

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 this announcement.



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)

**MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 25 August 2023 (after trading hours), the Company, as the purchaser, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares, for the Total Consideration of RMB110,000,000.

As of the date of this announcement, the Target Company is 100% owned by the Vendor. Upon the Closing, the Target Company will be held as to 100% by the Company or its designated entity, and will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into that of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

An EGM will be convened for the purpose of approving, if thought fit, the Sale and Purchase Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) further details of the valuation report prepared by the Independent Valuer; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders more than 15 business days after publication of this announcement since the Company requires additional time to prepare and finalise certain information to be included in the circular. The Company will make further announcement regarding the expected date of despatch of circular.

As the Sale and Purchase Agreement is subject to fulfillment of the conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The principal terms of the Sale and Purchase Agreement are set out below:

- Date:** 25 August 2023 (after trading hours)
- Parties:**
- (1) The Company, as the purchaser
 - (2) The Vendor
 - (3) Target Company
- Asset to be acquired:** The Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase the Sale Shares, representing 100% of the total issued shares of the Target Company.
- Total consideration and payment:** The Total Consideration payable by the Company under the Sale and Purchase Agreement amounts to RMB110,000,000.
- The Total Consideration shall be paid in the following manner:
- (1) as at the date of the Sale and Purchase Agreement, RMB30,000,000 has been paid to the Vendor as deposit, which shall be credited towards the Total Consideration;
 - (2) a sum of RMB17,000,000, shall be paid to the Vendor within ten (10) Business Days from the date of the Sale and Purchase Agreement as second instalment;
 - (3) a sum of RMB13,000,000 shall be paid to the Vendor on or before 30 September 2023 as third instalment; and
 - (4) the balance of the Total Consideration shall be paid upon Closing.

Additional payment: If (i) the Target Group records a net profit for each financial year ending 31 December 2024, 2025 and 2026; and (ii) the aggregated audited net profit of the Target Group for the three financial years ending 31 December 2026 by reference to its audited financial information for the same period (the “**Three-year Aggregate Net Profit**”) is not less than RMB47 million, the Company shall make an additional payment to the Vendor in the amount of RMB10,000,000 within thirty (30) Business Days upon the finalisation of the audited financial information of the Target Group for the three financial years ending 31 December 2026 and being made available to the Vendor.

If the Three-year Aggregate Net Profit is less than RMB47 million, the Company shall not be obliged to pay any portion of the abovementioned additional payment to the Vendor.

Conditions precedent: Completion of the Sale and Purchase Agreement is conditional upon the following conditions having been fulfilled or waived by the Company:

- (1) each of the representations and warranties of the Warrantors contained in the Sale and Purchase Agreement being and remaining true, accurate and complete;
- (2) the Company having completed all financial, legal and business due diligence with respect to the Target Group to the satisfaction of the Company;
- (3) each Warrantor having performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them on or before the Closing;
- (4) no provision of any applicable laws shall prohibit the consummation of any transactions contemplated under the Transaction Documents and all consents required from any competent governmental authority or other third party having been obtained;
- (5) the Company having complied with all required procedures as required under the Listing Rules and obtained all approvals required for the consummation of the transactions contemplated under the Transaction Documents and having completed all procedures required therefor under the Listing Rules;
- (6) all corporate and other proceedings in connection with the transactions to be completed at the Closing having been completed in form and substance satisfactory to the Company;

- (7) each of the parties to the Transaction Documents, other than the Company, having executed and delivered such Transaction Documents to the Company; and
- (8) since the Statement Date, no material adverse effect having occurred, and no event having occurred or arisen that would reasonably be expected to result in a material adverse effect.

Termination:

The Sale and Purchase Agreement may be terminated prior to the Closing (a) by mutual written consent of all parties, (b) by the Company, by written notice, if there has been a material misrepresentation (or any representation or warranty made becomes untrue, inaccurate or misleading) or material breach of a covenant or agreement contained in the Sale and Purchase Agreement on the part of the Vendor or any Warrantor, and such breach, if curable, has not been cured within 14 days of such notice, or (c) by the Company, if any condition precedent has neither been fulfilled nor waived by 31 March 2024 (or such other date as agreed between the Vendor and the Company in writing), or if due to change of applicable laws, the consummation of the transactions contemplated thereunder would become prohibited under applicable laws.

Any part of the Total Consideration paid by the Company to the Vendor shall be refunded to Company within 30 Business Days without interest upon such termination. Such termination shall not relieve the Vendor or the Target Company from any liability arising from any breach of the Sale and Purchase Agreement on their part(s), and shall not relieve the Vendor from any of her obligation to refund the payment made by the Company under the Sale and Purchase Agreement in accordance with the terms therein within the time period and in the manner requested by the Company.

Closing:

The Closing shall take place on the date which is a Business Day by which all closing conditions specified in the section “Conditions Precedent” above have either been satisfied or waived by the Company, or at such other time as the Vendor and the Company mutually agree in writing.

Key representations and warranties:

Each of the Warrantors jointly and severally represents and warrants to the Company that statements as set forth below, amongst others, are true, correct, complete and not misleading as of the Closing:

- (1) The Target Company’s interests in the equity securities of the Subsidiaries are free and clear of all liens of any kind other than those arising under applicable laws.

- (2) The unaudited consolidated balance sheet (the “**Balance Sheet**”) and unaudited income statements and unaudited accounts for the Target Group for the two years ended 31 December 2022 (the “**Statement Date**”) and the management accounts for the Target Group for the seven months ended 31 July 2023 have been prepared in accordance with the books and records of the Target Group and give a true and fair view of the financial condition and position of the Target Group as of the dates indicated therein and the results of operations and cash flows of the Target Group for the periods indicated therein.
- (3) The Target Group has signed and sustained operation and maintenance contracts with the owners of not less than six wind farms, pursuant to which the Target Group shall provide operation maintenance services to each of them for an operation service period of 20 years (the “**Business**”). To the best knowledge of the Company and the Target Group, there exists no present condition or state of facts or circumstances that would cause material adverse effect on the Business, or prevent any Target Group from conducting its Business after the consummation of the transactions contemplated by the Sale and Purchase Agreement, in the same manner in which such Business has heretofore been conducted.
- (4) No Target Group has any liabilities or capital commitment of the type that would be disclosed on a balance sheet in accordance with the applicable accounting standards, except for (a) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date and (b) current liabilities incurred since the Statement Date in the ordinary course of the Target Group business which do not exceed RMB1,000,000 in the aggregate.
- (5) The Vendor and the Target Company have disclosed to the Company the information in relation to all material contracts, and in relation to all material capital commitment, guarantee or other contingent liabilities.

BASIS OF DETERMINATION OF THE TOTAL CONSIDERATION

The Total Consideration was determined after arm’s length negotiations between the Company and the Vendor with reference to the preliminary valuation of the entire issued share capital of the Target Company of approximately RMB116.9 million as at 22 August 2023 as appraised by the Independent Valuer by way of discounted cash flow method of the income approach.

Since the discounted cash flow method of the income approach was adopted in the preparation of the preliminary valuation, such valuation constitutes profit forecasts under Rule 14.61 of the Listing Rules and the Company will make a further announcement in this regard and in due course.

The Total Consideration will be funded by internal resources and external borrowings of the Group.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands, which is 100% owned by the Vendor. The Subsidiaries are directly and indirectly wholly-owned by the Target Company and they are principally engaged in the provision of engineering management services.

Set out below is the unaudited financial information of the Target Group for the financial years ended 31 December 2021 and 2022 respectively.

	For the financial year ended 31 December 2021 (RMB'000)	For the financial year ended 31 December 2022 (RMB'000)
Net loss before taxation	(33)	(302)
Net loss after taxation	(33)	(302)

The unaudited total assets and the unaudited net liability value of the Target Group as at 31 December 2022 were approximately RMB24,307,000 and RMB33,000, respectively.

The Target Group has entered into long term operation and maintenance services contracts with six wind farms located in Jiangsu Province and Anhui Province with a total output of 503.5MW, and will charge the owners of the wind farms service fee calculated based on the output of each wind farm. The total service fees to be received by the Target Group pursuant to the operation and maintenance service contracts amounts to not less than RMB1,200 million.

INFORMATION ABOUT THE GROUP AND THE VENDOR

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 (“PLC”) 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, construction contracts, 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 Vendor is Ms. Zhu Deyun, who is the sole registered shareholder of the Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Target Company and the Vendor, being the ultimate beneficial owner of the Target Company, is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is actively exploring different opportunities to expand and diversify its business base and the Board considers strategic acquisitions and investments as one of the possible ways to attain such goal. As of the date of this announcement, the Target Group has entered into long term operation and maintenance services contracts with the owners of six wind farms, pursuant to which the Target Group shall provide operation and maintenance services to each of them on a long term basis with total services fees amounting to not less than RMB1,200 million, thus will generate stable and gradually increasing revenue stream. Against the backdrop of the national strategic goal of “carbon peak” and “carbon neutrality”, the Company is of the view that the operation maintenance services to wind farm is a promising industry encouraged and well supported by national level policies of the PRC government. The Acquisition therefore provides an excellent opportunity for the Group to expand its business and diversify its revenue stream and is in line with the overall business development strategy of the Group.

In addition, to ensure continuity and the stable operation of the Target Group, the Company will engage the Vendor as the director of each of the Target Company and the Subsidiaries and the legal representative of each of the Subsidiaries established in the PRC after the Closing.

The terms and conditions of the Sale and Purchase Agreement are negotiated on an arm's length basis between the Vendor and the Company. The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

An EGM will be convened for the purpose of approving, if thought fit, the Sale and Purchase Agreement and the transaction contemplated thereunder. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition and no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) further details of the valuation report prepared by the Independent Valuer; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders more than 15 business days after publication of this announcement since the Company requires additional time to prepare and finalise certain information to be included in the circular. The Company will make further announcement regarding the expected date of despatch of circular.

As the Sale and Purchase Agreement is subject to fulfillment of the conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Target Company by the Company from the Vendor pursuant to the terms of the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Days”	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC and Hong Kong;
“Closing”	the completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement;
“Company”	Risecomm Group Holdings Limited (瑞斯康集團控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve, if thought fit, the Sale and Purchase Agreement and the Acquisition;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Valuer”	Royson Valuation Advisory Limited, an independent valuer engaged by the Company;
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	Megawatt, a unit of measurement for calculating the quantity of power output. 1 MW equals to 1,000 kilowatt hour;
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor, the Company and the Target Company on 25 August 2023;
“Sale Shares”	50,000 shares in the Target Company, representing 100% of the total issued shares as at the date of the Sale and Purchase Agreement;
“Shareholder(s)”	holder(s) of share(s) of HK\$0.001 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiaries”	(i) Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司), a company incorporated in Hong Kong with limited liability and is directly wholly-owned by the Target Company; (ii) Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司), a company established in the PRC with limited liability and is directly wholly-owned by Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司); and (iii) Jiangsu Anyi Engineering Management Co., Ltd.* (江蘇安怡工程管理有限公司), a company established in the PRC with limited liability and is directly wholly-owned by Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司);

“Target Company”	Zhongyi (BVI) International Limited, a company incorporated in the BVI with limited liability;
“Target Group”	the Target Company and the Subsidiaries;
“Total Consideration”	the aggregate consideration payable by the Company pursuant to the Sale and Purchase Agreement, being RMB110,000,000 (not including the Additional Payment);
“Transaction Documents”	the Sale and Purchase Agreement and other agreements and documents required in connection with the implementation of the transactions contemplated thereunder as designated by the Company from time to time;
“Vendor”	Ms. Zhu Deyun (朱德雲), an Independent Third Party;
“Warrantors”	collectively, the Vendor and the Target Group, and a reference to “Warrantor” is to each and every one of them;
“%”	per cent.

* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 25 August 2023

As at the date of this announcement, the executive Directors are Ms. Guo Lei, Ms. Chen Shuiying 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.