) Subscribers, all being Independent Third Parties, whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of not more than 120,880,000 Subscription Shares at the Subscription Price of HK\$0.18 each.

The terms of each of the Subscription Agreements are identical except for the name of the Subscriber, the maximum number of the Subscription Shares subscribed for and the maximum amount payable by the Subscriber for the Subscription Shares. The transactions contemplated under each of the Subscription Agreements are not inter-conditional upon each other.

The principal terms of the Subscription Agreements are summarised below.

THE SUBSCRIPTION AGREEMENTS

Date: 21 September 2022 (after trading hours)

Parties, maximum number of Subscription Shares and aggregate Subscription Price:

Subscription Agreement	Parties	Maximum number of Subscription Shares	Maximum aggregate Subscription Price (HK\$)
A	(1) Company (2) Subscriber A	55,555,000	9,999,900
B	(1) Company (2) Subscriber B	18,665,000	3,359,700
C	(1) Company (2) Subscriber C	31,107,500	5,599,350

Subscription Agreement	Parties	Maximum number of Subscription Shares	Maximum aggregate Subscription Price (HK\$)
D	(1) Company (2) Subscriber D	9,332,500	1,679,850
E	(1) Company (2) Subscriber E	6,220,000	1,119,600
		Total	
		120,880,000	21,758,400

Subscriber A is a PRC resident. He has years of experience in real estate and property investment in overseas market.

Subscriber B is a PRC resident and financial practitioner. She is principally engaged in financial consultation/management and related business in the PRC.

Subscriber C is a PRC resident. He is principally engaged in logistics and research & development/management of Internet-of-Things business in the PRC.

Subscriber D is a PRC resident and merchant. He is principally engaged in commercial vehicle management and related services in the PRC.

Subscriber E is a PRC resident. He has work experience in property management and real estate investment in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers is an Independent Third Party and does not hold any Shares as at the date of this announcement.

Subscription Shares

Subject to the fulfilment/waiver (where applicable) of the conditions set out in the respective Subscription Agreements, the Company agreed to allot and issue and the Subscribers agreed to subscribe for an aggregate of up to 120,880,000 Subscription Shares at the Subscription Price.

The Subscription Shares represent:

- (i) approximately 6.81% of the existing number of Shares in issue as at the date of this announcement; and
- (ii) approximately 6.37% of the total enlarged number of issued Shares immediately following completion of the Subscriptions.

The aggregate nominal value of the Subscription Shares is HK\$12,088.

Subscription Price

The Subscription Price represents:

- (i) a discount of 10% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on 21 September 2022, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 4.26% to the average of the closing prices of HK\$0.188 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The maximum gross proceeds from the Subscriptions are estimated to be approximately HK\$21,758,400 and the maximum net proceeds from the Subscriptions, after deduction of the related expenses, are estimated to be approximately HK\$21,700,000.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to, among others, the recent trading price of the Shares, the performance of the Group and the future prospects of the business of the Group. The Board (including independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and that the Subscriptions are in the interest of the Company and the Shareholders as a whole.

For each Subscription, the aggregate Subscription Price will be payable by the relevant Subscriber in cash upon completion of the relevant Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all of the Shares in issue as at the date of allotment and issuance of the Subscription Shares.

Conditions

Completion of each Subscription Agreement is conditional upon the fulfillment or waiver (in respect of (ii) and (iii) only) of the following conditions:

- (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares;
- (ii) the representations, warranties and undertakings given by the Company and the relevant Subscriber in the relevant Subscription Agreement remaining true and accurate in all material respects and having no material misunderstanding or omission; and
- (iii) trading in the Shares not being suspended for five (5) consecutive Business Days prior to the date of completion of the relevant Subscription Agreement.

Condition (i) is not capable of being waived. In the event that the above conditions of any of the Subscriptions are not fulfilled or waived (in respect of (ii) and (iii) only) on or before 12 October 2022 (or such later date as may be agreed between the parties to the relevant Subscription Agreement in writing), the relevant Subscription Agreement shall terminate and neither the Company nor the relevant Subscriber shall have any obligations and liabilities under the relevant Subscription Agreement.

Completion

Completion of each Subscription Agreement shall take place within three (3) Business Days after the above conditions have been fulfilled or waived (where applicable) or such other date to be agreed between the Company and the relevant Subscriber in writing.

Application for listing

Application will be made by the Company to the Listing Committee to grant the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Issue of the Subscription Shares under the General Mandate

The Subscription Shares will be allotted and issued under the General Mandate, pursuant to which the Directors are authorised to allot and issue up to 355,181,721 Shares, being 20% of the number of issued Shares as at the date of the 2022 AGM, which was 1,775,908,606 Shares.

As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. As such, the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval at a general meeting of the Company.

EFFECT OF THE SUBSCRIPTIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company and the maximum number of Subscription Shares will be allotted and issued, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the Subscription Shares:

Shareholders	As at the date of this announcement		Immediately after the allotment and issuance of the Subscription Shares	
	Number of shares	%	Number of shares	%
Directors & Substantial Shareholders				
DING Zhigang (<i>Note 1</i>)	340,700,925	19.2	340,700,925	18.0
YU Lu (<i>Note 2</i>)	172,522,500	9.7	172,522,500	9.1
Seashore Fortune Limited (<i>Note 3</i>)	93,543,624	5.3	93,543,624	4.9
SB Asia Investment Fund II L.P.	197,340,537	11.1	197,340,537	10.4
Public Shareholders				
Subscriber A	—	—	55,555,000	2.9
Subscriber B	—	—	18,665,000	1.0
Subscriber C	—	—	31,107,500	1.6
Subscriber D	—	—	9,332,500	0.5
Subscriber E	—	—	6,220,000	0.3
Other public Shareholders	<u>971,801,020</u>	<u>54.7</u>	<u>971,801,020</u>	<u>51.2</u>
Total	<u>1,775,908,606</u>	<u>100.0</u>	<u>1,896,788,606</u>	<u>100.0</u>

Notes:

1. Mr. Ding Zhigang is a non-executive Director.
2. Mr. Yu Lu is a non-executive Director.
3. Seashore Fortune Limited is wholly owned by Mr. Yue Jingxing (“**Mr. Yue**”). Mr. Yue is the chairman of the Board and an executive Director.
4. Percentages shown in the above chart are approximate figures and have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in the above chart may not be an arithmetic aggregation of the figures which precede them.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company, and through its subsidiaries, operated two business segments: (i) automated meter reading (“AMR”) and other business: the Group is principally engaged in the design, development and sale of power-line communication products, energy saving and environmental protection products and solutions used in streetlight control, building energy management, photovoltaic power management, etc. and providing maintenance services in connection with the deployment and upgrading of AMR systems by power grid companies in the PRC; and (ii) smart manufacturing and industrial automation business: the Group is principally engaged in sales of software licences, production safety products as well as the provision of software post-contract customer support services in connection with the smart manufacturing and industrial automation system applied in the petroleum and petrochemicals industry.

The maximum gross proceeds from the Subscriptions are estimated to be approximately HK\$21,758,400 and the maximum net proceeds from the Subscriptions, after deduction of the related expenses, are estimated to be approximately HK\$21,700,000, representing a net subscription price of approximately HK\$0.179 per Subscription Share. The Company intends to utilise the entire net proceeds from the Subscriptions for lowering the gearing ratio of the Group by repayment of the outstanding indebtedness.

The Directors consider that the Subscriptions represents a good opportunity for the Company to reduce its debts without having to increase the Group’s financing costs. Accordingly, the Directors are of the view that the Subscriptions are in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Group in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
19 October 2021, 25 November 2021, 16 December 2021	Rights issue on the basis of one (1) right share for every two (2) then existing shares held on the record date.	HK\$121.1 million	(1) for the full settlement of the outstanding principal and accrued interests of the Promissory Notes; and (2) for the settlement of other outstanding indebtedness and trade and other payables of the Group.	All net proceeds have been used as intended.

Shareholders and potential investors should note that completion of each Subscription is subject to fulfillment of the conditions under the relevant Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2022 AGM”	the annual general meeting of the Company held on 24 June 2022
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no.8 or above or “extreme conditions” caused by super typhoons in force in Hong Kong or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks generally are open for business in Hong Kong
“Company”	Risecomm Group Holdings Limited (瑞斯康集團控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons and are not connected persons of the Company
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Promissory Notes”	the promissory notes (as amended and replaced) issued by the Company to Sailen IOT as part of the consideration for the acquisition of Green Harmony Limited as disclosed in the announcement of the Company dated 28 December 2017, 3 January 2018, 10 January 2018, 12 February 2018, 15 August 2018, 15 March 2019 and 25 November 2019, comprising (i) the first promissory note dated 25 November 2019 for the principal amount of HK\$20 million carrying 4% coupon rate per annum from 25 November 2019 and due on 14 August 2021; and (ii) the second promissory note dated 25 November 2019 for the principal amount of approximately HK\$122.9 million carrying 4% coupon rate per annum from 25 November 2019 and due on 30 December 2021
“Sailen IOT”	Sailen International IOT Limited (formerly known as Tiger Resort, Leisure and Entertainment, Inc.), a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Li Maosheng (李茂生), a PRC resident and an Independent Third Party
“Subscriber B”	Ms. Zheng Aihong (鄭愛紅), a PRC resident and an Independent Third Party
“Subscriber C”	Mr. Wu Jingdong (吳靖東), a PRC resident and an Independent Third Party
“Subscriber D”	Mr. Zhao Dong (趙棟), a PRC resident and an Independent Third Party
“Subscriber E”	Mr. Wang Wenyuan (王文元), a PRC resident and an Independent Third Party
“Subscribers”	collectively, the Subscribers, and “Subscriber” means any one of them
“Subscription(s)”	the subscription(s) of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements

“Subscription Agreement A”	the subscription agreement dated 21 September 2022 between the Company and Subscriber A in relation to the subscription of a maximum of 55,555,000 Subscription Shares
“Subscription Agreement B”	the subscription agreement dated 21 September 2022 between the Company and Subscriber B in relation to the subscription of a maximum of 18,665,000 Subscription Shares
“Subscription Agreement C”	the subscription agreement dated 21 September 2022 between the Company and Subscriber C in relation to the subscription of a maximum of 31,107,500 Subscription Shares
“Subscription Agreement D”	the subscription agreement dated 21 September 2022 between the Company and Subscriber D in relation to the subscription of a maximum of 9,332,500 Subscription Shares
“Subscription Agreement E”	the subscription agreement dated 21 September 2022 between the Company and Subscriber E in relation to the subscription of a maximum of 6,220,000 Subscription Shares
“Subscription Agreements”	collectively, the Subscription Agreements, and “Subscription Agreement” means any one of them
“Subscription Price”	HK\$0.18 per Subscription Share
“Subscription Shares”	the total of not more than 120,880,000 new Shares to be allotted and issued by the Company to the Subscribers at completion of the Subscriptions
“%”	per cent

By order of the Board
Risecomm Group Holdings Limited
Yue Jingxing
Chairman and executive Director

Hong Kong, 21 September 2022

As at the date of this announcement, the executive Directors are Mr. Yue Jingxing, Mr. Lau Wai Leung, Alfred and Mr. Jiang Feng, the non-executive Directors are Mr. Yu Lu, Mr. Ding Zhigang, Mr. Sun Peng and the independent non-executive Directors are Mr. Ong King Keung, Ms. Lo Wan Man and Mr. Zou Heqiang.