

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker or registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in RISECOMM Group Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the document specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Commission (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of the Prospectus Documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings on the Stock Exchange. You should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser(s) for details of those settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange, HKSCC and the SFC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or holding the Shares on behalf of persons with such addresses and beneficial owners of the Shares who are residents outside Hong Kong are referred to the important information set out in the section headed "Notices" and the paragraph headed "Rights of Overseas Shareholders" in the "Letter from the Board" of this Prospectus. **This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in nil-paid or fully-paid forms or to take up any entitlements to the Rights Shares in nil-paid or fully-paid forms in any jurisdiction in which such an offer or solicitation is unlawful.**

The securities described herein have not been registered under the US Securities Act or the laws of any state in the United States and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable US state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States. Neither the Prospectus Documents nor any copy hereof may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, directly or indirectly, to persons within the United States, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States. Any failure to comply with this restriction may constitute a violation of US securities laws. This Prospectus and/or the Prospectus Documents do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in nil-paid or fully-paid form or to take up any entitlements to the Rights Shares in nil-paid or fully-paid form in the United States or any other jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out in this Prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in, any jurisdictions outside Hong Kong. The Prospectus Documents have not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



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)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



邁時資本
MAXA CAPITAL

Maxa Capital Limited

Joint Underwriters to the Rights Issue



邁時資本
MAXA CAPITAL

Maxa Capital Limited



SORRENTO
SECURITIES LIMITED
擎天證券有限公司

Sorrento Securities Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 9 December 2021. The procedures for application for Rights Shares are set out in the paragraph headed "Procedure for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares" on page 20 of this Prospectus.

It should be noted that the Joint Underwriters may, by notice in writing to the Company, terminate the Underwriting Agreement at any time up to the Latest Time for Termination, upon the occurrence of certain events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 10 to 11 of this Prospectus. If the Joint Underwriters exercise such right, the Rights Issue will not proceed. Upon the giving of written notice of termination, all obligations of the Joint Underwriters and the Company under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights and obligations under the Underwriting Agreement, including rights of the parties thereto in respect of any antecedent breach).

The Rights Issue is only underwritten on a best effort basis. In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Joint Underwriters (or either of them, whichever shall be appropriate) or subscribed by the Joint Underwriters will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue.

Shareholders should note that the existing Shares have been dealt in on an ex-rights basis from Tuesday, 16 November 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive). If, prior to the Latest Time for Termination, the Joint Underwriters terminate the Underwriting Agreement or if the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" in the "Letter from the Board" in this Prospectus are otherwise not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares during the period from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Friday, 10 December 2021, and any Shareholders dealing in the Rights Shares in nil-paid form between Monday, 29 November 2021 and Monday, 6 December 2021 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

25 November 2021

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The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their obligations on the occurrence of certain events. Please refer to the paragraph headed “Underwriting Arrangement — Termination of the Underwriting Agreement” of the section headed “LETTER FROM THE BOARD” of this Prospectus for further details. Accordingly, the Rights Issue may or may not proceed.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 16 November 2021 and the nil-paid Rights Shares are expected to be dealt from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive).

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Friday, 10 December 2021, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form should exercise caution and are recommended to consult their professional advisers.

DISTRIBUTION OF THIS PROSPECTUS AND THE OTHER PROSPECTUS DOCUMENTS

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in both their nil-paid and fully-paid forms or to take up any entitlements to the Rights Shares in both their nil-paid and fully-paid forms in any jurisdiction in which such an offer or solicitation is unlawful. Persons (including, without limitation, agents, custodians, nominees and trustees) who obtain a copy of the Prospectus Documents should inform themselves of and observe any such restriction. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY OF THE JURISDICTIONS OUTSIDE HONG KONG IF SUCH EXTENSION IS UNLAWFUL. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in nil-paid or fully-paid form or to take up any entitlements to the Rights Shares in nil-paid or fully-paid form in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of this Prospectus, the PAL and the EAF will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the Rights Shares in nil-paid or fully-paid form, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant

NOTICES

securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraph headed “Rights of Overseas Shareholders” in the section headed “LETTER FROM THE BOARD” of this Prospectus.

Each person acquiring the Rights Shares in nil-paid and/or fully-paid forms under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the Rights Shares in nil-paid and/or fully-paid forms to confirm, that he/she/it is aware of the restrictions on offers and sales of the Rights Shares in nil-paid and/or fully-paid forms described in this Prospectus.

For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares, please see the notices below.

NOTICE TO INVESTORS IN THE CAYMAN ISLANDS

Based on the advice provided by the Company’s legal advisers on the laws of the Cayman Islands, there are no restrictions under securities law or other similar laws in the Cayman Islands which would prevent the Company from including the Shareholder(s) with a registered address in the Cayman Islands in the Rights Issue. It would be lawful for the Company to offer the Rights Shares to its Shareholder(s) with a registered address in the Cayman Islands, if the Rights Issue is made and/or the Prospectus Documents are sent to such Shareholder solely by reason that it is an existing Shareholder.

NOTICE TO INVESTORS IN JAPAN

The nil-paid Rights Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan, as amended (the “**FIEA**”). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for re-offer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

No registration statement has been or will be filed with respect to the nil-paid Rights Shares under Article 4, paragraph 1 of the FIEA, on the grounds that the solicitation of offer for acquisition of the nil-paid Rights Shares described in this Prospectus constitutes a “solicitation for a small number of investors” as set forth in Article 23-13, paragraph 4 of the FIEA.

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A holder of the nil-paid Rights Shares is prohibited from transferring the nil paid Rights Shares in Japan or to a person who is a Japanese resident, unless he or she transfers all of his or her nil paid rights to another person in one batch.

NOTICE TO INVESTORS IN THE SEYCHELLES

Based on the advice provided by the Company's legal advisers on the laws of the Seychelles, there are no restrictions under securities law or other similar laws in the Seychelles which would prevent the Company from including the Shareholder(s) with a registered address in the Seychelles in the Rights Issue. It would be lawful for the Company to offer the Rights Shares to its Shareholder(s) with a registered address in the Seychelles, if the Rights Issue is made and/or the Prospectus Documents are sent to such Shareholder solely by reason that it is an existing Shareholder.

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as "might", "may", "could", "would", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue", "illustration", "projection" or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group's business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management's present expectations about future events. Management's present expectations reflect many assumptions regarding the Group's strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realized.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Announcement”	the announcement of the Company dated 19 October 2021 in relation to, among other things, the Rights Issue and the Underwriting Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Bondholder”	Software Research Associates, Inc. (株式会社SRA), a company incorporated under the laws of Japan, it and its ultimate beneficial owners being Independent Third Parties
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is 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 licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law”	the Companies Law (Revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Risecomm Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1679)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Shares”	the Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds, as amended and supplemented by the Second Supplemental Deed
“Convertible Bonds”	the fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum issued by the Company on 13 August 2018 as constituted by the Instrument
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their pro-rata entitlements under the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person (as defined in the Listing Rules) of the Company
“Instrument”	the instrument constituting the Convertible Bonds dated 13 August 2018, as amended and supplemented from time to time

DEFINITIONS

“Intermediary(ies)”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Joint Underwriters”	(i) Maxa Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 6 regulated activities under the SFO; and (ii) Sorrento Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 4 regulated activities under the SFO
“Last Trading Day”	18 October 2021, being the last full trading day for the Shares immediately prior to the date of the Announcement
“Latest Acceptance Date”	4:00 p.m. on Thursday, 9 December 2021, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Joint Underwriters may determine
“Latest Practicable Date”	16 November 2021, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on Friday, 10 December 2021 or such later time or date as may be agreed between the Company and the Joint Underwriters in writing, being the next Business Day after the Latest Acceptance Date, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue

DEFINITIONS

“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company as at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Thursday, 25 November 2021 or such other date as the Company and the Joint Underwriters may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 25 August 2016
“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 (the “ First Promissory Note ”); 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 (the “ Second Promissory Note ”)
“Prospectus”	this prospectus issued by the Company to the Shareholders in connection with the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders

DEFINITIONS

“Record Date”	Wednesday, 24 November 2021 or on such other date as the Company and the Joint Underwriters may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorized custodian or third party which is the registered holder in the register of members of the Company of the Shares in respect of which the Beneficial Owner is beneficially interested
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Regulation S”	Regulation S under the US Securities Act
“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of one (1) Rights Shares for every two (2) existing Shares held by the Shareholders on the Record Date and subject to the conditions set out in the paragraph headed “Conditions of the Rights Issue” in the “Letter from the Board” section of this Prospectus
“Rights Shares”	the new Share(s) to be allotted and issued under the Rights Issue, being not less than 591,969,535 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date) and not more than 688,451,330 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Second Amendment”	the second amendment to the conditions of the Convertible Bonds, which among others, further extend the relevant maturity date by 12 months, and in ancillary to such amendment, Specific Mandate has been sought and approved by the Shareholders

DEFINITIONS

“Second Supplemental Deed”	the second supplemental deed of Instrument executed by the Company on 6 October 2021 in connection with the Second Amendment
“Settlement Date”	Friday, 10 December 2021 or such later date as may be agreed between the Company and the Joint Underwriters in writing
“Seychelles”	the Republic of Seychelles
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.0001 each in the share capital of the Company
“Share Options”	a right to subscribe for Shares pursuant to the Share Option Scheme, the Pre-IPO Share Option Scheme or any share option
“Share Option Scheme”	the share option scheme adopted by the Company on 16 May 2017
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate for the issuance of the Conversion Shares under the amended terms of the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.208 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriting Agreement”	the underwriting agreement dated 19 October 2021 entered into between the Company and the Joint Underwriters and as revised, supplemented and/or amended from time to time in accordance with its terms

DEFINITIONS

“Underwritten Shares”	such number of Unsubscribed Rights Shares (up to 591,969,535 Rights Shares) to be underwritten by the Joint Underwriters on a best effort basis subject to the terms and conditions of the Underwriting Agreement
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	such number of Rights Shares for which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid by the Latest Acceptance Date, including any Rights Shares to which the Non-Qualifying Shareholders would have otherwise been entitled to under the Rights Issue
“US Securities Act”	the US Securities Act of 1933, as amended
“Vested Share Options”	outstanding and vested Share Options granted to subscribe for 5,463,589 Shares pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme that are exercisable on or before the Record Date
“%”	per cent.

* *In this Prospectus, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Event	Time and Date 2021
Last day of dealing in the Shares on a cum-rights basis	Monday, 15 November
First day of dealing in the Shares on an ex-rights basis.....	Tuesday, 16 November
Latest time for lodging transfer of shares for entitlement to the Rights Issue.....	4:30 p.m. on Wednesday, 17 November
Closure of register of members to determine entitlements to the Rights Issue (both dates inclusive).....	Thursday, 18 November to Wednesday, 24 November
Record Date for determining entitlements under Rights Issue	Wednesday, 24 November
Register of members of the Company re-opens.....	Thursday, 25 November
Despatch of Prospectus Documents (including the PAL, the EAF and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only).....	Thursday, 25 November
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Monday, 29 November
Latest time for splitting of the PAL	4:30 p.m. on Wednesday, 1 December
Last day of dealing in nil-paid Rights Shares	4:00 p.m. on Monday, 6 December
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 9 December
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Friday, 10 December
Announcement of results of the Rights Issue.....	Thursday, 16 December

EXPECTED TIMETABLE

Event	Time and Date 2021
Despatch of refund cheques for wholly or partially unsuccessful excess applications or if the Rights Issue does not become unconditional	Friday, 17 December
Despatch of share certificates for fully-paid Rights Shares	Friday, 17 December
First day of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 20 December

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be announced or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is/are:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warning signal and/or extreme conditions in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 9 December 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement contains provisions granting the Joint Underwriters, by jointly issuing a written notice to the Company at any time prior to the Latest Time for Termination, to terminate the arrangements under the Underwriting Agreement if:

- (a) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect; or
- (b) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that (i) any of the representations, warranties or undertakings given by the Company under the Underwriting Agreement was or is untrue, incorrect, incomplete or misleading in any material respect; or (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date hereof or before the dates or before any time on which the representations, warranties and undertakings are deemed to be given would render any of those representations, warranties or undertakings untrue, incorrect, incomplete or misleading in any material respect; or
- (c) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect; (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect; (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom; or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Joint Underwriters is material in the context of the issue of the Rights Shares; or
- (d) there develops, occurs, exists or comes into effect any events, including:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) in Hong Kong; or
 - (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company; or
 - (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or
- (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement, this Prospectus or the Prospectus Documents or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Joint Underwriters (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

If the Joint Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their respective obligations on the occurrence of certain events. Accordingly, the Rights Issue may or may not proceed.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 16 November 2021. Dealings in the nil paid Rights Shares are expected to be dealt from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive).

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Friday, 10 December 2021, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution and are recommended to consult their professional advisers.

LETTER FROM THE BOARD



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)

Executive Directors:

Yue Jingxing (*Chairman*)
Lau Wai Leung, Alfred
Jiang Feng

Non-executive Directors:

Cheung Fan
Yu Lu

Independent Non-executive Directors:

Ong King Keung
Lo Wan Man
Zou Heqiang

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of

business in Hong Kong:

4/F., Yue Thai Commercial Building
128 Connaught Road Central
Sheung Wan
Hong Kong

25 November 2021

*To the Qualifying Shareholders and, for information purposes only,
Non-Qualifying Shareholders, Bondholder and the holders of the Share Options*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue.

LETTER FROM THE BOARD

The Board announced on 19 October 2021 that the Company proposed to raise gross proceeds (before deducting professional fees and other related expenses) of up to (i) approximately HK\$123.1 million by way of the Rights Issue of 591,969,535 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$143.2 million by way of the Rights Issue of 688,451,330 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds), to the Qualifying Shareholders at a subscription price of HK\$0.208 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue will be underwritten on a best effort basis by the Joint Underwriters on the terms and conditions set out in the Underwriting Agreement. The Rights Issue will not be extended to the Non-Qualifying Shareholders (if any).

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events, details of which are set out in the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” and the paragraph headed “Underwriting Arrangement — Termination of the Underwriting Agreement” of the section headed “LETTER FROM THE BOARD” of this Prospectus.

The purpose of this Prospectus is to provide you with further information regarding the Rights Issue, including information on dealings in, transfer of and application for the Rights Shares, and financial information and other information of the Group.

RIGHTS ISSUE

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Shareholders on the Record Date
Subscription Price	:	HK\$0.208 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,183,939,071 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Not less than 591,969,535 Rights Shares (<i>Note 1</i>) and not more than 688,451,330 Rights Shares (<i>Note 2</i>)
Aggregate nominal value of the Rights Shares	:	Not less than approximately HK\$59,196.95 (<i>Note 1</i>) and not more than approximately HK\$68,845.13 (<i>Note 2</i>)

LETTER FROM THE BOARD

Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	Not less than 1,775,908,606 Shares (<i>Note 1</i>) and not more than 2,065,353,990 Shares (<i>Note 2</i>)
Joint Underwriters	:	Maxa Capital Limited and Sorrento Securities Limited
Maximum funds to be raised (before expenses)	:	Up to approximately HK\$123.1 million (<i>Note 1</i>) Up to approximately HK\$143.2 million (<i>Note 2</i>)

Notes:

1. Assuming no change in the issued share capital of the Company on or before the Record Date.
2. Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a best-effort-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Under the Rights Issue, the 591,969,535 nil-paid Rights Shares proposed to be provisionally allotted represent approximately 50.0% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 33.33% of the issued share capital of the Company as enlarged by the Rights Issue (assuming no change in the issued share capital of the Company on or before the Record Date).

As at the Latest Practicable Date, there are 5,463,589 Vested Share Options. There are also outstanding Convertible Bonds in the principal amount of HK\$150 million, which are convertible into 187,500,000 Conversion Shares. Assuming exercise of all Vested Share Options and full conversion of the Convertible Bonds, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme and the Pre-IPO Share Option Scheme and the terms and conditions of the Convertible Bonds on or before the Record Date would be 192,963,589 Shares, which would result in the issue and allotment of 96,481,795 additional Rights Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send **copies of this prospectus to the Non-Qualifying Shareholders for information purpose only, and will send this prospectus to the holders of the Share Options and the Bondholder for their information only but will not send any PAL or EAF to them.**

As at the Latest Practicable Date, save as disclosed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are readily convertible or exchangeable into or confer any right to subscribe for Shares in the Rights Issue. Other than as a result of the exercise of the Vested Share Options or the conversion of the Convertible Bonds, the Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Best-effort-underwritten basis only

As the Rights Issue will proceed on a best-effort-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or EAF(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.208 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares or when a subscriber procured by the Joint Underwriters or the Joint Underwriters themselves subscribe for the Rights Shares under the Underwriting Agreement.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 0.5% to the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.0% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.210;
- (iii) a discount of approximately 0.5% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.209;
- (iv) a premium of approximately 1.5% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.205;
- (v) a discount of approximately 0.5% to the theoretical ex-rights price of approximately HK\$0.209 per Share based on the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (vi) a premium of approximately 2.5% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) there is no cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules), being the aggregate of the Conversion Shares to be issued under the Specific Mandate upon exercise in full of the Convertible Bonds (as amended by the Second Amendments to the Convertible Bonds) and the Rights Issue, given that the cumulative theoretical diluted price of approximately HK\$0.275 per Share is higher than the benchmarked price of approximately HK\$0.213 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on 12 August 2021, being the date immediately before the date of entering into of the agreement to the Second Amendment, of HK\$0.205 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to date of the agreement to the Second Amendment of approximately HK\$0.213 per Share); and
- (viii) a premium of approximately 101.9% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2021 of approximately HK\$0.103 per Share calculated based on the unaudited consolidated net assets of the Group of approximately RMB101,141,000 as at 30 June 2021 as set out in the interim report of the Company for the six months ended 30 June 2021 and 1,183,939,071 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price was determined with reference to, among other things, (i) the recent market prices of the Shares; (ii) the current market conditions; and (iii) the funding and capital needs of the Company as set out in the paragraph headed “Reasons for the Rights Issue and the Use of Proceeds”, and in particular for full settlement of the outstanding principal and accrued interests of the Promissory Notes. The Directors consider that the Subscription Price was set at a level that is close to the current market price of the Shares and premium to the consolidated net asset value per Share with the intention to avoid material value dilution and therefore enhance the share value of the Company.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.205 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$0.205 (assuming no change in the number of Shares in issue on or before the Record Date other than exercise in full of the Vested Share Options and full conversion of the Convertible Bonds).

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Acceptance Date.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in this Prospectus below.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

LETTER FROM THE BOARD

Holders of Share Options or Convertible Bonds who wish to participate in the Rights Issue should exercise the Share Options or the Convertible Bonds in accordance with the terms and conditions of the Share Option Scheme, the Pre-IPO Share Option Scheme or the Convertible Bonds and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholders

As at the Latest Practicable Date, based on the register of members of the Company, the Overseas Shareholders were as follows:

Jurisdiction of the registered address of the Overseas Shareholders	Number of Overseas Shareholders	Number of Shares held	Approximate % of issued share capital of the Company
Cayman Islands	1	197,340,537	16.67%
Japan	1	45,000,000	3.80%
Seychelles	1	69,527,845	5.87%

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders.

The Company has obtained advice from legal advisers in the Cayman Islands, Japan and the Seychelles. Based on the advice provided by the legal advisers of the Company, the Company is not required to obtain any approval for the despatch of the Prospectus Documents to Shareholders who reside in the Cayman Islands, Japan and the Seychelles because there is either no restriction or relevant exemption applies under the laws of these jurisdictions. Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered addresses in the Cayman Islands, Japan and the Seychelles, and such Overseas Shareholders are Qualifying Shareholders. The Company will send the Prospectus Documents to such Qualifying Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were no Non-Qualifying Shareholders. Had there been any Non-Qualifying Shareholders, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold, where possible, in the market in their nil-paid form. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Notwithstanding any other provision in this Prospectus or any other Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Arrangements will be made for the nil-paid Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The net proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Status of the Rights Shares

When allotted and fully paid, each Rights Share will have a par value of HK\$0.0001. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

LETTER FROM THE BOARD

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefit and interests of the Company and more particularly described in the paragraph headed “Application for excess Rights Shares” below. No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Procedure for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

General

Any person (including, without limitation, any agent, custodian, nominee and trustee outside Hong Kong) wishing to take up the Rights Shares (in nil-paid or fully-paid form) under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Each subscriber of Rights Shares will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Joint Underwriters and to any person acting on their behalf, unless the Company and the Joint Underwriters waive such requirement in their respective sole discretion in relation to the relevant representation(s) and/or warranty(ies) given to each of them:

- (i) he/she/it was a Qualifying Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire nil-paid Rights Shares, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the nil-paid Rights Shares and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- (iii) subject to certain exceptions, he/she/it is not resident or located in, or a citizen of, the United States;

LETTER FROM THE BOARD

- (iv) subject to certain exceptions, he/she/it is not accepting an offer to acquire, take up or exercise nil-paid Rights Shares or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of the United States at the time the instruction to accept was given;
- (v) he/she/it is not doing so for the account of any person who is located in the United States, unless:
 - (a) the instruction to purchase or take up the rights or to subscribe for or accept Rights Shares was received from a person outside the United States; and
 - (b) the person giving such instruction has confirmed that it (i) has the authority to give such instruction; and (ii) either (A) has investment discretion over such account; or (B) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- (vi) he/she/it is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- (vii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- (viii) he/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the United States; and
- (ix) he/she/it understands that neither the nil-paid Rights Shares nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the nil-paid Rights Shares or Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties.

LETTER FROM THE BOARD

Action to be taken by registered Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles such Qualifying Shareholder to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/her/their right to subscribe for all the Rights Shares provisionally allotted to him/her/them as specified in the PAL, he/she/they must lodge the whole of the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on the Latest Acceptance Date. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 29" and crossed "ACCOUNT PAYEE ONLY". Such payment will constitute acceptance of the terms of the PAL and this Prospectus and be subject to the memorandum and articles of association of the Company. No receipt will be issued for sums received on application. Share certificate(s) for any Rights Share in respect of which the application is accepted will be sent to the Qualifying Shareholders, and in the case of joint Qualifying Shareholders, to the first named Qualifying Shareholder, by ordinary post to their respective addresses at their own risk on or before Friday, 17 December 2021.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on the Latest Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

All cheques and banker's cashier orders accompanying completed PALs will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. **Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with.** Any PAL in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received. If the Joint Underwriters exercise their rights to terminate the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions mentioned in the paragraph headed "Conditions of the Rights Issue" in this letter is not fulfilled and/or waived (as the case may be), the monies received in respect of the relevant provisional allotments will be

LETTER FROM THE BOARD

returned to the relevant persons without interest by means of cheques despatched by ordinary post to their registered addresses at the risk of such persons on or before Friday, 17 December 2021.

The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

Transfers and “splitting” of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by no later than 4:30 p.m. on Wednesday, 1 December 2021 to the Registrar, who will then cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign Form B in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign Form C in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, to effect the transfer by no later than 4:00 p.m. on the Latest Acceptance Date. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “EXPECTED TIMETABLE” in this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

LETTER FROM THE BOARD

The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for, by way of excess application:

- (i) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders;
 - (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Rights Shares in nil-paid form;
 - (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form; and
 - (iv) any other Rights Shares not being validly taken up (if any) and to be determined by the Board at its discretion.
- (i) to (iv) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders. If a Qualifying Shareholder wishes to apply for excess Rights Shares in addition to his/her/its/their provisional allotment, he/she/it/they must complete and sign an EAF (in accordance with the instructions printed therein) and lodge the same with a separate remittance or banker’s cashier order for the sum payable for the excess Rights Shares being applied for, with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:00 p.m. on Thursday, 9 December 2021. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 30**” and crossed “**ACCOUNT PAYEE ONLY**”. The Company may at its discretion treat an EAF as valid and binding on the person(s) by himself/herself/itself/themselves or on whose behalf it is lodged even if not completed in accordance with the relevant instructions. The Registrar will notify the Qualifying Shareholders of any allotment of the excess Rights Shares made to them.

LETTER FROM THE BOARD

Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction. Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

- (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application;
- (ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

If the aggregate number of Rights Shares underlying the Untaken Rights is equal to or greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up, on a best-effort basis, by the Joint Underwriters and/or subscribers procured by them pursuant to the terms and conditions of the Underwriting Agreement.

There are no restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “EXPECTED TIMETABLE” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date and time stated in the section headed “Expected Timetable” in this Prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

The procedure for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with the “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

LETTER FROM THE BOARD

Important notice for Beneficial Owners

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement for the allocation of the excess Rights Shares will not be extended to the Beneficial Owners individually (including those Beneficial Owners holding the Shares through HKSCC Nominees Limited). HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC considers fair and appropriate, which is pursuant to the allocation basis as stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures.

If no excess Rights Shares are allotted to the Qualifying Shareholder who has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be despatched to his/her/its registered address by ordinary post at his/her/its own risk on or before Friday, 17 December 2021. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be despatched to his/her/its registered address by ordinary post at his/her/its own risk on or before Friday, 17 December 2021.

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with EAF and any acceptance of it, have been, or will be, duly complied with. Completion and return of an EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. If any cheque or banker's cashier order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for the amount due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriting Agreement is terminated and/or if any of the conditions in the paragraphs headed "Conditions of the Rights Issue" and "Conditions of the Underwriting Agreement" in this letter is not fulfilled and/or waived (as the case may be), the monies received in respect of applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

LETTER FROM THE BOARD

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Rights Shares in their nil-paid or fully-paid forms and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing and dealing arrangements of the Rights Issue

As at the Latest Practicable Date, an application had been made to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,500 shares (as the Shares are currently traded on the Stock Exchange in board lots of 2,500 shares). No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive).

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 2,500 Shares.

LETTER FROM THE BOARD

Procedures for conversion of the Convertible Bonds

As at the Latest Practicable Date, there are outstanding Convertible Bonds in the principal amount of HK\$150 million, which are convertible into 187,500,000 Conversion Shares upon full conversion at the current conversion price of HK\$0.80.

At any time after the date of the issue of the Convertible Bonds (the “**Issue Date**”) and up to and inclusive of one business day prior to the maturity date (i.e. the date falling 24 months from the issue date of the Convertible Bonds) or, as the case may be, the extended maturity date of 13 August 2022 (i.e. 48 months from the Issue Date), the Bondholder shall have the right, but not the obligation, to convert in whole or in part, the outstanding principal amount of the Convertible Bonds, into such number of fully paid Shares of the Company as determined in accordance with the following formula:

$$N = A/C$$

Where:

“N” is the number of Shares to be issued by the Company upon conversion.

“A” is the principal amount of the Convertible Bonds to be converted.

“C” is the conversion price, as adjusted from time to time.

The Bondholder shall effect conversions by delivering to the Company a completed notice in the form prescribed in the Instrument.

The Conversion Shares (i.e. the Shares to be issued and allotted by the Company upon conversion of the Convertible Bonds), when issued, will in all respects rank pari passu with the Shares already in issue on the day when the Conversion Shares are issued.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 17 December 2021. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Friday, 17 December 2021 to the applicants without interest at their registered addresses by ordinary post at their own risk.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or applications for excess Rights Shares (if any) will be refunded to the Qualifying Shareholders or such other person to whom the Rights Shares in nil-paid form have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or before Friday, 17 December 2021.

UNDERWRITING ARRANGEMENT

On 19 October 2021 (after trading hours), the Company and the Joint Underwriters entered into the Underwriting Agreement in respect of the underwriting arrangement for the proposed Rights Issue.

The principal terms of the Underwriting Agreement are set out as follows:

- Date : 19 October 2021 (after trading hours)
- Joint Underwriters : (i) Maxa Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 6 regulated activities under the SFO and underwriting is in the ordinary and usual course of its business; and
- (ii) Sorrento Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 4 regulated activities under the SFO and underwriting is in the ordinary and usual course of its business

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Joint Underwriters did not hold any Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Joint Underwriters and their respective ultimate beneficial owners are Independent Third Parties. The Joint Underwriters confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

- Number of Underwritten Shares : Subject to the terms and conditions of the Underwriting Agreement, the Joint Underwriters agreed to, on a best-effort basis, subscribe or procure the subscription for up to 591,969,535 Rights Shares based on the following portion of the Underwritten Shares:
- (i) Maxa Capital Limited of up to 295,984,768 Rights Shares; and
 - (ii) Sorrento Securities Limited of up to 295,984,767 Rights Shares.
- Total Commission to the Joint Underwriters : The higher of (i) HK\$600,000; and (ii) 1.0% of the aggregate Subscription Price in respect of the Underwritten Shares.

In the event of undersubscription and one of the Joint Underwriters is able to procure an investors' demand more than its own underwriting commitment, it is the intention of the Company and the Joint Underwriters that such over demand from one of the Joint Underwriters will be allocated to cover the other Joint Underwriter's demand, where applicable.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Joint Underwriters by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

LETTER FROM THE BOARD

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares and through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Termination of the Underwriting Agreement

The Joint Underwriters may terminate the arrangements set out in the Underwriting Agreement by jointly issuing a written notice to the Company at any time prior to the Latest Time for Termination if:

- (a) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect; or
- (b) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that (i) any of the representations, warranties or undertakings given by the Company under the Underwriting Agreement was or is untrue, incorrect, incomplete or misleading in any material respect; or (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date hereof or before the dates or before any time on which the representations, warranties and undertakings are deemed to be given would render any of those representations, warranties or undertakings untrue, incorrect, incomplete or misleading in any material respect; or
- (c) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect; (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect; (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom; or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Joint Underwriters is material in the context of the issue of the Rights Shares; or

LETTER FROM THE BOARD

- (d) there develops, occurs, exists or comes into effect any events, including:
- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) in Hong Kong; or
 - (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company; or
 - (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or
 - (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or
 - (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of the Announcement, this Prospectus or the Prospectus Documents or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Joint Underwriters (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

If the Joint Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things, the fulfillment (or waiver, if permitted by the terms of the Underwriting Agreement) of the following conditions:

- (a) the issue by the Stock Exchange of a certificate of authorization of registration in respect of, and the registration of one duly signed copy of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (WUMP) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Posting Date;
- (b) each of the Joint Underwriters receiving: (i) a certified copy of the resolution(s) of the Board (certified by a Director, a certified public accountant or a solicitor of Hong Kong) approving and authorising the issue of the Announcement and the

LETTER FROM THE BOARD

execution of the Underwriting Agreement, as soon as practicable after the execution of the Underwriting Agreement (but in any event not later than 12:00 noon on the business day following the execution of the Underwriting Agreement); and (ii) the relevant conditions precedent documents required under the Underwriting Agreement, on or before 7:00 p.m. on the day on which the Prospectus Documents are filed with the Registrar of Companies in Hong Kong;

- (c) the posting on the Posting Date of copies of the Prospectus Documents to Qualifying Shareholders;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant, in writing, listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) at or prior to 9:30 a.m. on the Settlement Date or the first trading day of the Rights Shares in nil-paid form if earlier, and such grant or agreement to grant not being withdrawn or revoked prior to the Settlement Date;
- (e) the Underwriting Agreement not having terminated in accordance with its terms.

The conditions (a), (c) and (d) above are incapable of being waived by the Joint Underwriters or the Company. If any of the conditions of the Rights Issue are not fulfilled or waived by the Joint Underwriters by the Latest Time for Termination (or such later date or time as the Joint Underwriters may agree in writing with the Company pursuant to the Underwriting Agreement), the obligations of the parties arising from the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party (except in respect of any antecedent breach) and the Rights Issue will not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 November 2021 to Wednesday, 24 November 2021 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LETTER FROM THE BOARD

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the obligations of the Joint Underwriters under the Underwriting Agreement becoming unconditional and the Joint Underwriters not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Joint Underwriters. Please refer to section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” and the paragraph headed “Underwriting Arrangement — Termination of the Underwriting Agreement” in the section headed “LETTER FROM THE BOARD” section of this Prospectus for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their respective obligations on the occurrence of certain events. Please refer to the section headed “TERMINATION OF THE UNDERWRITING AGREEMENT” and the paragraph headed “The Underwriting Arrangement — Termination of the Underwriting Agreement” in the section headed “LETTER FROM THE BOARD” of this Prospectus for further details. Accordingly, the Rights Issue may or may not proceed.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 16 November 2021 and the nil-paid Rights Shares are expected to be dealt from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive).

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Friday, 10 December 2021, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution and are recommended to consult their professional advisers.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the changes in the shareholding structure of the Company arising from the Rights Issue: (a) assuming no change in the issued share capital of the Company on or before the Record Date; and (b) assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

1. Assuming no change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares and all the unsubscribed Rights Shares were subscribed for through the Joint Underwriters)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Connected persons						
Magical Success Holdings Limited (Note 1)	97,527,845	8.2	146,291,767	8.2	97,527,845	5.5
Seashore Fortune Limited (Note 2)	93,543,624	7.9	140,315,436	7.9	93,543,624	5.3
SB Asia Investment Fund II L.P.	197,340,537	16.7	296,010,805	16.7	197,340,537	11.1
Spitzer Fund VI L.P. (Note 3)	123,763,311	10.5	185,644,966	10.5	—	—
YU Lu (Note 6)	115,015,000	9.7	172,522,500	9.7	115,015,000	6.5
Public shareholders						
Spitzer Fund VI L.P. (Note 3)	—	—	—	—	123,763,311	7.0
The Joint Underwriters and/or subscriber(s) procured by it	—	—	—	—	591,969,535	33.3
Other public shareholders	<u>556,748,754</u>	<u>47.0</u>	<u>835,123,132</u>	<u>47.0</u>	<u>556,748,754</u>	<u>31.3</u>
Total	<u>1,183,939,071</u>	<u>100.0</u>	<u>1,775,908,606</u>	<u>100.0</u>	<u>1,775,908,606</u>	<u>100.0</u>

LETTER FROM THE BOARD

2. Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all the Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the Latest Practicable Date		Immediately after exercise of all Vested Share Options and full conversion of the Convertible Bonds but otherwise no other change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares and all the unsubscribed Rights Shares were subscribed for through the Joint Underwriters)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Connected persons								
Magical Success Holdings Limited (Note 1)	97,527,845	8.2	97,527,845	7.1	146,291,767	7.1	97,527,845	5.0
Seashore Fortune Limited (Note 2)	93,543,624	7.9	93,543,624	6.8	140,315,436	6.8	93,543,624	4.8
SB Asia Investment Fund II L.P. (Note 3)	197,340,537	16.7	197,340,537	14.3	296,010,805	14.3	197,340,537	10.0
Spitzer Fund VI L.P. (Note 3)	123,763,311	10.5	—	—	—	—	—	—
YU Lu (Note 6)	115,015,000	9.7	115,015,000	8.4	172,522,500	8.4	115,015,000	5.8
Bondholder (Notes 3 & 5)	—	—	232,500,000	16.9	348,750,000	16.9	232,500,000	11.8
Holders of the Vested Share Options (Note 4)								
YUE Jingxing	—	—	863,587	0.1	1,295,381	0.1	863,587	0.0
Other holders of the Vested Share Options	—	—	4,600,002	0.3	6,900,003	0.3	4,600,002	0.2
Public shareholders								
Bondholder (Notes 3 & 5)	45,000,000	3.8	—	—	—	—	—	—
Spitzer Fund VI L.P. (Note 3)	—	—	123,763,311	9.0	185,644,966	9.0	123,763,311	6.3
The Joint Underwriters and/or subscriber(s) procured by it	—	—	—	—	—	—	591,969,535	30.1
Other public shareholders	511,748,754	43.2	511,748,754	37.1	767,623,132	37.1	511,748,754	26.0
Total	<u>1,183,939,071</u>	<u>100.0</u>	<u>1,376,902,660</u>	<u>100.0</u>	<u>2,065,353,990</u>	<u>100.0</u>	<u>1,968,872,195</u>	<u>100.0</u>

Notes:

- Magical Success Holdings Limited is wholly-owned by Ms. Chen Junling (“**Ms. Chen**”). Ms. Chen is the spouse of Mr. Wang Shiguang, who was a non-executive Director within the last 12 months of the Latest Practicable Date.
- Seashore Fortune Limited is wholly owned by Mr. Yue Jingxing (“**Mr. Yue**”). Mr. Yue is the chairman of the Board and an executive Director.
- Each of them is an Independent Third Party, other than being a substantial shareholder of the Company. As such, any change of their respective shareholding to less than 10% of the issued share capital of the Company would render any of them becoming a public shareholder of the Company within the meaning of Rule 8.24 of the Listing Rules.

LETTER FROM THE BOARD

4. Holders of such Vested Share Options are Mr. Yue and the employees of the Group. Save for Mr. Yue, the others holders will be considered as public shareholders of the Company within the meaning of Rule 8.24 of the Listing Rules.
5. The Bondholder, Software Research Associates, Inc. (株式会社SRA), a company incorporated under the laws of Japan, it and its ultimate beneficial owners being Independent Third Parties, will become a substantial shareholder, and therefore a connected person, of the Company upon full conversion of the Convertible Bonds.
6. Mr. Yu Lu is a non-executive Director.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The principal activity of the Company is investment holding, 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.

As disclosed in the Company’s interim report for the six months ended 30 June 2021, the Group recorded revenue of approximately RMB37.7 million and loss attributable to owners of the Company of approximately RMB17.5 million for the six months ended 30 June 2021. The outbreak of the COVID-19 pandemic in early 2020 has affected the business and economic activities around the world and has brought about additional uncertainties to the Group’s operating environment and has to a certain extent impacted the Group’s operations and financial position. The Group has been closely monitoring the impact from the COVID-19 pandemic on the Group’s business. Faced with further hamper and uncertainties on Chinese economy caused by, among others, ad hoc COVID-19 pandemic, the Group has maintained a lean-cost strategy so as to reduce the operating cost, especially the workforces in the administrative and research & development aspect. As at 30 June 2021, the Group had bank and cash balances of approximately RMB147.1 million and net current liabilities of approximately RMB80.4 million. In addition, the Group had acquisition consideration payables of approximately RMB123.8 million, which comprises of the outstanding principal amounts and accrued interests of the Promissory Notes and the convertible bonds of approximately RMB124.1 million, which comprises of the outstanding principal amounts and accrued interests of the Convertible Bonds.

LETTER FROM THE BOARD

On 27 July 2021, the Company completed the subscription of new shares under general mandate with net proceeds of approximately HK\$33.3 million which have been applied for (i) full repayment of the principal amount of the First Promissory Note due on 14 August 2021; (ii) partial repayment of the principal amount of Second Promissory Note; and (iii) partial repayment of the accrued interests of the Promissory Notes. After the above repayments, the outstanding principal amount and accrued interests of the Promissory Notes was approximately HK\$120.5 million which will be due on 30 December 2021. In addition, the Company entered into the amendment and extension agreement with the Bondholder on 13 August 2021 to extend the maturity date of the Convertible Bonds by twelve months from 13 August 2021 to 13 August 2022. In light of the imminent funding need to settle the outstanding liabilities and the uncertainty of the COVID-19 pandemic on the business of the Group in the foreseeable future, the Board considers that it is vital for the Group to have access to additional funding and working capital to improve its financial position.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and equity financing. However, debt financing will put further pressure on the financial position of the Group, and will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. The Board considers that the form of equity is better alternative than debt financing as it would not result in additional interest burden and will improve the gearing of the Group. The Board considers that placing or subscription of new Shares or convertible securities will dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate, and places or subscribers might require a higher discount on issue price as a result of the current financial position of the Company.

Having considered the above factors, the Board considers that the Rights Issue is pre-emptive in nature, which allows the Group to improve its liquidity and capital base while mitigate dilution effect to the existing Shareholders. Qualifying Shareholders can maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding in the Company by acquiring additional rights entitlement in the open market (subject to the availability) and through excess applications; or (b) reduce their respective shareholding in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Also, compared to an open offer, the Rights Issue allows the trading of rights entitlements. Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

The maximum net proceeds from the Rights Issue after deducting professional fees and other related expenses are estimated to be (i) approximately HK\$121.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$141.2 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds).

LETTER FROM THE BOARD

The Rights Issue will proceed on a best-effort-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. After the Company formulated a rights issue proposal and prior to the Announcement dated 19 October 2021 of the Company in relation to the Rights Issue, the Company approached various potential underwriters. Given the prevailing volatile market conditions and the impacts and uncertainties brought by the COVID-19 pandemic, only the Joint Underwriters expressed their interest in underwriting the Rights Issue on a best-effort-underwritten basis rather than a fully-underwritten basis, the terms and conditions of which were as set out in Underwriting Agreement.

Having taken into account of the time, effort, internal financial and administrative resources rendered by each of the Joint Underwriters in the formation and execution of the Rights Issue, as well as the procurement of investors on a best effort basis, the Company is of the view that the payment of a minimum underwriting commission of HK\$600,000 is fair and reasonable to secure the underwriting services of the Joint Underwriters to procure investors for the unsubscribed nil-paid Rights Shares, which will increase the chances for the Company to raise more funds in the event of undersubscription.

Without the net proceeds to be raised from the Rights Issue, the Company expects to negotiate with the holder of the Promissory Notes for a time extension for the repayment of the whole outstanding principal of approximately HK\$110.9 million. In the event that the maturity of the Promissory Notes is extended for a further year under the existing terms, and the coupon rate per annum remains unchanged at 4%, the interest expense of the Promissory Notes will be approximately HK\$4.4 million, which is higher than the estimated total professional fees and other related expenses of approximately HK\$2.0 million in association with the Rights Issue (which is a one-off expenses). Therefore, the Company incurs a much lower expense for the Rights Issue as compared to seeking a time extension for repayment of the whole outstanding principal of the Promissory Notes.

In the event that the Company does not conduct the Rights Issue, it is uncertain whether the Company can successfully negotiate with the holder of Promissory Notes for a time extension for repayment of the whole outstanding principal, or even if extended, the then coupon rate and period of extension could be more disadvantageous than the existing terms. On the other hand, even if in the event that the Rights Issue is undersubscribed and the net proceeds are less than HK\$120.5 million which will only be able to make a part repayment of the outstanding principal of the Promissory Notes, the Company considers the part repayment will facilitate and increase the chance of successful negotiation with the holder of the Promissory Notes for terms that will be advantageous to the Company.

The Company is of the view that the current underwriting arrangement on a best-effort-underwritten basis rather than a fully-underwritten basis, is a commercial arrangement which the Company is able to secure from the current market conditions and the terms of the Underwriting Agreement, including the underwriting arrangement on a best-effort-underwritten basis, are fair and reasonable and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In the event the Rights Issue is undersubscribed, any Unsubscribed Rights Shares will be subscribed by subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves, on a best effort basis, pursuant to the Underwriting Agreement. Any Unsubscribed Rights Shares not subscribed by subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

Depending on the level of subscription of the Rights Issue, the Company intends to use the net proceeds in the following order of priority:

In the event that net proceeds of approximately HK\$141.2 million are raised based on 688,451,330 Rights Shares,

- (1) approximately 85.3% (i.e. HK\$120.5 million) will be used for the full settlement of the outstanding principal and accrued interests of the Promissory Notes as at 30 December 2021; and
- (2) approximately 14.7% (i.e. HK\$20.7 million) will be used for the settlement of other outstanding indebtedness and trade and other payables of the Group.

In the event that net proceeds of approximately HK\$121.1 million are raised based on 591,969,535 Rights Shares,

- (1) approximately 99.5% (i.e. HK\$120.5 million) will be used for the full settlement of the outstanding principal and accrued interests of the Promissory Notes as at 30 December 2021; and
- (2) approximately 0.5% (i.e. HK\$0.6 million) will be used for the settlement of other outstanding indebtedness and trade and other payables of the Group.

In the event that the Rights Issue is undersubscribed and the net proceeds are less than HK\$121.1 million, the net proceeds will be used for part settlement of the outstanding principal and accrued interests of the Promissory Notes as at 30 December 2021. In such case, after the part settlement by the net proceeds from the Rights Issue, the Company will expect to negotiate with the holder of the Promissory Notes for a time extension in the repayment of any outstanding amount under the Promissory Notes.

The Company will continue to use its best endeavours to look for other fund raising opportunities, including but not limited to, debt financing and equity financing in the coming 12 months. Save for the proposed Rights Issue, the Company does not have any concrete plan in relation to any form of fund raising exercise as at the Latest Practicable Date.

LETTER FROM THE BOARD

Having considered the above, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without increasing debt or incurring financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. The Board considers that the terms of the Underwriting Agreement are fair and reasonable and it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME AND THE ADJUSTMENT TO THE CONVERTIBLE BONDS

The Rights Issue may lead to adjustments to (i) the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme and the Pre-IPO Share Option Scheme; and/or (ii) the conversion prices and/or number of Shares to be issued upon exercise of the conversion rights under the terms and conditions of the Convertible Bonds.

The Company will notify the holders of such Share Options, the Bondholders and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and the Pre-IPO Share Option Scheme and the terms and conditions of the Convertible Bonds, and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company had not completed any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Relevant event	Net Proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the Latest Practicable Date
12 July 2021	Subscription of 197,320,000 new shares under general mandate	HK\$33.3 million	Repayment of outstanding indebtedness of the Group to lower its gearing ratio	The net proceeds have been fully utilised for repayment of certain outstanding indebtedness of the Group as at the Latest Practicable Date

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Save for the completion of the Second Amendment to the Convertible Bonds, the Company has not completed any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealings in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it granted any bonus securities, warrants or other convertible securities within such 12-month period as part of such rights issue, open offer or specific mandate placing. Accordingly, based on the terms of the Rights Issue and assuming that the maximum number of Rights Shares is issued, the Rights Issue, on its own or when aggregated with the Second Amendment to the Convertible Bonds, will not result in theoretical dilution effects of 25% or more and thus complies with the requirement under Rule 7.27B of the Listing Rules. As the Rights Issue will not increase the Shares in issue or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to approval of the independent Shareholders under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board
Risecomm Group Holdings Limited
Yue Jingxing
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the last three financial years ended 31 December 2020 and the six months ended 30 June 2021 were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.risecomm.com.cn):

- (i) Interim report of the Company for the six months ended 30 June 2021 published on 27 September 2021 (pages 19 to 40) available at

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0927/2021092700579.pdf>;

- (ii) Annual report of the Company for the year ended 31 December 2020 published on 27 April 2021 (pages 69 to 147) available at

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700713.pdf>;

- (iii) Annual report of the Company for the year ended December 2019 published on 13 May 2020 (pages 79 to 161) available at

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0513/2020051300580.pdf>;
and

- (iv) Annual report of the Company for the year ended December 2018 published on 17 April 2019 (pages 59 to 147) available at

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417862.pdf>.

2. STATEMENT OF INDEBTEDNESS

Indebtedness Statement

As at the close of business on 30 September 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had promissory note payables of approximately RMB98.4 million, convertible bonds of approximately RMB110.6 million, lease liabilities of approximately RMB11.9 million and other borrowing of approximately RMB5.0 million. All the balances are unsecured and unguaranteed.

RMB'000

Current	
Promissory note payables	98,441
Convertible bonds	110,632
Lease liabilities	3,719
Non-current	
Other borrowing	5,026
Lease liabilities	<u>8,225</u>
Total	<u><u>226,043</u></u>

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2021, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 30 September 2021.

3. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group operates in two major business segments. Firstly, the Group operated in AMR and other business, where the Group sold power line communication (“**PLC**”) products such as PLC integrated circuits (“**ICs**”), modules and devices such as connectors and concentrators, which have been mainly used in the deployment and upgrade of AMR systems for smart meters by power grid companies in China as a key part of the smart grid infrastructure. The Group pioneered in developing PLC ICs with proprietary IC designs and advanced PLC technologies for the deployment of AMR systems by State Grid Corporation of China (“**State Grid**”). In addition, the Group also provided maintenance services on AMR systems on a project-by-project basis. Furthermore, the Group's PLC products also apply to several smart energy business in China, mainly in the area of streetlight controls, building energy management and photovoltaic power management.

Secondly, the Group expanded its business in late 2018 and engages in smart manufacturing & industrial automation (“**SMIA**”) business where the Group offered software licenses, production safety products as well as provision of software post-contract customer support services applied in the area of maintenance and safety integrity system (“**MSI**”) in the petroleum and petrochemicals industry.

According to the interim report of the Company for the six months ended 30 June 2021, during the six months ended 30 June 2021 (the “**Period**”), the Group recorded revenue of approximately RMB37.7 million (for the corresponding period in 2020: approximately RMB37.2 million), representing an increase of approximately 1.4%.

The Group's AMR and other business segment recorded a revenue of approximately RMB30.7 million (for the corresponding period in 2020: approximately RMB16.4 million), representing an increase of approximately 87.0%. Revenue from AMR and other business segment for the Period accounted for approximately 81.4% (for the corresponding period in 2020: 44.1%) of the Group's total revenue. The increase in revenue from AMR and other business segment for the Period was mainly due to an increase in demand for and sales of the Group's PLC integrated circuits, other products and AMR maintenance services. Since the passing of the performance inspection and testing of the Group's Broadband AMR products in 2020, the Group has been qualified for supplying to State Grid, the Group's customers are therefore more confident towards the wider applications of the Group's products, which facilitated the demand for the Group's products and services during the six months ended 30 June 2021.

In 2021, State Grid will continue to apply broadband technology in the Electric Energy Data Acquisition Systems. As at 30 June 2021, the PLC broadband chips developed by the Group has passed the interconnection and intercommunication inspection and testing of low-voltage power line communication broadband chips by the State Grid Metering Center and has obtained the inspection report. Broadband communication chip has passed the performance inspection and testing of long distance and local communication unit (Electric Energy Data Acquisition System) by the State Grid Metering Center and has obtained the registration certificate and inspection report. Broadband AMR products have complied with State Grid standard and are qualified for supplying to State Grid. The Group will increase the market promotion of broadband products (PLC IC and communication modules) and develop provincial network markets and applications to further enhance the competitiveness of the Group's PLC products in the domestic market, including putting efforts in the research and development and application of broadband dual-mode technology, the Group establishes a solid foundation for the development of PLC IC and products used in the Electric Energy Data Acquisition Systems.

With the rapid development of the application of PLC technology in smart cities and on the Internet of Things and the growth of the demand for a new generation of smart meters, the market of PLC technology is expected to maintain a good development trend in the next few years.

For the Group's SMIA business, the Group believes that the growth of China industrial automation market would continue to be healthy given its current relatively low penetration rate and the rising cost of labour. As petrochemical enterprises are the pioneers of the manufacturing sector in China, major market participants have started to build smart oil fields, smart pipelines and smart factories.

The Group will continue to capture opportunities in the design and implementation of industrial automation systems, particularly in the area of MSI for the petroleum and petrochemicals industry, other manufacturing and construction businesses by leveraging the Group's own technologies and intellectual property rights.

In the coming future, the Group plans to expand its SMIA business segment through formation of strategic alliances and collaborations with internationally renowned system integrators to provide existing and potential customers with its value-added solutions for its engineering process design and digital engineering design as well as software solutions for Industrial Control System (ICS) network security. Through in-depth strategic cooperation and technology exchange, the Group aims to enhance the expertise in smart factory integrated solutions for petroleum refining and pipeline construction. At the same time, the Group will utilize its own research and development resources to cooperate with external companies to further develop its own intellectual property rights on the smart factory application interface and visual integrated management platform as well as the integration of the online and core applications on the big data collaboration platform. Such intellectual property will strengthen the Group's core competitiveness while leveraging the Group's PLC technology. By exploring these new profit-driven business opportunities, the Group believes that it will persist a more diversified growth in the market in the long run.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's business prospects, internal resources, available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its requirements for at least twelve months from the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 June 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only based on the judgements and assumptions of the Directors of the Company, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company; and

The Unaudited Pro Forma Financial Information of the Group is prepared by the director based on the unaudited consolidated net tangible assets of the Group as at 30 June 2021, extracted from the published interim report of the Group for the six months ended 30 June 2021, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Rights Issue <i>RMB'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2021 <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue <i>RMB</i> <i>(Note 4)</i>
Based on 591,969,535 Rights Shares at a Subscription Price of HK\$0.208 per Rights Share	<u><u>100,792</u></u>	<u><u>51,063</u></u>	<u><u>(0.050)</u></u>	<u><u>0.029</u></u>
Based on 688,451,330 Rights Shares at a Subscription Price of HK\$0.208 per Rights Share	<u><u>117,491</u></u>	<u><u>67,762</u></u>	<u><u>(0.050)</u></u>	<u><u>0.033</u></u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 is calculated based on the unaudited consolidated net assets of approximately RMB101,141,000 as extracted from the published interim report of the Company for the six months ended 30 June 2021 after deducting goodwill of approximately RMB20,718,000 and intangible assets of approximate RMB130,152,000.
2. The estimated net proceeds of approximately RMB100,792,000 from the Rights Issue are based on the 591,969,535 Rights Shares to be issued at a Subscription Price of HK\$0.208 per Rights Share after deduction of the estimated related expenses, including among others, estimated underwriting commission and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2.0 million.

The estimated net proceeds of approximately RMB117,491,000 from the Rights Issue are based on the 688,451,330 Rights Shares to be issued at a Subscription Price of HK\$0.208 per Rights Share after deduction of the estimated related expenses, including among others, estimated underwriting commission and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2.0 million.

3. The calculation of unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2021 is based on the unaudited consolidated net tangible assets as at 30 June 2021 and the number of Shares of 986,619,071 as at 30 June 2021.
4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue of approximately RMB0.029 is based on 1,775,908,606 Shares which comprise 1,183,939,071 Shares in issue as the Latest Practicable Date and 591,969,535 Rights Shares to be issued.

The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the completion of the Rights Issue of approximately RMB0.033 is based on 2,065,353,990 Shares which comprise 1,183,939,071 Shares in issue as the Latest Practicable Date, 192,963,589 Shares from the exercise of all Vested Share Options and full conversion of the Convertible Bonds, and 688,451,330 Rights Shares to be issued.

5. For the purpose of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company, the balances stated in HK\$ are translated into RMB at the approximately exchange rate of HK\$1 to RMB0.8321 which was the prevailing exchange rate as at 30 June 2021 for illustration purpose only, and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.
6. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2021.

2. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

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The Board of Directors
Risecomm Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Risecomm Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2021 as set out on pages II-1 to II-2 of the Prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Statement are described in Appendix II to this Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 30 June 2021 as if the transaction had been taken place at 30 June 2021. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the Directors from the Group’s unaudited consolidated financial statements as included in the interim report for the six months ended 30 June 2021, on which an interim report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and the use of proceeds" set out on pages 39 to 42 of the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong
25 November 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

(a) As at the Latest Practicable Date

HK\$

Authorized:

<u>10,000,000,000</u> Shares of HK\$0.0001	<u>1,000,000</u>
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Issued and fully paid up:

<u>1,183,939,071</u> Shares of HK\$0.0001	<u>118,393.91</u>
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(b) Immediately following the completion of the Rights Issue (assuming (i) no change in the number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue (save for the issue of the Rights Shares); and (ii) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

HK\$

Authorized:

<u>10,000,000,000</u> Shares of HK\$0.0001	<u>1,000,000</u>
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Issued and fully paid up:

1,183,939,071	Shares of HK\$0.0001 in issue as at the Latest Practicable Date	118,393.91
<u>591,969,535</u>	Rights Shares to be allotted and issued	<u>59,196.95</u>
<u>1,775,908,606</u>	Shares in issue and fully paid upon completion of the Rights Issue	<u>177,590.86</u>

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on the Main Board of the Stock Exchange.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the total number of securities available for issue under the Share Option Scheme and the Pre-IPO Share Option Scheme was 64,500,000 Shares (representing approximately 5.45% of the issued share capital of the Company as at the Latest Practicable Date).

The following table discloses details of the Share Options outstanding as at the Latest Practicable Date:

Name of the grantee	Date of grant	Exercise price per Share of Share Options	Exercise period of Share Options	Number of Vested Share Options exercisable on or before the Record Date
Executive Director YUE Jingxing	25 August 2016	USD0.0003 (Note 1)	From 25 August 2016 to 25 March 2024	863,587
Employees	3 September 2018	HK\$1.71	From 3 September 2020 to 2 September 2026	2,300,001
	3 September 2018	HK\$1.71	From 3 September 2021 to 2 September 2026	2,300,001
				5,463,589

Note:

- (1) Calculated based on the aggregate exercise price of the options granted under the Pre-IPO Share Option Scheme divided by the number of Shares to be subscribed upon full exercise of such options.
- (2) The address of the above grantee(s) is located at 4/F., Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong.

As at the Latest Practicable Date, save for the Share Options and the Convertible Bonds disclosed in this Prospectus, the Company had no other outstanding convertible securities, options, or warrants in issue which conferred any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, save for the Share Options, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares and underlying Shares

Name	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of the issued share capital of the Company (Note 2)
Mr. Yue Jingxing	Interest in a controlled corporation (Note 3(i))	93,543,624 (L)	7.90%
	Beneficial owner (Note 3(ii))	863,587 (L)	0.07%
Mr. Yu Lu	Beneficial owner	115,015,000 (L)	9.71%

Notes:

- The letter "L" denotes the Directors' long position in the Shares and underlying Shares.
- Based on the number of issued Shares of 1,183,939,071 as at the Latest Practicable Date.
- Mr. Yue is the sole shareholder of Seashore Fortune Limited ("Seashore Fortune") which holds 93,543,624 Shares. By virtue of the SFO, Mr. Yue is deemed to be interested in the Shares in which Seashore Fortune is interested. The disclosed interest represents (i) the interest in the Company held by Seashore Fortune; and (ii) options held by Mr. Yue under the Pre-IPO Share Option Scheme.

As at the Latest Practicable Date: (i) save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; (ii) save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

(b) Substantial Shareholders' interests or short positions in the Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Interests in the Shares and underlying Shares

Name	Nature of interest	Number of shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 2)</i>
Seashore Fortune	Beneficial owner <i>(Note 3)</i>	93,543,624 (L)	7.90%
Mr. Wang Shiguang	Interest of spouse <i>(Note 4)</i>	97,527,845 (L)	8.24%
Ms. Chen Junling	Interest in a controlled corporation <i>(Note 4)</i>	97,527,845 (L)	8.24%
Magical Success Holdings Limited ("Magical Success")	Beneficial owner <i>(Note 4)</i>	97,527,845 (L)	8.24%

Name	Nature of interest	Approximate percentage of the issued share capital of the Company	
		Number of shares held (Note 1)	(Note 2)
SB Asia Investment Fund II L.P. (“SAIF”)	Beneficial owner (Notes 5 & 6)	197,340,537 (L) (Note 9)	16.67%
SAIF II GP L.P.	Interest in a controlled corporation (Note 5)	197,340,537 (L) (Note 9)	16.67%
SAIF Partners II L.P.	Interest in a controlled corporation (Note 5)	197,340,537 (L) (Note 9)	16.67%
SAIF II GP Capital Ltd.	Interest in a controlled corporation (Note 5)	197,340,537 (L) (Note 9)	16.67%
Mr. Andrew Y. Yan	Interest in a controlled corporation (Note 5)	197,340,537 (L) (Note 9)	16.67%
Cisco System, Inc.	Interest in a controlled corporation (Note 6)	197,340,537 (L) (Note 9)	16.67%
Software Research Associates, Inc. (“SRA”)	Beneficial owner (Notes 7 & 8)	232,500,000 (L) (Note 9)	19.60%
SRA Holdings, Inc. (“SRA Holdings”)	Interest in a controlled corporation (Notes 7 & 8)	232,500,000 (L) (Note 9)	19.60%
Spitzer Fund VI L.P.	Beneficial owner	123,763,311 (L) (Note 9)	10.45%

Notes:

1. The letter “L” denotes the substantial shareholders’ long position in the Shares and underlying Shares.
2. Based on the number of issued Shares of 1,183,939,071 as at the Latest Practicable Date.
3. Mr. Yue Jingxing is the sole shareholder of Seashore Fortune which holds 93,543,624 Shares. By virtue of the SFO, Mr. Yue is deemed to be interested in the Shares in which Seashore Fortune is interested. The disclosed interest represents the beneficial interest in the Company held by Seashore Fortune.
4. Ms. Chen Junling is the sole shareholder of Magical Success which held 97,527,845 Shares. By virtue of the SFO, Ms. Chen Junling is deemed to be interested in the Shares in which Magical Success is interested. Furthermore, Mr. Wang Shiguang, the spouse of Ms. Chen Junling, is deemed to be interested in Ms. Chen’s interest in the Company by virtue of the SFO.

5. SAIF is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of SAIF is SAIF II GP L.P., a limited partnership established in the Cayman Islands, whose general partner is SAIF Partners II L.P., a limited partnership established in the Cayman Islands. The general partner of SAIF Partners II L.P. is SAIF II GP Capital Ltd., an exempted limited liability company incorporated in the Cayman Islands wholly-owned by Mr. Andrew Y. Yan. By virtue of the SFO, SAIF II GP L.P., SAIF Partners II L.P., SAIF II GP Capital Ltd. and Mr. Andrew Y. Yan are deemed to be interested in the Shares in which SAIF is interested.
6. Cisco Systems, Inc., being a limited partner of SAIF, holds 38.9% of equity interest in SAIF. By virtue of the SFO, Cisco Systems, Inc. is deemed to be interested in the Shares in which SAIF is interested.
7. These 232,500,000 Shares represented (i) 45,000,000 Shares directly held by SRA and (ii) 187,500,000 Shares which may be allotted and issued to SRA upon the exercise of the conversion rights attaching to the Convertible Bonds for the aggregate principal amount of HK\$150,000,000 at the adjusted conversion price of HK\$0.80 per conversion share. The exercise of the conversion rights attaching to the Convertible Bonds is subject to the terms and conditions thereof.
8. SRA is wholly owned by SRA Holdings. By virtue of the SFO, SRA Holdings is deemed to be interested in the Shares in which SRA is interested.
9. Based on the disclosure of interests forms submitted by these substantial shareholders respectively as of the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

4. COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

5. DIRECTORS' SERVICE CONTRACTS

Mr. Yue Jingxing, an executive Director, entered into a service contract with the Company for an initial term of three years commenced from 16 April 2021, and the term of the service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term, until terminated either by not less than three months' written notice served by either party on the other or payment in lieu of notice.

Mr. Lau Wai Leung, Alfred, an executive Director, entered into a service contract with the Company for an initial term of three years commenced from 19 January 2021, and the term of the service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term, until terminated either by Mr. Lau by giving not less than three months' written notice expiring at the end of the initial term of his appointment or any time thereafter to the Company, or by the Company by giving not less than three months' written notice expiring at the first anniversary of the initial term of his appointment or any time thereafter to him.

Mr. Jiang Feng, an executive Director, has entered into a service contract with the Company for an initial term of three years commenced from 19 April 2021, and the term of the service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term, until terminated either by Mr. Jiang by giving not less than three months' written notice expiring at the end of the initial term of his appointment or any time thereafter to the Company, or by the Company by giving not less than three months' written notice expiring at the first anniversary of the initial term of his appointment or any time thereafter to him.

Mr. Cheung Fan, a non-executive Director, entered into a letter of appointment (as amended and supplemented) with the Company for an initial term of three years commenced from 7 September 2018 until terminated by not less than three months' written notice served by either party on the other.

Mr. Yu Lu, a non-executive Director, entered into a letter of appointment (as amended and supplemented) with the Company for an initial term of three years commenced from 9 September 2021 until terminated by not less than three months' written notice served by either party on the other.

Mr. Ong King Keung, an independent non-executive Director, entered into a letter of appointment (as amended and supplemented) with the Company for an initial term of three years commenced from 9 June 2017 until terminated by not less than three months' written notice served by either party on the other.

Ms. Lo Wan Man, an independent non-executive Director, entered into a letter of appointment (as amended and supplemented) with the Company for an initial term of three years commenced from 29 May 2019 until terminated by not less than three months' written notice served by either party on the other.

Mr. Zou Heqiang, an independent non-executive Director, entered into a letter of appointment (as amended and supplemented) with the Company for an initial term of three years commenced from 29 May 2019 until terminated by not less than three months' written notice served by either party on the other.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract or letter of appointment with the Company or any member of the Group, excluding contracts expiring or which may be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

6. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been named in this Prospectus and has given opinions, letter or advice contained in this Prospectus:

Name	Qualification
RSM Hong Kong	Certified Public Accountants

The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of the references to its name and/or its letters, report and/or opinion in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

The accountants' report on the unaudited pro forma financial information of the Group in respect of the Rights Issue from RSM Hong Kong as set out in Appendix II to this Prospectus is given as of the date of this Prospectus for incorporation herein.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) a supplemental agreement dated 25 November 2019 entered into amongst the Company, Sailen IOT, Green Harmony Limited (翠和有限公司), 唐安東, 張子鵬 and 趙勇 in relation to (i) the adjustment of (a) the face value of the First Promissory Note to HK\$20 million; and (b) the principal amount of the Second Promissory Note to HK\$122,857,407.80; (ii) further extension of the maturity date of the First Promissory Note and the Second Promissory Note to 14 August 2021 and 30 December 2021, respectively; and (iii) the reduction of the coupon rates of the First Promissory Note and Second Promissory Note to 4% per annum, respectively, with effect from 25 November 2019;
- (b) an amendment agreement dated 24 June 2020 entered into between the Company and the Bondholder in relation to the amendment to the initial conversion price under the Instrument for conversion of the Convertible Bonds to HK\$0.80 per conversion share (subject to adjustment);

- (c) a subscription agreement dated 12 July 2021 entered into between the Company and Mr. Ding Zhigang in relation to the subscription of 88,660,000 new Shares by Mr. Ding at the subscription price of HK\$0.170 per new Share subscribed for an aggregate amount of HK\$15,072,200;
- (d) a subscription agreement dated 12 July 2021 entered into between the Company and Mr. Yu Lu in relation to the subscription of 108,660,000 new Shares by Mr. Yu at the subscription price of HK\$0.170 per new Share subscribed for an aggregate amount of HK\$18,472,200;
- (e) the second amendment and extension agreement dated 13 August 2021 entered into between the Company and the Bondholder in relation to further extension of the extended maturity date of the Convertible Bonds from 13 August 2021 to the new maturity date of 13 August 2022; and
- (f) the Underwriting Agreement.

Save as disclosed above, no material contract has been entered into by the Group within the two years immediately preceding the date of the Prospectus.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office of the Company	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	4/F, Yue Thai Commercial Building 128 Connaught Road Central Sheung Wan Hong Kong
Share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

Company secretary

Mr. Lau Wai Leung, Alfred

Joint Underwriters

Maxa Capital Limited
Unit 1908, Harbour Center
25 Harbour Road
Wanchai
Hong Kong

Sorrento Securities Limited
11th Floor, The Wellington
198 Wellington Street
Central
Hong Kong

Principal bankers

In Hong Kong:
Bank of China (Hong Kong) Limited
1 Garden Road
Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1/F, Tower 2, HSBC Center
1 Sham Mong Road, Kowloon
Hong Kong

In the PRC:
Bank of China Limited
Shenzhen Gaoxin Area Sub-branch
1st Floor, Lenovo R&D Center
Shenzhen High-Tech Industrial Park
Nanshan District
Shenzhen
PRC

China Merchant Banks
Beijing Taoranting Sub-branch
No. 39 Nanwei Road
Xicheng District
Beijing
PRC

**Authorized representatives
of the Company**

Mr. Yue Jingxing
4/F., Yue Thai Commercial Building
128 Connaught Road Central
Sheung Wan
Hong Kong

Mr. Lau Wai Leung, Alfred
4/F., Yue Thai Commercial Building
128 Connaught Road Central
Sheung Wan
Hong Kong

Legal advisers to the Company

As to Hong Kong Law
Mayer Brown
16/F-19/F., Prince's Building
10 Chater Road
Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Financial adviser to the Company
in respect of the Rights Issue**

Maxa Capital Limited
Unit 1908, Harbour Center
25 Harbour Road
Wanchai
Hong Kong

Auditors

RSM Hong Kong
Certified Public Accountants
29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

(a) Directors

Executive Directors

Yue Jingxing

Mr. Yue, aged 64, was appointed as a Director in February 2016, and was designated as an executive Director and the chief executive officer of the Company in May 2017. Mr. Yue is responsible for overall strategic planning, research and development directions and business development of the Group. Due to work allocation, Mr. Yue has ceased to act as the chief executive officer of the Company with effect from 24 June 2020 but remains to be an executive Director and a member of the remuneration committee of the Company. Mr. Yue has been appointed as the chairman of the Board with effect from 5 July 2021.

Mr. Yue has been a director of Risecomm (HK) Holding Co. Limited (“**Risecomm HK**”), Risecomm Microelectronics (Shenzhen) Co., Ltd. (“**Risecomm WFOE**”), Wuxi Risecomm Communication Technology Company Limited (“**Risecomm Wuxi**”), Risecomm (HK) Technology Co. Limited (“**Risecomm HK Technology**”), Risecomm Co. Ltd. (“**Old Cayman**”) and North Mountain Information Technology Company Limited (“**NM Technology**”) since December 2015, January 2007, October 2010, December 2015, September 2006 and April 2018, respectively. He has also been the president of Risecomm WFOE since May 2006.

Mr. Yue is one of the co-founders of the Group. He has more than 25 years of experience in IC design. Prior to founding the Group in May 2006, Mr. Yue worked in Hughes Network Systems (now known as Hughes), a company in U.S. engaged in delivering innovative network technologies, managed services, and solutions, as a senior technical manager responsible for hardware and ASIC design for telecommunication equipment from 1994 to 2005.

Mr. Yue obtained a bachelor’s degree in Engineering from Beijing University of Technology (北京工業大學) in the PRC in July 1982. He then obtained a master’s degree in Science from the Institute of Semiconductors, Chinese Academy of Science (中國科學院半導體研究所) in the PRC in August 1986. Mr. Yue further obtained a master’s degree in Electrical Engineering from Bradley University in U.S. in May 1991.

As at the Latest Practicable Date, Mr. Yue was interested in certain Shares. Please refer to the paragraph headed “3. Disclosure of Interests — (a) The Directors’ or chief executive’s interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations” of this appendix for further details).

At the Latest Practicable Date, save as disclosed, Mr. Yue (i) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (ii) did not hold any directorship in any other listed public companies in the last three years; and (iii) did not hold any other position with the Company and other members of the Group.

Lau Wai Leung, Alfred

Mr. Lau, aged 41, has been appointed as an executive Director with effect from 19 January 2021. Mr. Lau is also the company secretary of the Company and the finance director of Risecomm HK. He has been appointed as a company secretary of the Company in July 2020. Prior to his appointment of company secretary, Mr. Lau was a director of the Company from 22 November 2017 to 24 June 2020.

Mr. Lau has approximately 20 years of working experience in accounting, corporate finance, debt restructuring and private equity investment. He obtained a bachelor’s degree in business administration from the City University of Hong Kong in 2002. He is a member of the American Institute of Certified Public Accountants and also certified as a certified public accountant in Washington State of the United States of America.

Mr. Lau has been an independent non-executive director of Sau San Tong Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8200) since December 2016. He has also been an independent non-executive director of Samson Paper Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 731) from 17 July 2020 to 21 May 2021, and re-designated as an executive director of Samson Paper Holdings Limited since 21 May 2021.

At the Latest Practicable Date, save as disclosed, Mr. Lau (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

Mr. Jiang Feng

Mr. Jiang, aged 48, was appointed as an executive Director on 19 April 2021. Mr. Jiang has extensive experience in sales and sales management. He has over 25 years of working experience in petroleum and petrochemical industries. He obtained a bachelor's degree in Exploration Geophysics from Jiangnan Petroleum Institute* (江漢石油學院) (currently known as Yangtze University (長江大學)) in June 1994 and obtained a master's degree of Business Administration from Communication University of China (中國傳媒大學) in July 2014.

Mr. Jiang is the sales director of Beijing Hongteng Weitong Technology Co., Ltd (北京鴻騰偉通科技有限公司), which is one of the subsidiaries of the Company.

At the Latest Practicable Date, save as disclosed, Mr. Jiang (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

*Non-Executive Directors**Cheung Fan*

Mr. Cheung, aged 50, was appointed as a non-executive Director on 7 September 2018. On 10 June 2019, Mr. Cheung was re-designated as the Chairman of the Board and the chairman of Nomination Committee. With effect from 5 July 2021, Mr. Cheung has ceased to be the chairman of the Board and chairman of the Nomination Committee.

Mr. Cheung has over 10 years of working experience in financial services and capital market. Mr. Cheung was the chief executive officer and a director of Long Asia Securities Limited (“**Long Asia**”) (formerly known as Long Asia Securities and Futures Limited) from 2017 to October 2018 and became the chief executive officer of Lead Securities (HK) Limited (after the change of business name from Long Asia) since November 2018 accordingly, which he is mainly responsible for stock dealing, initial public offering subscription and securities underwriting. Prior to his position at Long Asia, he has worked in Philip Securities (HK) Ltd. and Quam Securities Company Limited (now known as China Tonghai Securities Limited). He is also a responsible officer to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

At the Latest Practicable Date, save as disclosed, Mr. Cheung (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

Yu Lu

Mr. Yu, aged 59, was appointed as a non-executive Director on 9 September 2021. Mr. Yu obtained a bachelor of Arts degree in English from Beijing Union University (北京聯合大學) in July 1988 and obtained an Executive Master's degree of Business Administration (EMBA) from Nankai University (南開大學) in December 2012. Mr. Yu has worked in Tianjin Precious Metals Exchange Co., Ltd. since 2008 and has been its vice-chairman since 2013. He has extensive experience in the areas of investment and financial services.

As at the Latest Practicable Date, Mr. Yu was interested in certain Shares. Please refer to the paragraph headed "3. Disclosure of Interests — (a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations" of this appendix for further details).

At the Latest Practicable Date, save as disclosed, Mr. Yu (i) did not have any relationship with other Directors, senior management of the Company, substantial Shareholders or controlling Shareholder; (ii) did not hold any directorship in any other listed public companies in the last three years; and (iii) did not hold any other position with the Company and other members of the Group.

Independent Non-executive Directors

Zou Heqiang

Mr. Zou, aged 52, has been appointed as the independent non-executive Director on 29 May 2019. Mr. Zou graduated from Shanghai Medical University in 1991 with major in forensic medicine and obtained a master degree in Law from the Shanghai Academy of Social Sciences in 2005. Mr. Zou holds the qualifications of lawyer and deputy chief physician of general surgery.

After graduating from undergraduate degree, Mr. Zou has been engaged in the clinical work and management of pathology research, general surgery and intensive care, and obtained the title of deputy chief physician of general surgery. He changed to the lawyer industry in 2008 and is currently practicing at Shanghai Yingdong Law Firm, mainly focusing on the medical dispute resolution, system construction in the field of medical safety management and contract disputes. Mr. Zou was appointed as the legal counsel of the Shanghai Jing'an District Health Commission (上海市靜安區衛生健康委員會) and the mediator of the Shanghai Jing'an District Medical Dispute Resolution Committee (上海市靜安區醫患糾紛調解委員會). At the same time, he has been employed as the legal advisor for certain companies and has accumulated extensive experiences in corporate compliance and risk control.

At the Latest Practicable Date, save as disclosed, Mr. Zou (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold and any other position with the Company and other members of the Group.

Lo Wan Man

Ms. Lo, aged 46, has been appointed as the independent non-executive Director on 29 May 2019. Ms. Lo has over 20 years of experience in the area of accounting, auditing and financial management for both listed and private companies in Hong Kong and the PRC by working in an international accounting firm and other listed companies. She obtained a master of science in finance from City University of Hong Kong in July 2005. She worked at Ernst & Young from March 2001 to December 2003. She was then employed by Emperor Motion Picture (Hong Kong) Limited as finance manager from May 2004 to July 2008. Subsequently, she worked at New World Telecommunications Limited as finance manager in July 2008 until her resignation in March 2010. She was a finance manager of Midland IC&I Limited from May 2011 to January 2014. Since May 2015 she has been employed by MCGI Consultancy Limited as a senior consultant. Since April 2019, she has been appointed as the company secretary and authorized representative of Man Shun Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1746). Ms. Lo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2003.

At the Latest Practicable Date, save as disclosed, Ms. Lo (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

Ong King Keung

Mr. Ong, aged 45, was appointed as an independent non-executive Director on 9 June 2017. Mr. Ong is responsible for providing independent judgment and scrutinizing the performance of the Group.

Mr. Ong obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University and a master's degree in corporate finance from the City University of Hong Kong. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 15 years of experience in auditing and accounting industry. Mr. Ong is currently the company secretary of Harbour Digital Asset Capital Ltd (listed on the Main Board of the Stock Exchange, stock code: 913).

Mr. Ong is an independent non-executive director of Bingo Group Holdings Limited (listed on GEM of the Stock Exchange, stock code: 8220), K Group Holdings Limited (listed on GEM of the Stock Exchange, stock code: 8475) and Kunming Dianchi Water Treatment Co., Ltd. (listed on GEM of the Stock Exchange, stock code: 3768).

Mr. Ong was an independent non-executive director of China Water Affairs Group Limited (listed on the Main board of the Stock Exchange, stock code: 855) for the period from March 2007 to November 2019; and Tech Pro Technology Development Limited (listed on the Main board of the Stock Exchange, stock code: 3823 (cancellation of Listing with effect from March 2, 2020)) for the period from March 2017 to February 2019; and My Heart Bodibra Group Limited, a company (listed on GEM of the Stock Exchange, stock code: 8297) from December 2017 to May 2021.

Mr. Ong had also been an independent non-executive director of Deson Construction International Holdings Limited (now known as Smart City Development Holdings Limited) (listed on the Main board of the Stock Exchange, stock code: 8268) since December 2014 and has been subsequently re-designated as a non-executive director since December 2015. In July 2019, Mr. Ong resigned as non-executive director of such company.

At the Latest Practicable Date, save as disclosed, Mr. Ong (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

(b) Senior management*Chen Junling*

Ms. Chen, aged 48, is the general manager of Beijing Risecomm Communication Technology Company Limited (“**Risecomm Beijing Comm**”) responsible for overall supervision of sales and marketing of the AMR business. She has joined the Group as the general manager of Risecomm Beijing Comm since June 2014. She is the spouse of Mr. Wang Shiguang, who was a non-executive Director within the last 12 months of the Latest Practicable Date.

Ms. Chen has approximately 20 years of experience in electronics and power meter sales and marketing.

Prior to joining the Group, from November 2000 to August 2009, Ms. Chen worked as a sales manager in Beijing Taide Jiaxun Technology Co., Ltd., a company engaged in, among others, the sales of electrical and communication equipment. Ms. Chen was the sales manager of Beijing RSK Electronics from September 2009 to March 2014. Ms. Chen graduated from Henan Province Zhumadian First High School in the PRC in July 1990.

Ms. Chen was interested in certain Shares. Please refer to the paragraph headed “3. Disclosure of Interests — (b) Substantial Shareholders’ interests or short positions in the Shares and underlying Shares” of this appendix for further details).

At the Latest Practicable Date, save as disclosed, Ms. Chen (i) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (ii) did not hold any directorship in other listed public companies in the last three years; and (iii) did not hold any other position with the Company and other members of the Group.

Liu Ming

Mr. Liu, aged 51, is the vice president of Risecomm WFOE responsible for sales management of the smart energy management products and solutions. He joined the Group in June 2006 as the sales and marketing director of Risecomm WFOE and has been the vice president of Risecomm WFOE since February 2009. Mr. Liu has also been a director of Risecomm (Beijing) Technology Company Limited (“**Risecomm Beijing Tech**”) since May 2016.

Mr. Liu has over 25 years of experience in the intelligent technology industry. From 1994 to 2003, Mr. Liu worked in Shenzhen Kaifa Technology Co., Ltd., a company principally engaged in manufacturing electronic products and listed on the Shenzhen Stock Exchange (stock code: 000021), as a marketing manager. From 2003 to 2005, Mr. Liu worked as a deputy general manager in Shenzhen Haoyuan Technology Co. Ltd. From 2005 to May 2006, Mr. Liu worked in Shenzhen Haoyuan Electronics Co., Ltd., as a deputy general manager.

Mr. Liu obtained a bachelor's degree in Electro-mechanical and Electronic Precision Machinery from the University of Electronic Science and Technology of China in the PRC in July 1994.

At the Latest Practicable Date, save as disclosed, Mr. Liu (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

Chen Shuiying

Ms. Chen SY, aged 46, is the vice president and financial controller of Risecomm WFOE responsible for financial system management of the Group. She has joined the Group as the financial controller of Risecomm WFOE since March 2013. Ms. Chen SY has been a director of each of Risecomm HK and Risecomm HK Technology since December 2015. She has been a director of Risecomm WFOE since May 2018. She has also been the vice president of Risecomm WFOE since April 2020.

Ms. Chen SY has approximately 20 years of experience in the areas of finance and accounting. From 1997 to 2001, Ms. Chen SY worked as an account supervisor at Shenzhen Guanlanhu Golf Club Co., Ltd., a golf and leisure resort operator in the PRC. From November 2001 to October 2008, Ms. Chen SY worked as a senior finance manager at Sylva Industries Limited, a Hong Kong company engaged in the manufacturing of rechargeable batteries, responsible for financial analysis. From November 2008 to October 2012, Ms. Chen SY worked as the finance manager at ASV Stuebbe Pumps & Valves (Shenzhen) Co., Ltd., a company principally engaged in manufacturing and development of plastic pumps, valves and instrumentation systems, responsible for overall financial management of all subsidiaries in Asia.

Ms. Chen SY obtained a bachelor's degree in International Finance from Nanjing Audit University, (currently known as Nanjing Audit University) in the PRC in July 1997.

At the Latest Practicable Date, save as disclosed, Ms. Chen SY (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

Zhang Youyun

Mr. Zhang, aged 62, has joined the Group as an administrative controller of Risecomm WFOE since June 2006 and has been the executive vice president of Risecomm WFOE since April 2015. Mr. Zhang has been a director of Risecomm WFOE and NM Technology since May 2018 and April 2018, respectively. Mr. Zhang was an executive Director until 31 July 2019. Mr. Zhang was a director of Risecomm Beijing Tech from May to August 2016.

Mr. Zhang has more than 30 years of experience in the intelligent technology industry. Prior to joining the Group, from 1982 to 1993, Mr. Zhang worked as an engineer in Changjiang Woolen and Textile Limited (長江毛紡織有限公司). In 1993, Mr. Zhang commenced working in Shenzhen Kaifa Technology Co., Ltd. (深圳長城開發科技股份有限公司), a company principally engaged in manufacturing electronic products and listed on the Shenzhen Stock Exchange (stock code: 000021), and worked as a program manager from 1996 to 2003. He then worked at Shenzhen Haoyuan Technology Co. Ltd. (深圳市昊元科技有限公司), a company engaged in, among others, development of communication and control IC chips and related application products, as a deputy general manager from 2003 to 2005. From April 2005 to May 2006, Mr. Zhang worked in Shenzhen Haoyuan Electronics Co., Ltd. (深圳市昊元電子有限公司), a technological development company in the PRC, as a deputy general manager. Mr. Zhang obtained a bachelor's degree in Industrial Electrical Automation from Hua Dong Textile Institute (華東紡織工學院) (currently known as Donghua University (東華大學)) in the PRC in July 1982. In May 2018, Mr. Zhang was awarded the "Electrical Engineering Senior Engineer" qualification certificate issued by Shenzhen Human Resources and Social Security Bureau (深圳人力資源和社會保障局).

At the Latest Practicable Date, save as disclosed, Mr. Zhang (i) had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO; (ii) did not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders; (iii) did not hold any directorship in other listed public companies in the last three years; and (iv) did not hold any other position with the Company and other members of the Group.

(c) Addresses of the Directors and senior management of the Company

The business address in Hong Kong of each of the Directors and the senior management of the Company listed above is 4/F., Yue Thai Commercial Building 128 Connaught Road Central, Sheung Wan, Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing and translation costs, registration fees, legal and accountancy charges and other fees are estimated to amount to approximately HK\$2.0 million and will be payable by the Company.

14. LEGAL EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an acceptance or application is made pursuant to any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in the PRC is 41/F, Block A, Building 8, Shenzhen International Innovation Valley, Xili Street, Nanshan District, Shenzhen, the PRC. The principal place of business of the Company in Hong Kong is 4/F, Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong.
- (c) The Company's branch registrar and transfer office in Hong Kong is Tricor Investor Services Limited, which is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Lau Wai Leung, Alfred, a member of the American Institute of Certified Public Accountants and also certified as a certified public accountant in Washington State of the United States of America.
- (e) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (f) There are no founder or management or deferred shares in the share capital of the Company.
- (g) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “9. Qualification and Consent of Expert” in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.risecomm.com.cn) for a period of 14 days from the date of this Prospectus:

- (a) the service contracts referred to in the paragraph headed “5. Directors’ Service Contracts” in this appendix;
- (b) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix;
- (c) the report on the unaudited pro forma financial information of the Group in respect of the Rights Issue from RSM Hong Kong as set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the paragraph headed “9. Qualification and Consent of Expert” in this appendix;
- (e) this Prospectus.