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RISECOMM

瑞斯康

RISECOMM GROUP HOLDINGS LIMITED

瑞斯康集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1679)

SUBSCRIPTIONS FOR NEW SHARES UNDER GENERAL MANDATE

On 28 June 2023 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of not more than 42,620,000 Subscription Shares at the Subscription Price of HK\$0.56 each.

The Company currently has 2,131,088,606 Shares in issue. Upon the Share Consolidation becoming effective and assuming that no Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, 213,108,860 Consolidated Shares will be in issue. Assuming that the Company has a total of 213,108,860 issued Consolidated Shares upon the Share Consolidation becoming effective, the 42,620,000 Subscription Shares represent (i) approximately 20% of the number of Consolidated Shares in issue upon the Share Consolidation becoming effective; and (ii) approximately 16.67% of the issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the issue of the Subscription Shares immediately following completion of the Subscriptions (assuming that there are no other changes in the number of issued Shares between the date of the Subscription Agreements and the date of completion of the Subscriptions save for the Share Consolidation and the allotment and issue of the Subscription Shares). As the Subscription Shares will be allotted and issued pursuant to the General Mandate, the Subscription Agreements and the transactions contemplated thereunder are not subject to the approval of the Shareholders.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to, among others, the recent trading price of the Shares, the performance of the Group and the future prospects of the business of the Group. Taking into account the effect of the Share Consolidation, the Subscription Price of HK\$0.56 represents (i) a discount of approximately 8.2% to the theoretical closing price of HK\$0.61 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 28 June 2023, being the date of the Subscription Agreements; and (ii) a discount of approximately 17.9% to the theoretical average closing price of approximately HK\$0.682 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0682 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

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

The maximum gross proceeds from the Subscriptions are estimated to be approximately HK\$23,867,000 and the maximum net proceeds from the Subscriptions, after deduction of the related expenses, are estimated to be approximately HK\$23,817,000. The Company intends to utilise the net proceeds from the Subscriptions in the manner set out in the paragraph headed "Reasons for the Subscriptions and Use of Proceeds" of this announcement.

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

INTRODUCTION

On 28 June 2023 (after trading hours), the Company entered into three (3) Subscription Agreements with three (3) Subscribers whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of not more than 42,620,000 Subscription Shares at the Subscription Price of HK\$0.56 each.

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

The principal terms of the Subscription Agreements are summarised below.

THE SUBSCRIPTION AGREEMENTS

Date: 28 June 2023 (after trading hours)

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

Subscription Agreement	Parties	Maximum number of Subscription Shares	Maximum aggregate Subscription Price (HK\$)
A	(1) Company (2) Subscriber A	17,060,000	9,553,600
B	(1) Company (2) Subscriber B	12,780,000	7,156,800
C	(1) Company (2) Subscriber C	12,780,000	7,156,800
Total		<u>42,620,000</u>	<u>23,867,200</u>

Subscriber A is a company incorporated in Hong Kong with limited liability. Based on public information and/or information provided by Subscriber A, it is ultimately wholly-owned by Mr. Wu Yueshi, a Hong Kong resident. Subscriber A is principally engaged in securities trading and investment. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Subscriber A and its ultimate beneficial owner are Independent Third Parties.

Subscriber B is a PRC resident. He is principally engaged in real estate and property investment in overseas market. He currently holds 75,000,000 Shares (or 7,500,000 Consolidated Shares after Share Consolidation). Save for the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Subscriber B is an Independent Third Party.

Subscriber C is a PRC resident. She has years of experience in the banking industry. She currently holds 75,000,000 Shares (or 7,500,000 Consolidated Shares after Share Consolidation). Save for the aforesaid, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Subscriber C is an Independent Third Party.

Subscription Shares

Subject to the fulfilment/waiver (where applicable) of the conditions precedent set out in the respective Subscription Agreements, the Company agreed to allot and issue and the Subscribers agreed to subscribe for an aggregate of up to 42,620,000 Subscription Shares at the Subscription Price.

The Company currently has 2,131,088,606 Shares in issue. Upon the Share Consolidation becoming effective and assuming that no Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, 213,108,860 Consolidated Shares will be in issue. Assuming that the Company has a total of 213,108,860 issued Consolidated Shares upon the Share Consolidation becoming effective, the 42,620,000 Subscription Shares represent:

- (i) approximately 20% of the number of Consolidated Shares in issue upon the Share Consolidation becoming effective; and
- (ii) approximately 16.67% of the issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the issue of the Subscription Shares immediately following completion of the Subscriptions (assuming that there are no other changes in the number of issued Shares between the date of the Subscription Agreements and the date of completion of the Subscriptions save for the Share Consolidation and the allotment and issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares is HK\$42,620.

Subscription Price

The Subscription Price of HK\$0.56 represents:

- (i) a discount of approximately 8.2% to the theoretical closing price of HK\$0.61 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 28 June 2023, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 17.9% to the theoretical average closing price of approximately HK\$0.682 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0682 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.559 per Subscription Share. The maximum aggregate amount under the Subscriptions of approximately HK\$23,867,000 is payable in cash by the Subscribers on or before completion of the respective Subscriptions.

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

Ranking of the Subscription Shares

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

Conditions Precedent

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

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

Conditions (i) and (iv) are not capable of being waived. In the event that the above conditions precedent of the relevant Subscription are not fulfilled or waived (in respect of (ii) and (iii) only) on or before 19 July 2023 (or such later date as may be agreed between the parties to the relevant Subscription Agreement in writing), the relevant Subscription Agreement shall terminate and neither the Company nor the relevant Subscriber shall have any obligations and liabilities under the relevant Subscription Agreement.

Completion

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

Application for listing

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

Issue of the Subscription Shares under the General Mandate

The Subscription Shares will be allotted and issued under the General Mandate, pursuant to which the Directors are authorised to allot, issue or otherwise deal in up to 426,217,721 Shares (which are equal to 42,621,772 Consolidated Shares after taking into account the effect of the Share Consolidation), being 20% of the number of issued Shares as at the date of the 2023 AGM, which was 2,131,088,606 Shares.

As at the date of this announcement, the General Mandate has not been utilised and 426,217,721 Shares (which are equal to 42,621,772 Consolidated Shares after taking into account the effect of the Share Consolidation) are still available under the General Mandate. As such, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval at a general meeting of the Company.

EFFECT OF THE SUBSCRIPTIONS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company from the date of this announcement and up to the date of completion of the Subscriptions and the maximum number of Subscription Shares will be allotted and issued, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after the Share Consolidation becoming effective and completion of the Subscriptions:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after the Share Consolidation becoming effective and the allotment of the Subscription Shares	
	<i>Number of shares</i>	<i>%</i>		<i>%</i>		<i>%</i>
Directors, former Director & Substantial Shareholders						
DING Zhigang (<i>Note 1</i>)	340,700,925	16.0	34,070,092	16.0	34,070,092	13.3
Yu Lu (<i>Note 2</i>)	172,522,500	8.1	17,252,250	8.1	17,252,250	6.8
Seashore Fortune Limited (<i>Note 3</i>)	93,543,624	4.4	9,354,362	4.4	9,354,362	3.7
Public Shareholders						
Subscriber A	—	—	—	—	17,060,000	6.7
Subscriber B	75,000,000	3.5	7,500,000	3.5	20,280,000	7.9
Subscriber C	75,000,000	3.5	7,500,000	3.5	20,280,000	7.9
Other Public Shareholders	<u>1,374,321,557</u>	<u>64.5</u>	<u>137,432,156</u>	<u>64.5</u>	<u>137,432,156</u>	<u>53.7</u>
Total	<u><u>2,131,088,606</u></u>	<u><u>100.0</u></u>	<u><u>213,108,860</u></u>	<u><u>100.0</u></u>	<u><u>255,728,860</u></u>	<u><u>100.0</u></u>

Notes:

1. Mr. Ding Zhigang is a non-executive Director.
2. Mr. Yu Lu is a non-executive Director.
3. Seashore Fortune Limited is wholly owned by Mr. Yue Jingxing (“**Mr. Yue**”). Mr. Yue Jingxing is the ex chairman of the Board and an ex executive Director who resigned from both positions on 5 June 2023.
4. Percentages shown in the above table are approximate figures and have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in the above table may not be an arithmetic aggregation of the figures which precede them.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

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

The Directors consider that the Subscriptions represent a good opportunity for the Company to raise funds for reducing its debts and replenishing its working capital without having to increase the Group’s financing costs. In addition, share subscription is a preferred method of fund raising as compared with other fund raising exercises based on time and costs involved. Accordingly, the Directors are of the view that the terms of the Subscriptions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Subscriptions are estimated to be approximately HK\$23,867,000 and the maximum net proceeds from the Subscriptions, after deduction of the related expenses, are estimated to be approximately HK\$23,817,000, representing a net subscription price of approximately HK\$0.559 per Subscription Share. The Company intends to utilise part of the net proceeds from the Subscriptions together with the net proceeds from the share subscriptions completed by the Company on 2 June 2023 for repayment of certain outstanding indebtedness which will become due shortly, and the remainder thereof for repayment of other outstanding indebtedness when they become due in future and/or replenishing the working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
21 September 2022, 12 October 2022	Subscriptions of new shares under general mandate	HK\$14.5 million	To be used for lowering the gearing ratio of the Group by repayment of the outstanding indebtedness.	All net proceeds have been used as intended.
22 May 2023, 2 June 2023	Subscriptions of new shares under general mandate	HK\$17.5 million	To be used for repayment of certain outstanding indebtedness which will become shortly.	All net proceeds will be used as intended.

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

DEFINITIONS

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

“2023 AGM”	the annual general meeting of the Company held on 27 June 2023
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no. 8 or above or “extreme conditions” caused by super typhoons in force in Hong Kong or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks generally are open for business in Hong Kong
“Company”	Risecomm Group Holdings Limited (瑞斯康集團控股有限公司), an exempted company incorporated under the laws of the Cayman Islands whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.001 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in up to 426,217,721 Shares (which are equal to 42,621,772 Consolidated Shares after taking into account the effect of the Share Consolidation) at the 2023 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons and are not connected persons of the Company
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Share Consolidation”	the consolidation of every ten (10) Shares of par value of HK\$0.0001 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.001 each, which is expected to become effective on 29 June 2023
“Shareholder(s)”	holder of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	XinDaXin Group Company Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Subscriber B”	Ning Jun (寧軍), a PRC resident and an Independent Third Party
“Subscriber C”	Liu Beibei (劉貝貝), a PRC resident and an Independent Third Party
“Subscribers”	collectively, the Subscriber A, the Subscriber B and the Subscriber C, and “Subscriber” means any one of them
“Subscription(s)”	the subscription(s) of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreement A”	the subscription agreement dated 28 June 2023 between the Company and Subscriber A in relation to the subscription of a maximum of 17,060,000 Subscription Shares
“Subscription Agreement B”	the subscription agreement dated 28 June 2023 between the Company and Subscriber B in relation to the subscription of a maximum of 12,780,000 Subscription Shares

“Subscription Agreement C”	the subscription agreement dated 28 June 2023 between the Company and Subscriber C in relation to the subscription of a maximum of 12,780,000 Subscription Shares
“Subscription Agreements”	collectively, the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C, and “Subscription Agreement” means any one of them
“Subscription Price”	HK\$0.56 per Subscription Share
“Subscription Shares”	the total of not more than 42,620,000 new Consolidated Shares to be allotted and issued by the Company to the Subscribers at completion of the Subscriptions
“%”	per cent

By order of the Board
Risecomm Group Holdings Limited
Guo Lei
Chairman and Executive Director

Hong Kong, 28 June 2023

As at the date of this announcement, the executive Directors are Ms. Guo Lei, Mr. Lau Wai Leung, Alfred and Mr. Jiang Feng, the non-executive Directors are Mr. Yu Lu and Mr. Ding Zhigang, and the independent non-executive Directors are Mr. Victor Yang, Ms. Lo Wan Man and Mr. Zou Heqiang.