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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

Reference is made to the announcement of Risecomm Group Holdings Limited (瑞斯康集團控股有限公司) (the “**Company**”) dated 25 August 2023 (the “**Announcement**”) regarding the Sale and Purchase Agreement entered into between the Company and the Vendor in relation to the proposed Acquisition. Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

SUPPLEMENTAL AGREEMENT

The Board wishes to announce that on 12 December 2023, the Company and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Sale and Purchase Agreement, pursuant to which, the payment method of the Total Consideration by the Company to the Vendor was amended as follows:

- (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 as first instalment;
- (2) as at the date of the Supplemental Agreement, RMB17,000,000 (or equivalent amount of foreign currencies) has been paid to the Vendor, which shall be credited towards the Total Consideration as second instalment;
- (3) as at the date of the Supplemental Agreement, RMB13,000,000 (or equivalent amount of foreign currencies) has been paid to the Vendor, which shall be credited towards the Total Consideration as third instalment; and
- (4) the balance of the Total Consideration shall be paid upon Closing.

Save for the aforementioned, all other terms and conditions set forth in the Sale and Purchase Agreement shall remain unchanged and in full force and effect.

VALUATION

According to the valuation report dated 12 December 2023 (the “**Valuation Report**”) issued by the Independent Valuer, the valuation of the entire issued share capital of the Target Company amounts to approximately RMB116.9 million as at 22 August 2023. Since the discounted cash flow method of the income approach was adopted in the Valuation Report, such valuation constitutes profit forecasts under Rule 14.61 of the Listing Rules. The principal assumptions are set out as follows:

1. There will be no major changes in the existing political, legal, fiscal and economic conditions in which the Target Group carries on its business;
2. There will be no major changes in the current taxation law in the country where the Target Group operates, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;
3. There will be no material changes in the industry in which the Target Group involves that would materially affect the revenues, profits, cash flows attributable to the Target Group;
4. The Target Group and its partners (such as the wind farm owners and the subcontracting service providers) will obtain the necessary licenses and approvals, including but not limited to the business licences, the Licence for Undertaking Installation (Repair) of Electric Power Facilities (《承裝(修)電力設施許可證》) (as applicable to the entity engaging in activities of installing, repairing or testing of electric power transmission, supply or receiving facilities) (if needed) and/or the Electric Power Business License (《電力業務許可證》)(as applicable to the entity engaging in activities of electric power generation, transmission or supply business in the PRC), in accordance with the financial projections of the Target Group for the period starting from 22 August 2023 up till 31 August 2043 (the “**Projection**”);
5. Exchange rates and interest rates will not differ materially from those presently prevailing;
6. The availability of finance at viable cost will not be a constraint on the forecasted growth of operations of the Target Group;
7. The Target Group will successfully maintain its competitiveness and market share through optimizing the utilization of its resources and expanding its marketing network;
8. The Target Group can keep abreast of the latest development of the industry, such as trend of automation to reduce operating costs, such that its competitiveness and profitability can be sustained;
9. The Target Group will utilise and maintain its current operational, administrative and technical facilities to expand and increase its sales;

10. The Target Group will be able to secure funds to repay/renew its debts timely when they fall due;
11. The Target Group will retain and have competent management, key personnel, and technical staff to support its ongoing operations;
12. Industry trends and market conditions for related industries will not deviate materially from economic forecasts;
13. The Projection has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the management of the Target Group and/or the Group. Specific assumptions on the Projection include:
 - a. The operation and maintenance services will be performed and the service fees will be received in accordance with the terms of the operation and maintenance contracts entered into by the Target Group and the owners of six wind farms (the “**Management Contracts**”);
 - b. The costs in performing the Management Contracts forecast based on external quotation and management assessment will not materially deviate from the actual costs during the period starting from 22 August 2023 up till 31 August 2043;
 - c. The operating capacity of the wind farms under the Management Contracts will be operated and maintained in the time and manner will be no less than as forecast in the Projection;
 - d. The actual equipment warranty period of the wind farms under the Management Contracts will be in line as forecast in the Projection; and
 - e. The effective enterprise income tax rate of the Target Group is 25.0%, which is the prevailing statutory enterprise income tax rate in the PRC;
14. The Target Group will only have income generating from the Management Contracts during the period starting from 22 August 2023 up till 31 August 2043;
15. The latest financial information available as at the 22 August 2023 is the unaudited management accounts for the seven months ended 31 July 2023. It is reasonable to assume there is no material difference in the financial position of the Target Group between 31 July 2023 and 22 August 2023;
16. There are no material contingent assets and/or liabilities in the Target Group as at 22 August 2023;
17. The appropriate discount rate of the Target Group as at 22 August 2023 is 15.0%; and
18. The discount of lack of marketability of 15.0% is appropriate for this valuation.

Review by Reporting Accountants and Financial Adviser

SHINEWING (HK) CPA Limited (the “**Reporting Accountants**”) have been engaged to report on the calculation of the discounted cash flows used in the Valuation Report. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the Valuation Report.

Soochow Securities International Capital Limited (the “**Financial Adviser**”), the financial adviser of the Company in relation to the Acquisition, confirmed that the valuation of the entire issued share capital of the Target Company in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry by the Directors.

The full text of the letter issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules and the letter from the Financial Adviser in compliance with Rule 14.62(3) of the Listing Rules is set out in Appendix II to this announcement.

The following is the qualifications of the experts who have given their opinion or advice, which are contained or referred to in this announcement:

Name	Qualification
Royson Valuation Advisory Limited	Independent Valuer
SHINEWING (HK) CPA Limited	Certified public accountants
Soochow Securities International Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO

As at the date of this announcement, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been 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.

Each of the above experts has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its letter and all references to its name in the form and context in which they respectively appear. The report or letter from each of the above experts was given as of the date of this announcement for incorporation in this announcement.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the Supplemental Agreement; (ii) further details of the Valuation Report; and (iii) a notice of the EGM, is being despatched to the Shareholders on the same date with this announcement.

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

Hong Kong, 12 December 2023

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

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporation in this announcement.



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

Board of Directors
Risecomm Group Holdings Limited
Units 4004–5
40th Floor, Cosco Tower
183 Queen’s Road Central
Hong Kong

Dear Sirs/Madams,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying profit forecast (the “**Underlying Forecast**”) to the business valuation dated 12 December 2023 prepared by Royson Valuation Advisory Limited (the “**Valuer**”) in respect of the valuation on Zhongyi (BVI) International Limited (the “**Target Company**”) in connection with the proposed acquisition of the entire equity interest in the Target Company by Risecomm Group Holdings Limited, (the “**Company**”) as set out in Appendix V of the circular of the Company dated 12 December 2023 (the “**Circular**”).

Directors’ Responsibilities

The directors of the Company and the Target Company (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, (“**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 Management (“**HKSQM**”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or 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, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“**HKSAE 3000 (Revised)**”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

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

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors as set out in the Circular.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

12 December 2023

As the Valuation Report is partly based on discounted cash flow method, it is deemed to be a profit forecast under the Listing Rules. The following is the full text of a letter from the Financial Adviser in relation to the Valuation Report, for the purpose of, among other things, incorporation into this announcement.



Soochow Securities International Capital Limited
Level 17, Three Pacific Place
1 Queen's Road East
Hong Kong

The Board of Directors
Risecomm Group Holdings Limited
Units 4004-5
40th Floor, Cosco Tower
183 Queen's Road Central
Hong Kong

12 December 2023

Dear Sirs/Madams,

RE: MAJOR TRANSACTION — ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

We refer to the valuation report dated 12 December 2023 (the “**Valuation Report**”) in respect of the valuation of the 100% equity interest in Zhongyi (BVI) International Limited (the “**Target Company**”) as at 22 August 2023, prepared by Royson Valuation Advisory Limited, the (“**Independent Valuer**”). The Target Company is principally engaged in investment holding and it is in control of (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) (collectively with the Target Company, the “**Target Group**”). The Target Group is principally engaged in the provision of wind farm operation and maintenance services in the PRC. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as defined in the circular of Risecomm Group Holdings Limited (the “**Company**”) dated 12 December 2023 in connection with, among others, major transaction in relation to acquisition of the entire issued share capital of the Target Company (the “**Circular**”).

We understand that the Valuation Report has been provided to you and we note that the Valuation Report has been prepared based on, among other things, the income approach to identify the value of the Target Company of evaluation by discounted cash flows, and is therefore regarded as profit forecast under Rule 14.61 of the Listing Rules (the “**Forecast**”).

We are not reporting on the arithmetical calculations of the Forecast and the adoption of the accounting policies thereof, and our work does not constitute any valuation or fairness opinion of the entire equity interest in the Target Company. We have assumed, without independent verification, the accuracy of the parameters stated in the Valuation Report.

We have undertaken reasonableness checks to assess the relevant experience and expertise of the Independent Valuer and are satisfied that reliance could fairly be placed on the Independent Valuer's work.

We have reviewed the Forecast included in the Valuation Report, for which you as the Directors are solely responsible. We have attended discussions involving the management of the Target Group with the Company and Independent Valuer, where (i) the historical performance of the Target Group, (ii) the calculations of the Forecast, and (iii) the qualifications, bases and assumptions set out in the Valuation Report were discussed. We have also considered the report addressed solely to and for the sole benefit of the Directors from SHINEWING (HK) CPA Limited dated 12 December 2023, the text of which is set out in Appendix VI to the Circular regarding the calculations of the discounted future cash flows on which the Forecast is based. The Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of the Target Group may or may not achieve as expected and the variation may be material. Accordingly, we express no opinion as to how the actual cash flow will eventually correlate with the Forecast.

Based on the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Independent Valuer, for which the Independent Valuer and the Company are responsible, we are satisfied that the Forecast included in the Valuation Report, for which you as the Directors are solely responsible, has been made after due and careful enquiry by you.

The work undertaken by us in giving the above view has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,

For and on behalf of

Soochow Securities International Capital Limited

Alan Au Yeung

Head of Corporate Finance Department

** The English translation of the Chinese name of the relevant company included in this letter is prepared for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.*