THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **RISECOMM GROUP HOLDINGS LIMITED,** you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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 AND
NOTICE OF EGM

A letter from the Board is set out on pages 5 to 32 of this circular. A notice convening the EGM to be held at Units 5906–12, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Friday, 29 December 2023 at 11:00 a.m. (and at any adjournment thereof) is set out on pages 109 to 110 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.risecomm.com.cn).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 11:00 a.m. on Wednesday, 27 December 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish and in such event, the proxy form shall deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

12 December 2023

CONTENTS

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

"6M2022"	the six months ended 30 June 2022
"6M2023"	the six months ended 30 June 2023
"Acquisition"	the proposed acquisition of the Target Company by the Company from the Vendor pursuant to the terms of the Sale and Purchase Agreement
"Announcement"	the announcement of the Company dated 25 August 2023 in relation to, among other things, the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"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) (stock code: 1679), an exempted company incorporated in the Cayman Islands with limited liability 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
"controlling shareholders"	has the meaning ascribed thereto in 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
"Enlarged Group"	the Group as enlarged by the proposed Acquisition immediately after Closing

"Financial Adviser"	Soochow Securities International Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) of the regulated activities under the SFO
"FY2020"	the financial year ended 31 December 2020
"FY2021"	the financial year ended 31 December 2021
"FY2022"	the financial year ended 31 December 2022
"FY2023"	the financial year ending 31 December 2023
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKT"	Risecomm (HK) Technology Co. Limited (瑞斯康(香港)技術有限公司), a company incorporated under the laws of Hong Kong with limited liability on 27 February 2015 and an indirect wholly-owned subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	the third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
"Independent Valuer"	Royson Valuation Advisory Limited, an independent valuer engaged by the Company
"Latest Practicable Date"	11 December 2023, being the latest practicable date for ascertaining certain information in this circular
"Listing Rule"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MW"	Megawatt, a unit of measurement for calculating the quantity of power output. 1 MW equals to 1,000 kilowatt hour
"Ms. Guo"	Ms. Guo Lei (郭磊), the chairman of the Board and an executive Director

"Old Cayman"	Risecomm Co. Ltd., an exempted company incorporated under the laws of the Cayman Islands with limited liability on 10 February 2006 and a direct wholly-owned subsidiary of the Company
"owners of the wind farms"	Jinhu Ansheng New Energy Development Co., Ltd.* (金湖安晟新能源開發有限公司), Jinhu Anfeng New Energy Development Co., Ltd.* (金湖安豐新能源開發有限公司), Huaian Runfeng New Energy Co., Ltd.* (淮安潤風新能源有限公司), Baoying Haizhuang Anbo New Energy Development Co., Ltd.* (寶應海裝安博新能源開發有限公司), Baoying Guoyuan Sifeng New Energy Development Co., Ltd.* (寶應國源巳豐新能源開發有限公司) and Bozhou Wanshitong New Energy Co., Ltd.* (亳州市萬事通新能源有限公司)
"PRC"	the People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prime Key"	Prime Key Holdings Limited (卓建控股有限公司), a company incorporated under the laws of Seychelles with limited liability on 6 January 2015 and a direct wholly-owned subsidiary of the Company
"Projection"	the financial projections of the Target Group for the period starting from 22 August 2023 up till 31 August 2043
"Reporting Accountants"	SHINEWING (HK) CPA Limited
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"SRA"	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
"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)
"Supplemental Agreement"	a supplemental agreement to the Sale and Purchase Agreement entered into between the Vendor, the Company and the Target Company on 12 December 2023 and to amend, among other things, the payment schedule under the Sale and Purchase Agreement
"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
"Valuation Report"	the valuation report dated 12 December 2023 prepared by the Independent Valuer regarding the entire issued share capital of the Target Company
"Vendor"	Ms. Zhu Deyun (朱德雲), an Independent Third Party
"Vendor's Undertaking"	the undertaking entered into between the Company and the Vendor on 25 August 2023
"Warrantors"	collectively, the Vendor and the Target Group, and a reference to "Warrantor" is to each and every one of them
"%"	per cent.

* *for identification purpose only*

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:
Ms. Guo Lei *(Chairman)*
Mr. Jiang Feng

Non-executive Directors:
Mr. Yu Lu
Mr. Ding Zhigang

Independent non-executive Directors:
Mr. Victor Yang
Ms. Lo Wan Man
Mr. Zou Heqiang

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Units 4004–5
40th Floor, Cosco Tower
183 Queen's Road Central
Hong Kong

12 December 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY AND
NOTICE OF EGM

1. INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Valuation Report prepared by the Independent Valuer; and (iii) a notice of the EGM.

2. BACKGROUND

On 25 August 2023 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor and the Target Company in relation to the Acquisition.

3. THE ACQUISITION

(1) Sale and Purchase Agreement (as amended by the Supplemental Agreement)

The principal terms of the Sale and Purchase Agreement (as amended by the Supplemental Agreement) are summarized as follows:

Date:

Sale and Purchase Agreement:
25 August 2023 (after trading hours)

Supplemental Agreement:
12 December 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 had 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.

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 (the "**Additional Payment**") 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, with the total amount payable by the Company (including the Total Consideration and Additional Payment) amounting to RMB120,000,000.

If the Three-year Aggregate Net Profit is less than RMB47 million, the Company shall not be obliged to pay any portion of the Additional Payment to the Vendor, in which the total consideration shall remain as RMB110,000,000.

For the avoidance of doubt, (i) there is no adjustment clause for the calculation of the Three-year Aggregate Net Profit; and (ii) any income generated by activities outside the Target Group's ordinary and usual course of business will not be included for the calculation of the Three-year Aggregate Net Profit.

The Company will determine whether to pay the Additional Payment no later than 30 June 2027, and the Company will publish announcement(s) as and when appropriate in accordance with the Listing Rules.

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 31 December 2022, 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.

As at the Latest Practicable Date, conditions precedent (2), (6) and (7) set out above have been fulfilled and no material adverse effect has occurred in terms of the condition precedent (8). Except for the conditions precedent (4) and (5), the rests are waivable by the Company.

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 audited accounts for the Target Group for the two years ended 31 December 2022 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 (the "**Management Contracts**"), 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 31 December 2022 and (b) current liabilities incurred since 31 December 2022 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.

(2) Vendor's Undertaking

The principal terms of the Vendor's Undertaking are summarized as follows:

Date: 25 August 2023 (after trading hours)

Parties:

(1) The Company

(2) The Vendor

Key terms: The Vendor undertakes that:

(1) in the event that any of the counterparties of the Management Contracts fails to pay all or any of the agreed services fees to Jiangsu Anyi in accordance with the Management Contracts, the Vendor shall make the payment of such unpaid services fees to Jiangsu Anyi (maximum RMB5,000,000 per wind farm, i.e. totally RMB30,000,000 for six wind farms);

(2) the Vendor shall remain as the director and/or legal representative of the Target Group for a term of two years commencing from 25 August 2023, and she shall act as per the instruction of the Board, including when she makes any decision which would have material impact on the Target Group's operation and finance, she shall seek and follow the instruction from the Board;

(3) the Vendor shall use her best endeavor to protect the interests of the Target Group while acting as their director and/or legal representative;

(4) the Vendor and the companies invested by her currently do not directly or indirectly compete with the business of the Target Group, the Company and the Group;

(5) the Vendor or her connected persons (as defined under the Listing Rules) or the companies invested by her shall not, during the term when she acts as the director and/or legal representative of the Target Group and within two years after she resigns from such position(s), (i) hold any equity interest in the entities which directly or indirectly compete with the business of the Target Group, the Company and the Group; or (ii) directly or indirectly compete (whether alone or in partnership or joint venture with any other person) with the business of the Target Group, the Company and the Group; and

(6) the Vendor shall not enter into any contract or conduct any transactions with the Target Group during the term when she acts as their director and/or legal representative, unless required by their respective articles of associations or agreed by the Board.

4. BASIS OF DETERMINATION OF THE TOTAL CONSIDERATION AND THE ADDITIONAL PAYMENT

The Total Consideration was determined after arm's length negotiations between the Company and the Vendor with reference to the 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. As of the Latest Practicable Date, the Company has made payment of RMB60,000,000 to the Vendor. Such amount was funded by borrowings of the Company pursuant to loan agreements entered into (i) between the Group and an Independent Third Party on 18 August 2023; and (ii) between the Group and Ms. Guo on 7 September 2023 and 24 November 2023, with a two-year tenor and bearing interest of 2.5% per annum. As the loans provided by Ms. Guo were conducted on normal commercial terms or better and is not secured by the assets of the Group, such connected loans were fully exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules. The remaining portion of the Total Consideration will be funded by internal resources and external borrowings of the Group.

The Three-year Aggregate Net Profit is arrived by adding (a) the aggregated forecasted net profit of the Target Group of approximately RMB41.7 million for the years 2024 to 2026. In forecasting the net profit of the Target Group, the Company has taken into account, among other things, the revenue to be derived by the Target Group pursuant to the Management Contracts and the expected costs in operating the Management Contracts; (b) an additional net profit target of RMB5.4 million for the same period, which number was the result of arms' length negotiations between the Vendor and the Company; and (c) based on the forecasted model, if the first three years net profit can exceed the current forecast profit, the fair value of the Target Group will be no less than RMB120 million. The Additional Payment of RMB10 million was the result of arms' length negotiations between the Vendor and the Company and was intended to serve as incentive for the Vendor to operate and monitor the Target Group business so as to exceed the aggregated forecasted net profit for the years 2024 to 2026.

Based on the above and the fact that the Directors have considered the assumptions and basis of the valuation prepared by the Independent Valuer, the Directors are of the opinion the Total Consideration of RMB110 million and the Additional Payment of RMB10 million are fair and reasonable.

Summary of the Valuation Report

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/or 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 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, in particular the factors discussed in the section headed "IX. Industry Overview" of Appendix V to this circular;

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 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 forecasted 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 is 15.0% for this valuation.

The Projection was prepared by the finance team of the Company, which comprises its HK and PRC team members who possessed relevant degrees and, on average, with 13-year experience in financial reporting and have joined the Group for around 5 years. While preparing the Projection, such finance team has considered the following historical financial and operating data of the Target Group: (i) the unaudited management accounts of the Target Group as at 31 July 2023; (ii) the terms of the Management Contracts entered into by the Target Group; (iii) the quotations from third-party service providers for the equipment maintenance services provided by the Target Group; (iv) the operating plan of the Target Group; (v) the domestic economic condition and industry statistics regarding wind power area; and (vi) the maintenance services contracts entered into between the wind farm owners and the third party service providers. Based on the contract terms, the maintenance cost per Watt is forecasted to increase from at least RMB0.015 within the respective warranty period to at least RMB0.046 per Watt after the warranty period, prior to inflation adjustments. As the service fees are pre-determined in the Management Contracts based on the designed outputs of the wind farms irrespective of the actual outputs of the wind farms and when the wind farms cannot be operated due to natural hazard or change of government policies, which is consistent with the industry norm, the Target Group is entitled to well-defined income streams and therefore it is reasonable to prepare the Projection up till 31 August 2043 (i.e. the last expiry date of the Management Contracts).

The Projection has taken into consideration those risks in relation to the Target Group's business as disclosed in the section headed "THE TARGET GROUP OVERVIEW — Risks of Business" of Appendix III to this circular. However, the Company considers (i) the owners of the wind farms could timely renew their Electric Power Business Licenses; (ii) renewable energy industry has been supported by governmental policies; and (iii) the wind farms have arranged business insurance for their operating assets to avoid losses from natural hazards. And the occurrence of these material adverse events, based on current available information, are relatively low.

After considering (i) the terms of the Managements Contracts entered into by the Target Company; (ii) the third-party quotations for subcontracting maintenance services; (iii) the operation plan and the financial projections of the Target Group; (iv) the unaudited management accounts of the Target Group as at 31 July 2023; (v) the inflation rate in the PRC; and (vi) the maintenance services contracts entered into between the wind farms owners and the third party service providers, the Board considers each of the above assumptions of the Valuation Report as well as the valuation are fair and reasonable. Further, after taking into consideration of Ms. Guo's prior experience in the industry, the Target Group is able to successfully and efficiently control the operation costs of the Management Contracts and the Target Group will enter into more management contracts with other wind farms to expand the presence in the field.

Given that revenue commenced to recognize, the Board considers the overall valuation is achievable and that there is no material over-optimistic of revenue (due to entering of long-term Management Contracts) nor material under-estimate of costs and expenses (based on the industry knowledge and experience of Ms. Guo). Based on the above, the Board is of the view that the valuation is fair and reasonable.

Review by Reporting Accountants and Financial Adviser

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.

The Financial Adviser 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 VI to this circular 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 VII to this circular.

5. 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 Target Company acquired the entire issued share capital of Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司) from the Vendor on 21 August 2023. Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司) owns 100% equity interest of Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司), which acquired 100% equity interest of Jiangsu Anyi Engineering Management Co., Ltd.* (江蘇安怡工程管理有限公司) on 21 August 2023 from two individuals, namely Mr. Xu Qing as to 30% (徐慶, the spouse of the Vendor) ("**Mr. Xu**") and Wu Xiaomei (吳曉妹) as to 70%, both being Independent Third Parties. As at the Latest Practicable Date, Wu Xiaomei has no business, financial or other relationship with the owners of the wind farms and their ultimate beneficial owners. The Subsidiaries are directly and indirectly wholly-owned by the Target Company and they are principally engaged in the provision of engineering management services.

The Target Group has minimal business operation prior to FY2023. Set out below is the audited financial information of the Target Group for FY2021 and FY2022, respectively.

	FY2021 *(RMB'000)*	**FY2022** *(RMB'000)*
Net loss before taxation	(33)	(303)
Net loss after taxation	(33)	(303)

The audited total assets and the audited net liability value of the Target Group as at 31 December 2022 were approximately RMB35,627,000 and RMB336,000, respectively. The Target Group commenced to recognize related revenue from the Management Contracts since May 2023. The losses for the two consecutive years ended 31 December 2021 and 2022 were mainly attributable to salaries, depreciation expenses, insurance expenses and travelling expenses.

Business model of the Target Group

The Target Group is the sole party that has entered into long term Management Contracts with six wind farms located in Jiangsu Province and Anhui Province with a total designed output of 503.5MW and commenced such business in May 2023. Jiangsu Anyi has not engaged in any other material business other than the Management Contracts. It has commenced to provide and is mainly responsible for daily operation and maintenance, miscellaneous maintenance, regular inspection and circuit maintenance of those wind farms under the Management Contracts currently by subcontracting to third-party service providers (the "**Service Providers**") for further carrying out the maintenance services. Based on publicly available information, the current Service Providers engaged by the Target Group are subsidiaries of two listed companies whose shares are listed on the Stock Exchange and Shanghai Stock Exchange, respectively. The Target Group is responsible for overseeing and monitoring the operation maintenance of the wind farms. Meanwhile, the Service Providers conduct regular post-commission inspection, maintenance and repair of wind turbines and delivery of spare parts. The Target Group will charge the owners of the wind farms services fees calculated based on the designed capacity of each wind farm and will then disburse regular subcontracting fees to the Service Providers in accordance with the fee arrangement agreed with them. The total services fees to be received by the Target Group pursuant to the Management Contracts amounts to approximately RMB1,293 million, which is derived by aggregating nominal amount of all services fees income to be generated under each of the Management Contracts throughout their respective tenure. The Target Group may consider to explore more locations to expand its coverage in terms of the aftermarket maintenance services area. Since the expected operation life of a wind farm in the PRC is usually of 20 years or above and there is growing number of wind farms in PRC driven by the demand of clean energy, the Target Group considers the demand of the services it provides is sustainable therefore the Target Group has strategy to enter into more management contracts with other wind farms to develop the maintenance service business. Upon the Closing, subject to operating conditions of these six wind farms and availability of business opportunities the Target Group may pursue new customers by leveraging Ms. Guo's established relationship with industry players and insights of wind power industry in the PRC. As at the Latest Practicable Date, no new management contracts has been entered into/contemplated by the Target Group yet.

The details of each of the Management Contracts[1] are set out in the following table:

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
1.	Jinhu Ansheng Project (金湖安晟項目)[2], located in Jinhu County, Huaian City, Jiangsu Province	22 August 2023	Jinhu Ansheng New Energy Development Co., Ltd. (金湖安晟新能源開發有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鶱).	22 August 2023 to 21 August 2043	(i) Operation and maintenance services of the wind farm, including operation and maintenance services of the booster station (升壓站) and inter-farm connection network (場內集電線路) and the operation, maintenance and management of the wind farm (風電場). (ii) Production plan, operation and safety management services of the wind farms.	The major rights and obligations of the Target Group and the counterparties under the six Management Contracts are as follows: *Major Rights of the Target Group:* The Target Group is entitled to: (i) be authorized by the counterparty to supervise the operation and maintenance of the wind machines provided by the manufacturers; (ii) supervise the equipment of the wind farms; (iii) formulate repair plans based on actual production needs; and (iv) require the basic conditions of the wind farms meet its needs.	The equipment warranty period of the wind farm under this Management Contract is from 31 March 2024 to 31 March 2029. The validity term of the existing electric power business license of this wind farm is from 14 August 2023 to 13 August 2043, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 97.5MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB6.825 million (with VAT) and RMB15.6 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB247.90 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
2.	Jinhu Anfeng Project (金湖安豐項目)(2), located in Jinhu County, Huaian City, Jiangsu Province	22 August 2023	Jinhu Anfeng New Energy Development Co., Ltd. (金湖安豐新能源開發有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and is indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鴦).	22 August 2023 to 21 August 2043	Same with above.	*Major Responsibilities of the Target Group:* The Target Group shall be responsible for: (i) providing the operation and maintenance services within the scope of the Management Contracts; (ii) the engagement and training of the works and adjustment of the employee organization structure, which is subject to the counterparty's approval; (iii) maintaining the wind machines to achieve their designed capacities; (iv) the registration of the fixed assets of the wind farms; and (v) the security of the wind farms.	The equipment warranty period of the wind farm under this Management Contract is from 31 March 2024 to 31 March 2029. The validity term of the existing electric power business license of this wind farm is from 14 August 2023 to 13 August 2043, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 97.5MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB6.825 million (with VAT) and RMB15.6 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB247.90 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
3.	Huaian Runfeng Project (淮安潤風項目)[3], located in Jinhu County, Huaian City, Jiangsu Province	22 August 2023	Huaian Runfeng New Energy Co., Ltd. (淮安潤風新能源有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and is indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鴦).	22 August 2023 to 21 August 2043	Same with above.	*Major Rights of the counterparties:* The counterparties are entitled to: (i) control, supervise and check the fixed assets under the respective Management Contracts; (ii) supervise and check the operation management of the Target Group periodically; and (iii) review the index of the wind farms provided by the Target Group.	The equipment warranty period of the wind farm under this Management Contract is from 31 March 2024 to 31 March 2029. The validity term of the existing electric power business license of this wind farm is from 16 May 2022 to 15 May 2042, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 50MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB3.5 million (with VAT) and RMB8 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB127.13 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
4.	Baoying Luduo Project (寶應魯垜項目)(4), located in Baoying County, Yangzhou City, Jiangsu Province	22 August 2023	Baoying Haizhuang Anbo New Energy Development Co., Ltd. (寶應海裝安博新能源開發有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and is indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鴦).	22 August 2023 to 21 August 2043	Same with above.	*Major Responsibilities of the counterparties:* The counterparties shall be responsible for: (i) making the payment of the services fees to the Target Group; (ii) ensuring the wind farms are in good conditions when the Target Group commenced to provide operation and maintenance services; and (iii) completing the relevant formalities required for the normal operation of the wind farms.	The equipment warranty period of the wind farm under this Management Contract is from 31 December 2023 to 31 December 2028. The validity term of the existing electric power business license of this wind farm is from 30 December 2020 to 29 December 2040, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 92.5MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB6.475 million (with VAT) and RMB14.8 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB237.12 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
5.	Baoying Guoyuan Sifeng Project (寶應國源巳豐項目)[4], located in Baoying County, Yangzhou City, Jiangsu Province	15 July 2023 22 August 2023	Baoying Guoyuan Sifeng New Energy Development Co., Ltd. (寶應國源巳豐新能源開發有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and is indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鶱).	15 July 2023 to 14 July 2024 15 July 2024 to 14 July 2043	Same with above.	—	The equipment warranty period of the wind farm under this Management Contract is from 7 October 2021 to 7 October 2026. The validity term of the existing electric power business license of this wind farm is from 24 November 2020 to 23 November 2040, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 66MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB4.62 million (with VAT) and RMB10.56 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB180.93 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

No.	Project Name and Location	Signing Date	Counterparty and Ultimate Beneficial Owner(s)	Contract Tenor	Types of Services to be Provided by the Target Group	Major Rights and Obligations	Warranty Period and Service Fees
6.	Bozhou Wantong Project (亳州萬通項目)(5), located in Bozhou City, Anhui Province	15 May 2023 22 August 2023	Bozhou Wanshitong New Energy Co., Ltd. (亳州市萬事通新能源有限公司), which is the owner of the wind farm under this contract, holding an effective Electric Power Business License (電力業務許可證), and is indirectly wholly-owned by two individuals, namely Zhang Yunlong (張雲龍) and Yang Yang (楊鴦).	15 May 2023 to 14 May 2024 15 May 2024 to 14 May 2043	Same with above.	—	The equipment warranty period of the wind farm under this Management Contract is from 31 December 2023 to 31 December 2028. The validity term of the existing electric power business license of this wind farm is from 25 June 2023 to 24 June 2043, subject to further extension. The annual services fees within and outside the warranty period are RMB0.07/W and RMB0.16/W respectively. Considering the designed capacity of 100MW of the wind farm under this contract, the annual services fees within and outside the warranty period amount to RMB7 million (with VAT) and RMB16 million (with VAT) respectively. Based on the above, the total services fee under this contract amounts to approximately RMB252.65 million (ex-VAT). The services fees shall be paid to Jiangsu Anyi on semiannual basis, and the first instalment services fee for the first half-year has been paid to Jiangsu Anyi within 10 business days after signing this Management Contract.

Notes:

(1) When the Vendor contemplated to develop the business of the Target Group, her spouse, Mr. Xu leveraging on existing businesses of Mr. Zhang Yunlong ("**Mr. Zhang**") and came up with the six Management Contracts that reflected all wind farms indirectly controlled by Mr. Zhang. Mr. Xu held or has been holding certain positions in some of the counterparties or their shareholders, which are directly or indirectly 100% owned by Mr. Zhang and Ms. Yang Yang ("**Ms. Yang**"), since 2019. After consideration, Mr. Zhang agreed to engage the Target Group as the service provider for the wind farms. As confirmed by the Vendor and Mr. Xu, save as disclosed above, Mr. Zhang and Ms. Yang do not have any other relationship with the Vendor and Mr. Xu. The Vendor has not held any position, as a director, supervisor or legal representative, in the counterparties of the Management Contracts or their shareholders since 2019. Both of Mr. Zhang and Ms. Yang are Independent Third Parties. Neither the Vendor nor the Company has any side arrangement or agreement with any of the counterparties and their ultimate beneficial owners of the Management Contracts. There is no consideration payable by the Vendor for obtaining the Management Contracts.

(2) The two projects commenced operation in July 2023[#] by supplying electricity to the national electricity power company in Jiangsu Province. Both of them have been connected to the national electricity-supply network. No other party was engaged by the owners of these two projects for maintenance services prior to the Management Contracts.

(3) Huaian Runfeng Project (淮安潤風項目) commenced operation in May 2022[#] by supplying electricity to the national electricity power company in Jiangsu Province. It has been connected to the national electricity-supply network. Prior to the Management Contracts, the maintenance service of this wind farm was provided by an Independent Third Party, which is a subsidiary of a company listed on the Stock Exchange.

(4) The two projects located in Baoying County, Yangzhou City, Jiangsu Province commenced operation in 2020[#] by supplying electricity to the national electricity power company in Jiangsu Province. They have currently achieved their designed output and have been fully connected to the national electricity-supply network. Prior to the Management Contracts, the maintenance service of these two wind farms were provided by an Independent Third Party, which is a subsidiary of a company listed on the Stock Exchange.

(5) The Bozhou Wantong Project (亳州萬通項目) commenced operation in January 2023[#] by supplying electricity to the national electricity power company in Anhui Province. It has currently achieved its designed output and has been fully connected to the national electricity-supply network. Prior to the Management Contracts, the maintenance service of this wind farm was provided by an Independent Third Party, which is a subsidiary of a company listed on the Stock Exchange.

[#] *Such operation commencement dates are the dates registered on the Electric Power Business Licenses of the respective wind farms when their wind turbines were put into operation.*

6. 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 an Independent Third Party.

7. 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 the 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 approximately RMB1,293 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 windfarm 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, diversify its revenue stream and provides steady cashflow, which is in line with the overall business development strategy of the Group.

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.

The Directors consider the operation and maintenance services of wind farms operated by the Target Group is an extension of the Group's existing business includes maintenance services in connection with the deployment and upgrading of AMR systems by power grid companies in the PRC. The Company currently has no intention to dispose of, downsize or terminate any of its existing business and will consider to further expand its business of operation and maintenance of wind farms after reviewing the performance of the Target Group after the closing. The Board currently has no plan of material capital investment into the Target Group. The Board will monitor and review the result of the Target Group and will base on the operating results of the Target Group before considering further capital investments relating to the new wind farm operation and maintenance contracts for the coming three years.

Management and Operation of the Target Group after the Closing

In order 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 for an initial term of two years. However, as the business of the Target Group does not require any specific qualification or license (other than the business license) in providing wind farm operation and maintenance services, which do not include any activities of installing, repairing or testing of electric power transmission, supply and/or receiving facilities, in accordance with the PRC laws, the Board does not consider there will be any reliance on the Vendor to maintain the validity of the business license in order to continue with the wind farm operation and maintenance services. Pursuant to the Vendor's Undertaking, while the Vendor remaining as the director and/or legal representative of the Target Group, she shall act as per the instruction of the Board, including when she makes any decision which would have material impact on the Target Group's operation and finance, she shall seek and follow the instruction from the Board.

Besides, the Chairman and an executive Director, Ms. Guo, possesses rich experience in the new energy industry. From 2005 to 2006, Ms. Guo was the deputy general manager of Jiangsu New Energy Development Co., Ltd.* (江蘇省新能源開發股份有限公司) ("**Jiangsu New Energy**"), a company listed on the Shanghai Stock Exchange (stock code: 603693), she then became its general manager since 2007. From 2015 to 2021, she was appointed as both general manager and chairman of Jiangsu New Energy, mainly responsible for overall supervision and investment decision making. Jiangsu New Energy develop, operate and maintain its own Wind Farm by its own and did not engage third party service provider. From 2021 to 2022, Ms. Guo acted as an external director of Jiangsu Guoxin Group Co., Ltd.* (江蘇省國信集團有限公司), which is also engaged in investment in new energy industry. Wind power generated from the wind farms is an important component of the new energy industry. With such rich experience in new energy industry, Ms. Guo has a good knowledge and an overall assessment of the recent and future development of this area therefore is able to formulate sound overall corporate strategies and manage the business operation of the Enlarged Group as its Chairman.

Based on the above, the Board considered that Ms. Guo possessed adequate experience in the new energy industry and the Vendor's assistance, leading a professional team and by subcontracting to the Service Providers, will enable the Group to operate the Target Group's business in a good and orderly manner after the Closing, and the Company will have control in the operation and administration of the Target Group's business after the Closing.

Measures in relation to the Vendor's Undertaking

The Company has implemented and will implement the following measures to ensure the Vendor will comply with the terms of the Vendor's Undertaking:

(a) it is agreed in the Vendor's Undertaking that in case of the Vendor's default, she shall fully compensate the Company for its relevant losses;

(b) it is agreed in the Vendor's Undertaking that the Vendor's resignation as the director and/or legal representative of any entity of the Target Group shall be approved by the Board, and the Vendor shall act as per the instruction of the Board;

(c) the senior management of the Company will, after the Closing, hold periodical meetings with the Vendor regarding the management and operation of the Target Group;

(d) the finance department of the Company will, after the Closing, continue to monitor and review the billing and collection status of the Target Group and review the Target Group's management accounts on a monthly basis; and

(e) the Company will, after the Closing, consider to recruit more employees to join the senior management of the Target Group to further ensure the good corporate governance and business operation of the Target Group.

Risk relating to the Acquisition

(a) Risks associated with source of funding

The Company may not obtain the expected revenue from the Target Group or obtained the relevant bank loan or the renewal of such loans. The Target Group's past performance may not be indicative of the Target Group's future performance, in particular, the Target Group's revenue is derived from revenue generates from Management Contracts with six wind farms. Currently PRC government offers various favorable policies and support to wind power operators. Any discontinuations, reduction or delay of favorable government policies currently available to wind farm operators may materially and adversely affect the Target Group's financial condition and operating results in the future.

Although the Company would arrange sufficient financing for the Acquisition, there is risk that the Company may not be able to obtain sufficient loan or renew such loans timely.

(b) Risk of not proceeding to closing

Completion is subject to a number of conditions precedent as set out in the paragraph headed "3. THE ACQUISITION — Conditions precedent" in this letter, some of which involve the decisions of third parties, including approvals by the Shareholders at the EGM. As fulfilment of these conditions precedent is not within the control of the parties involved in the Acquisition, there is no assurance that they can be fulfilled and/or the Acquisition will be completed as contemplated.

(c) Risk in relation to the assumptions of the Valuation Report

The valuation has been prepared on a reasonable basis, reflecting a number of assumptions on the Projection as set out in Appendix V to this circular. Changes in the basis and assumptions used in the estimation could materially affect the fair value. Factors beyond the Group's control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgement and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect the operation results of the Enlarged Group.

(d) Risks in relation to the business of the Target Group

Please refer to the section headed "THE TARGET GROUP OVERVIEW — Risks of Business" of Appendix III to this circular for details.

(e) Contractual risks in relation to the Management Contracts

The contractual risks in relation to the Management Contracts include non-payment risk of the service fees by the counterparties of the Management Contracts and other default risks of such counterparties. In accordance with the Management Contracts, the service fees were received or will be received by Jiangsu Anyi. Any material default by the counterparties of the Management Contracts could adversely affect the Company's financial position, results of operations and cash flow. Although the Target Group regularly reviews the credit exposure to the counterparties of the Management Contracts that they may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee.

8. FINANCIAL EFFECTS OF THE ACQUISITION

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.

Earnings

Following the Closing, the Group's equity interest in the Target Group will be accounted for as subsidiary of the Company and in the consolidated financial statement of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular has been prepared to illustrate the financial effect of the transactions contemplated under the Sale and Purchase Agreement.

Assets and Liabilities

As at 30 June 2023, the Group had unaudited total assets, total liabilities and net assets of approximately RMB294,691,000, RMB241,801,000 and RMB52,890,000, respectively. According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV upon Closing, the total assets and total liabilities of the Enlarged Group would have increased to approximately RMB453,306,000 and RMB400,416,000, respectively and net assets of the Enlarged Group would remain the same of approximately RMB52,890,000.

9. 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.

The Board currently has no intention to engage the Vendor as Director of the Company (at least for the coming 12-months after the Closing). As the Vendor will not be a Director, chief executive or controlling shareholder of the Company or an associate of them, Rule 14A.28 of the Listing Rules does not apply and the Acquisition is not a connected transaction.

10. EGM AND CLOSURE OF REGISTER OF MEMBERS

The notice of the EGM is set out on pages 109 to 110 of this circular.

Pursuant to the Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 28 December 2023 to Friday, 29 December 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 December 2023.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.risecomm.com.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 11:00 a.m. on Wednesday, 27 December 2023, or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, your proxy form shall deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has material interest in the Acquisition, and none of the Shareholders are required to abstain from voting on the resolution to be proposed at the EGM.

11. RECOMMENDATION

The Directors are of the opinion that the Acquisition is fair and reasonable and the resolutions to be proposed at the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the EGM.

12. FURTHER INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the audited consolidated financial statements of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 are disclosed in the following documents which have been published on both the website of the Stock Exchange and the website of the Company (http://www.risecomm.com.cn).

- Interim report of the Company for the six months ended 30 June 2023 published on 26 September 2023 (pages 23 to 46) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0926/2023092600783.pdf)

- Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 78 to 165) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700671.pdf)

- Annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 80 to 157) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801941.pdf); and

- Annual report of the Company for the year ended 31 December 2020 published on 27 April 2021 (pages 69 to 147) (available on https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700713.pdf).

2. INDEBTEDNESS STATEMENT

As at the closure of business on 31 October 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group and the Target Group had (i) outstanding secured and unguaranteed loans and borrowings of approximately RMB116,373,000 and (ii) outstanding unsecured and unguaranteed loans and borrowings of approximately RMB60,907,000. The Group (as the lessee) has lease liabilities of approximately RMB9,917,000 which were unsecured and unguaranteed.

Saved as disclosed and apart from intra-group liabilities and normal trade and other payables, the Enlarged Group did not have any outstanding indebtedness in respect of any mortgages, charges or debentures, loan capital, overdrafts, loans debt securities or other similar indebtedness, or hire purchase commitments, guarantees or material contingent liabilities as at 31 October 2023.

3. WORKING CAPITAL

The Directors are satisfied, after due and careful consideration and taking into account the present internal financial resources available to the Enlarged Group, the banking facilities and other borrowings presently available, the effect of the transactions contemplated under the Sale and Purchase Agreement and in the absence of unforeseen circumstances, the Enlarged Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12).

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

In 2023, State Grid continues to commit to the application of broadband technology in the Electric Energy Data Acquisition Systems, and has initiated the transition from broadband single-mode technology to broadband dual-mode technology. The Group is currently researching and developing new broadband dual-mode products, and will continue to promote and expand its PLC broadband products to more provincial network markets, thereby strengthening the competitiveness of the Group's broadband products in the domestic market. In addition, with the PRC government's promotion of smart city construction, support for energy conservation and emission reduction, and the continuous expansion of the overseas market for smart meters under the Belt and Road Initiative, the market of PLC technology is expected to maintain a good development trend in the next few years, which will expect to promote the sales of various products under the Group's AMR and other business line.

For the Group's smart manufacturing & industrial automation ("**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 maintenance and safety integrity system ("**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 on 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 utilise 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.

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 circular.

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

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF JIANGSU ANYI ENGINEERING MANAGEMENT CO., LTD. (江蘇安怡工程管理有限公司) TO THE DIRECTORS OF RISECOMM GROUP HOLDINGS LIMITED

Introduction

We report on the historical financial information of Jiangsu Anyi Engineering Management Co., Ltd.* (江蘇安怡工程管理有限公司) ("Jiangsu Anyi") set out on pages 39 to 61, which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 30 June 2023, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 (the "Relevant Periods") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 39 to 61 forms an integral part of this report, which has been prepared for inclusion in the investment circular of the Risecomm Group Holdings Limited (the "Company") dated 12 December 2023 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Zhongyi (BVI) International Limited.

Directors' Responsibility for the Historical Financial Information

The directors of Jiangsu Anyi are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information and for such internal control as the directors of Jiangsu Anyi determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Jiangsu Anyi is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Jiangsu Anyi, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Jiangsu Anyi as at 31 December 2020, 2021 and 2022 and 30 June 2023, and of Jiangsu Anyi's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

Review of relevant period comparative financial information

We have reviewed the relevant period comparative financial information of Jiangsu Anyi which comprises the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months ended 30 June 2022 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Jiangsu Anyi are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 39 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid or declared by Jiangsu Anyi in respect of the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
12 December 2023

A. HISTORICAL FINANCIAL INFORMATION OF JIANGSU ANYI

Preparation of Historical Financial Information

The financial statements of Jiangsu Anyi for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*7*	—	—	—	—	750
Cost of services		—	—	—	—	(249)
Gross profit		—	—	—	—	501
Other income	*8*	—	—	—	—	3
Administrative expenses		—	(33)	(303)	(6)	(2,100)
Loss before taxation		—	(33)	(303)	(6)	(1,596)
Income tax expenses	*9*	—	—	—	—	—
Loss and total comprehensive expense for the year/period attributable to owners of Jiangsu Anyi	*10*	—	(33)	(303)	(6)	(1,596)

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current asset					
Plant and equipment	*14*	—	—	682	594
Current assets					
Prepayments, deposits and other receivables	*15*	—	15,000	25,636	18,978
Amount due from a related party	*21*	—	9,300	9,300	18,500
Cash and cash equivalents	*16*	—	7	9	5,111
		—	24,307	34,945	42,589
Current liabilities					
Accruals and other payables	*17*	—	24,340	35,963	35,905
Contract liabilities	*18*	—	—	—	9,210
		—	24,340	35,963	45,115
Net current liabilities		—	(33)	(1,018)	(2,526)
Total assets less current liabilities and net liabilities		—	(33)	(336)	(1,932)
Capital and reserves					
Share capital	*19*	—	—	—	—
Accumulated losses		—	(33)	(336)	(1,932)
Capital deficiencies		—	(33)	(336)	(1,932)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000* *(note 19)*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2020	—	—	—
Loss and total comprehensive expense for the year	—	—	—
At 31 December 2020 and 1 January 2021	—	—	—
Loss and total comprehensive expense for the year	—	(33)	(33)
At 31 December 2021 and 1 January 2022	—	(33)	(33)
Loss and total comprehensive expense for the year	—	(303)	(303)
At 31 December 2022 and 1 January 2023	—	(336)	(336)
Loss and total comprehensive expense for the period	—	(1,596)	(1,596)
At 30 June 2023	—	(1,932)	(1,932)
At 1 January 2022	—	(33)	(33)
Loss and total comprehensive expense for the period (Unaudited)	—	(6)	(6)
At 30 June 2022 (Unaudited)	—	(39)	(39)

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
OPERATING ACTIVITIES					
Loss before taxation	—	(33)	(303)	(6)	(1,596)
Adjustments for:					
Depreciation	—	—	59	—	88
Bank interest income	—	—	—	—	(3)
Operating cash flows before movements in working capital	—	(33)	(244)	(6)	(1,511)
Increase in prepayments, deposits and other receivables	—	—	(86)	—	(8,342)
Increase in accruals and other payables	—	—	1	—	202
Increase in contract liabilities	—	—	—	—	9,210
NET CASH USED IN OPERATING ACTIVITIES	—	(33)	(329)	—	(441)
INVESTING ACTIVITIES					
Advance to other debtors	—	(15,000)	(10,550)	—	—
(Advance to)/repayment from a related company	—	(9,300)	—	—	5,800
Acquisitions of plant and equipment	—	—	(649)	—	—
Bank interest received	—	—	—	—	3
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	—	(24,300)	(11,199)	—	5,803
FINANCING ACTIVITY					
Advance from/(repayment to) other creditors	—	24,340	11,530	—	(260)
CASH FROM/(USED IN) FINANCING ACTIVITY	—	24,340	11,530	—	(260)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	—	7	2	(6)	5,102
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	—	—	7	7	9
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD					
Represented by bank balances	—	7	9	1	5,111

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF JIANGSU ANYI

1. GENERAL INFORMATION, AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Jiangsu Anyi Engineering Management Co., Ltd.* (江蘇安怡工程管理有限公司) ("Jiangsu Anyi") was established in the People's Republic of China (the "PRC") on 11 December 2019 as a company with limited liability under the Company Law of the PRC. The registered office of Jiangsu Anyi is Building 1, Room 103, No. 8, Yucai West Road, Gucheng Street, Gaochun District, Nanjing City.

Jiangsu Anyi is principally engaged in provision of wind farm operation and maintenance services in the PRC.

During the Relevant Periods, the ultimate controlling party of Jiangsu Anyi is Wu Xiaomei. Subsequent to the end of the reporting period, Zhongyi (BVI) International Limited (the "Target Company") was incorporated in the British Virgin Islands with limited liability on 27 July 2023. Pursuant to a group reorganisation, the Target Company became the holding company of Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司) and Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司) ("Shenzhen Anyi") on 21 August 2023. Then Shenzhen Anyi acquired 100% equity interest of Jiangsu Anyi on 21 August 2023 and became the parent of Jiangsu Anyi. The Target Company became the ultimate holding company and Ms. Zhu Deyun became the ultimate controlling party of the Jiangsu Anyi.

No statutory financial statements of Jiangsu Anyi was available for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 as there is no statutory requirement for audited financial statements under the rules and regulations in the PRC.

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 3 below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information is presented in Reminbi ("RMB"), which is also the function currency of Jiangsu Anyi.

Going concern

In preparation of the Historical Financial Information, the directors of Jiangsu Anyi have given due and careful consideration to the future liquidity of Jiangsu Anyi in light of Jiangsu Anyi's net current liabilities of approximately RMB2,526,000 and net liabilities of approximately RMB1,932,000 as at 30 June 2023. In the opinion of the directors of Jiangsu Anyi, the Historical Financial Information has been prepared on a going concern basis as Jiangsu Anyi will generate positive cash flows from its operations according to the future cash flow forecast.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Jiangsu Anyi has consistently adopted all the HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the HKICPA which are effective for the accounting period beginning on 1 January 2023 throughout the Relevant Periods.

* *The English name is a translation of its Chinese name and included herein for identification purpose only.*

New and amendments to HKFRSs issued but not yet effective

Jiangsu Anyi has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after a date to be determined.

The directors of Jiangsu Anyi anticipates that the application of new and amendments to HKFRSs will have no material impact on the results and the financial position of Jiangsu Anyi.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies information are set out below.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, Jiangsu Anyi uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Jiangsu Anyi recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by Jiangsu Anyi's performance as Jiangsu Anyi performs;
- Jiangsu Anyi's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- Jiangsu Anyi's performance does not create an asset with an alternative use to Jiangsu Anyi and Jiangsu Anyi has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes discounts and sales related taxes.

Contract liabilities

A contract liability represents Jiangsu Anyi's obligation to transfer goods or services to a customer for which Jiangsu Anyi has received consideration from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Output method)

Revenue from wind farm operation and maintenance services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict Jiangsu Anyi's performance in transferring control of goods or services.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contribution.

Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid as and when employees render the related service. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permit the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "loss before taxation" as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Jiangsu Anyi's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment held for administrative purposes are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

In the statements of financial position, bank balances comprise cash (i.e. demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Jiangsu Anyi's financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Jiangsu Anyi's business model for managing them.

Financial assets at amortised cost (debt instruments)

Jiangsu Anyi measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised in profit or loss and it included in the "Other income" line item (note 8).

Impairment of financial assets

Jiangsu Anyi recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9, including deposits and other receivables, amount due from a related party and cash and cash equivalents. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Jiangsu Anyi measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, Jiangsu Anyi recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, Jiangsu Anyi compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, Jiangsu Anyi considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Jiangsu Anyi presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless Jiangsu Anyi has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, Jiangsu Anyi assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. Jiangsu Anyi considers a debt instrument to have low credit risk when the asset has an internal rating of "performing".

Jiangsu Anyi regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

Jiangsu Anyi considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Jiangsu Anyi, in full (without taking into account any collaterals held by Jiangsu Anyi).

Irrespective of the above analysis, Jiangsu Anyi considers that default has occurred when a financial asset is more than 90 days past due unless Jiangsu Anyi has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

Jiangsu Anyi writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under Jiangsu Anyi's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to Jiangsu Anyi in accordance with the contract and all the cash flows that Jiangsu Anyi expects to receive, discounted at the original effective interest rate.

If Jiangsu Anyi has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, Jiangsu Anyi measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Jiangsu Anyi recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Jiangsu Anyi derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held-for-trading; or (iii) designated as at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

Jiangsu Anyi derecognises financial liabilities when, and only when, Jiangsu Anyi's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment losses on plant and equipment

At the end of the reporting period, Jiangsu Anyi reviews the carrying amounts of its plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, Jiangsu Anyi estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Jiangsu Anyi's accounting policies, which are described in note 3, the directors of Jiangsu Anyi are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of Jiangsu Anyi have made in the process of applying Jiangsu Anyi's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the Historical Financial Statements.

Going concern basis

These Historical Financial Statements have been prepared on a going concern basis, the validity of which depends upon Jiangsu Anyi will generate positive cash flows from its operations according to the future cash flow forecast. Details are explained in note 2 to the Historical Financial Statements.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of plant and equipment

Jiangsu Anyi determines whether the plant and equipment is impaired whenever there is indication of impairment presented. The impairment loss for plant and equipment is recognised for the amounts by which the carrying amounts exceed their recoverable amounts in accordance with Jiangsu Anyi's accounting policy. The recoverable amounts of plant and equipment have been determined based on higher of the fair value less costs of disposal and value-in-use calculations. These calculations require the use of judgements and estimations. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the carrying amounts of plant and equipment of Jiangsu Anyi were approximately nil, nil, RMB682,000 and RMB594,000, respectively. No impairment loss has been recognised during the Relevant Periods and six months 30 June 2022.

Impairment of other receivables and amount due from a related company

The impairment for others receivables and amount due from a related company are based on assumptions about ECL. Jiangsu Anyi uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the statement of profit or loss and other comprehensive income. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the aggregate carrying amounts of other receivables and amount due from a related company of Jiangsu Anyi were approximately nil, RMB24,300,000, RMB34,850,000, and RMB29,050,000, respectively. No impairment loss has been recognised during the Relevant Periods and six months 30 June 2022.

5. CAPITAL RISK MANAGEMENT

Jiangsu Anyi manages its capital to ensure that entities in Jiangsu Anyi will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Jiangsu Anyi's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Jiangsu Anyi consists of net debt, which includes the accruals and other payables and amount due to a related company, net of deposit and other receivables, amount due from a related company and cash and cash equivalents and equity attributable to the owners of Jiangsu Anyi, comprising issued share capital and reserves.

The directors of Jiangsu Anyi review the capital structure regularly. As part of this review, the directors of Jiangsu Anyi consider the cost of capital and the risks associated with each class of capital. Jiangsu Anyi will balance its overall capital structure through the injection of share capital as well as the issue of the new debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	—	24,307	34,865	34,161
Financial liabilities				
Financial liabilities at amortised cost	—	24,340	35,963	35,905

(b) Financial risk management objectives and policies

Jiangsu Anyi's major financial instruments include deposits and other receivables, amount due from a related company, cash and cash equivalents, accruals and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Jiangsu Anyi mainly operates in its local jurisdiction with most of the transactions settled in its functional currency of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates. Jiangsu Anyi currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

Jiangsu Anyi's income and operating cash flows are substantially independent of changes in market interest rates, as its bank balances, which carry an insignificant interest rate, are the only interest-bearing asset while other financial assets and liabilities are not interest-bearing.

Credit risk

Jiangsu Anyi's maximum exposure to credit risk which will cause a financial loss to Jiangsu Anyi due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

The credit risk of Jiangsu Anyi mainly arises from cash and cash equivalents, amount due from a related company and deposits and other receivables. The carrying amounts of these balances represent Jiangsu Anyi's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of Jiangsu Anyi has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For other non-traded related receivables, Jiangsu Anyi has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, Jiangsu Anyi will measure the loss allowance based on lifetime rather than 12-month ECL.

Jiangsu Anyi considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk Jiangsu Anyi compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, especially the indicator that actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Jiangsu Anyi's exposure to credit risk

In order to minimise credit risk, the management develops and maintains Jiangsu Anyi's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and Jiangsu Anyi's own trading records to rate its major customers and other debtors. Jiangsu Anyi's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Jiangsu Anyi's current credit risk grading framework comprises the following categories:

		Basis for recognising ECL
Category	**Description**	**Other financial assets**
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and Jiangsu Anyi has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of Jiangsu Anyi's financial assets, as well as Jiangsu Anyi's maximum exposure to credit risk by credit risk rating grades.

	Internal credit rating	12-month or lifetime ECL	As at 31 December 2020 Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*	As at 31 December 2021 Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*	As at 31 December 2022 Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*	As at 30 June 2023 Gross carrying amount *RMB'000*	Loss allowance *RMB'000*	Net carrying amount *RMB'000*
Deposits and other receivables	Performing *(note)*	12-month ECL	—	—	—	15,000	—	15,000	25,556	—	25,556	10,550	—	10,550
Amount due from a related company	Performing *(note)*	12-month ECL	—	—	—	9,300	—	9,300	9,300	—	9,300	18,500	—	18,500
Bank balances	Performing *(note)*	12-month ECL	—	—	—	7	—	7	9	—	9	5,111	—	5,111
			—	—	—	24,307	—	24,307	34,865	—	34,865	34,161	—	34,161

Note: As at 31 December 2020, 2021 and 2022 and 30 June 2023, the credit rating of deposits and other receivables and amount due from a related company are performing and the expected loss rate is assessed to be close to zero and the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Thus, no loss allowance has been made.

Liquidity risk

In the management of the liquidity risk, Jiangsu Anyi monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

At the end of each reporting period, Jiangsu Anyi's remaining maturity for its financial liabilities is mainly within one year from the end of the reporting period. In the opinion of the directors of Jiangsu Anyi, the carrying amounts of the financial liabilities are the same as the undiscounted cash flows based on the earliest date on which Jiangsu Anyi can be required to pay and therefore, no further analysis is presented in the financial statements.

(c) Fair values of financial assets and financial liabilities

The directors of Jiangsu Anyi consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the statement of financial position approximate their fair values due to their immediate or short-term maturities.

7. REVENUE

Revenue represents revenue arising from provision of wind farm operation and maintenance services in the China. An analysis of Jiangsu Anyi's revenue for the year is as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers					
Wind farm operation and maintenance services	—	—	—	—	750

Disaggregation of revenue by timing of recognition:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Timing of revenue recognition					
— Over time	—	—	—	—	750

Transaction price allocated to the remaining performance obligations for contracts with customers

The wind farm operation and maintenance services contract is with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Jiangsu Anyi has the right to invoice for the services performed. Accordingly, the Jiangsu Anyi has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

8. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	—	—	—	—	3

9. INCOME TAX EXPENSES

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC Enterprises Income Tax (the "EIT") is calculated at 25% of the estimated assessable profits for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023. No provision for EIT has been made for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023 as Jiangsu Anyi did not have any assessable profits subject to the EIT.

The income tax expenses for the year/period can be reconciled to the loss before taxation per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before taxation	—	(33)	(303)	(6)	(1,596)
Tax calculated at standard PRC tax rate of 25%	—	(8)	(76)	(2)	(399)
Tax effect of tax losses not recognised	—	8	76	2	399
Income tax expenses for the year/period	—	—	—	—	—

At 31 December 2020, 2021 and 2022 and 30 June 2023, Jiangsu Anyi had unused tax losses of approximately nil, RMB33,000, RMB336,000 and RMB1,932,000 respectively. No deferred tax asset has been recognised in respect of such losses due to unpredictability of profit streams. Such tax losses will expire within five years from the year of origination.

10. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss for the year/period has been arrived at after charging:					
Staff costs					
Directors' emoluments *(note 11)*	—	—	—	—	—
Salaries (excluding directors' emoluments)	—	—	137	—	210
Retirement benefit scheme contributions (excluding directors' emoluments)	—	—	10	—	16
Total staff costs	—	—	147	—	226
Auditor's remuneration	—	—	—	—	—
Depreciation of plant and equipment	—	—	59	—	88

11. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

No emoluments have been paid or payable to the directors of Jiangsu Anyi in respect of accepting office as directors during the Relevant Periods and the six months ended 30 June 2022.

No emoluments have been paid by Jiangsu Anyi to the directors as an inducement to join or upon joining Jiangsu Anyi or as compensation for loss of office during the Relevant Periods and the six months ended 30 June 2022.

No chief executive was appointed by Jiangsu Anyi during the Relevant Periods and the six months ended 30 June 2022.

The directors of Jiangsu Anyi did not waive or agree to waive any emoluments during the Relevant Periods and the six months ended 30 June 2022.

12. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023, nor has any dividend been proposed since the end of the reporting period.

13. LOSS PER SHARE

No loss per share information is prepared as its inclusion, for the purpose of the Historical Financial Information, is not meaningful.

14. PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*
COST	
At 1 January 2021, 31 December 2021 and 1 January 2022	—
Additions	741
At 31 December 2022, 1 January 2023 and 30 June 2023	741
ACCUMULATED DEPRECIATION	
At 1 January 2021, 31 December 2021 and 1 January 2022	—
Provided for the year	59
At 31 December 2022 and 1 January 2023	59
Provided for the period	88
30 June 2023	147
CARRYING AMOUNTS	
At 31 December 2020 and 2021	—
At 31 December 2022	682
At 30 June 2023	594

The above items of plant and equipment are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following rates per annum:

Motor vehicles	4 years

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the directors of Jiangsu Anyi conducted a review of Jiangsu Anyi's plant and equipment and the recoverable amounts of relevant plant and equipment was higher than the carrying amount, no impairment loss is recognised.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits	—	—	6	—
Prepayment to suppliers	—	—	—	8,334
Value-added tax receivable	—	—	80	94
Other receivables *(note)*	—	15,000	25,550	10,550
	—	15,000	25,636	18,978

Note: The amounts were advance to or receivables due from the associated parties of the then shareholders. As advised by the sole director of the Target Company, such balances were related to project funding and payment for project related expenses. Such balances have been subsequently settled by the then shareholders.

Jiangsu Anyi has individually assessed other receivables at 12-month ECL by applying probability of default approach as it has low risk of default or has not been significantly increase in credit risk since initial recognition. During the year ended 31 December 2020, 2021 and 2022 and 30 June 2023, no impairment loss is recognised.

16. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances	—	7	9	5,111

Bank balances represented short-term deposits with a maturity of three months or less. At 31 December 2020, 2021 and 2022 and 30 June 2023, bank balances carried interest at prevailing market rates of 0.01% per annum.

17. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrual salaries	—	—	1	3
Payables for purchase of plant and equipment	—	—	92	92
Other payables *(note)*	—	24,340	35,870	35,810
	—	24,340	35,963	35,905

Note: The amounts were cash advance from independent third parties which were unsecured, interest-free and repayable on demand. Subsequent to the reporting period ended 30 June 2023, an amount of approximately RMB35,490,000 was settled, of which an amount of approximately RMB18,500,000 was offset against an outstanding amount due from a related party.

18. CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received to perform services	—	—	—	9,210

There was no revenue recognised in the Relevant Periods that related to performance obligations that were satisfied in prior year.

Contract liabilities represents advance received from customers for the committed wind farm operation and maintenance contracts.

19. SHARE CAPITAL

Share capital at 1 January 2020, 31 December 2020, 2021 and 2022 and 30 June 2023 represents registered capital. The amount of registered capital is RMB20,000,000 and no registered capital has been paid during the Relevant Periods.

20. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

Pursuant to the relevant labour rules and regulations in the PRC, Jiangsu Anyi participates in a defined contribution retirement benefit scheme (the "Scheme") organised by the local authority whereby Jiangsu Anyi is required to make contributions to the Scheme based on certain percentages of the eligible employee's salaries. The local government authority is responsible for the entire pension obligations payable to the retired employees.

The total expense recognised in profit or loss for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2022 and 2023 were approximately nil, nil, RMB10,000, nil and RMB16,000 respectively.

21. RELATED PARTY TRANSACTIONS

(a) Balances with related parties

The following balances were outstanding at the end of the Relevant Periods:

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature				
Contract liability				
Bozhou Wanshitong New Energy Co., Ltd* (亳州市萬事通新能源有限公司) ("Bozhou Wanshitong") *(note (i))*	—	—	—	5,250
Non-trade nature				
Amount due from a related party				
Bozhou Wanshitong *(note (i) and (ii))*	—	9,300	9,300	18,500

Notes:

(i) Bozhou Wanshitong was controlled by Xu Qing, a shareholder of Jiangsu Anyi during the Relevant Periods.

(ii) The balance was unsecured, interest-free and repayable on demand. Subsequent to the reporting period ended 30 June 2023, the amount was fully settled.

(b) Transaction with a related party

Jiangsu Anyi had the following material transaction with its related party during the Relevant Periods and the six months ended 30 June 2022:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Nature of transaction					
Wind farm operation and maintenance services provided					
Bozhou Wanshitong New Energy Co., Ltd *(note)*	—	—	—	—	750

Note: The directors of Jiangsu Anyi are of the opinion that the above transaction was conducted on normal commercial terms in the ordinary course of business and the basis of consideration for the transaction is the prevailing market price.

* *English name is for identification purpose only.*

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Jiangsu Anyi's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	1 January 2021	Financing cash flows	31 December 2021
	RMB'000	*RMB'000*	*RMB'000*
Accruals and other payables	—	24,340	24,340

	1 January 2022	Financing cash flows	Cash changes included in operating cash flow	Non-cash change Payables for purchase of plant and equipment	31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables	24,340	11,530	1	92	35,963

	1 January 2023	Financing cash flows	Cash changes included in operating cash flow	30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables	35,963	(260)	202	35,905

23. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2023, an amount of other receivable of approximately RMB15,000,000 was borne by the related party, Bozhou Wanshitong.

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with HKFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jiangsu Anyi in respect of any period subsequent to 30 June 2023.

The following is a discussion of the results of the Target Group and should be read in conjunction with the historical financial information for the three financial years ended 31 December 2022 as set out in Appendix II to this circular.

THE TARGET GROUP OVERVIEW

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. The Subsidiaries are directly and indirectly wholly-owned by the Target Company and they are principally engaged in providing engineering management services.

History and Business

The history of the Target Group could be traced back to 2019. Jiangsu Anyi Engineering Management Co., Ltd. (江蘇安怡工程管理有限公司) ("**Jiangsu Anyi**") was established in the PRC on 11 December 2019 as a company with limited liability under the Company Law of the PRC.

Jiangsu Anyi is principally engaged in provision of wind farm operation and maintenance services in the PRC. Before entering into the Sale and Purchase Agreement, the shareholders of Jiangsu Anyi were two individuals, namely Xu Qing (徐慶, the spouse of the Vendor) and Wu Xiaomei (吳曉妹), both being Independent Third Parties.

The Target Company was incorporated in the British Virgin Islands with limited liability on 27 July 2023. Pursuant to a group reorganisation, the Target Company became the holding company of Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司) and Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司) ("**Shenzhen Anyi**") on 21 August 2023. Then Shenzhen Anyi acquired 100% equity interest of Jiangsu Anyi on 21 August 2023 and became the parent of Jiangsu Anyi. The Target Company became the ultimate holding company and Ms. Zhu Deyun became the ultimate controlling party of the Jiangsu Anyi.

The Target Group is engaged in the provision of engineering management services, and provides operation and maintenance services which do not include any activities of installing, repairing or testing of electric power transmission, supply and/or receiving facilities for wind farm projects in the PRC. It derived a majority of revenue from wind farm operation and maintenance services.

Besides the business registration license, there is no other special licenses or permits required to obtain for the Target Group.

Risks of Business

Projects have a finite period of operation and may not be able to recuperate the Target Group investment and generate desirable revenue as anticipated.

Any reduction in demand for wind power generated electricity and on-grid tariffs may affect cash flow and ability to service the wind farm operators debts. According to the owners of the wind farms, the validity period of the electric power business license in respect of each wind farms is 20 years. There is no guarantee that the owners of the wind farms will be able to successfully renew the validity term of such licenses upon their expiration. If the operating period is shortened or disrupted or should the owners of the wind farms lose the right to operate wind farms before the expiration of the relevant terms, the financial condition and the maintenance of operations of the Target Group may be adversely affected.

Any discontinuations, reduction or delay of favorable government policies available to us may adversely affect our business, financial condition and profitability.

The development and profitability of wind power projects in the PRC is materially dependent on favourable policies and regulatory frameworks that support such development. Since 2005, the PRC government has been increasing its efforts to promulgate a series of laws and regulations, such as the Renewable Energy Law (《可再生能源法》) and the relevant rules, which provides preferential treatments to companies engaged in the development of wind power projects. Such treatments include that, among others, the power grid enterprise shall connect with qualified wind farm, purchase 100% of electricity generation from grid-connected wind farms in the coverage area of power grid and the wind farms may enjoy various tax benefits.

While the PRC government continues to formulate favorable policies to support the development the wind power industry and the Target Group are not aware of any indication of potential changes to the existing wind power policies in the PRC that may materially and adversely affect in the foreseeable future, but such favorable policies or tax incentives may be revised, suspended, or cancelled. In addition, as the regulatory framework in the PRC for renewable energy is constantly evolving, the implementation and enforcement of these policies, laws and regulations are subject to continuous changes and may differ from region to region in the PRC. Any changes of the favorable policies for an integrated wind power company like the Target Group could reduce their revenues and/or increase their costs, which could have a material adverse effect on the business, financial condition, results of operations or prospectus.

Business and operation are subject to natural hazards customary to the wind power industry

The Target Group business mainly comprise of operation and maintenance services for wind farm projects, which involves risks and hazards that may adversely affect the Target Group operations, including natural disasters, environmental hazards and industrial accidents. These hazards can cause significant personal injury or death, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The Target Group may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require the Group to make indemnification payments in accordance with applicable laws.

FINANCIAL REVIEW

Operating revenue

For FY2020, FY2021, FY2022 and 6M2023, the operating revenues generated by the Target Group amounted to approximately nil, nil, nil and RMB0.75 million, respectively. Prior to FY2023, the Target Group had minimal business operation hence no operating revenue was recorded during FY2020 to FY2022. In FY2023, the Target Group entered into the Management Contracts and commenced to provide engineering management services.

Operating cost

For FY2020, FY2021, FY2022 and 6M2023, the operating costs of the Target Group were approximately nil, nil, nil and RMB0.25 million, respectively. Prior to FY2023, the Target Group had minimal business operation hence no operating cost was recorded during FY2020 to FY2022. The operating cost of the Target Group in FY2023 increased to RMB0.25 million as it commenced to provide engineering management services. The operating cost of the Target Group for 6M2023 was higher than that of in 6M2022 as no business had commenced to conduct business in May 2023.

Gross profit

For FY2020, FY2021, FY2022 and 6M2023, the gross profits generated by the Target Group amounted to approximately nil, nil, nil and RMB0.5 million, respectively.

Other income

For FY2020, FY2021, FY2022 and 6M2023, other income of the Target Group was approximately nil, nil, nil and RMB3,000, respectively. The other income of the Target Group for 6M2023 increased due to the bank interest income. No such income has been recorded in prior years/period.

Administrative expenses

For FY2020, FY2021, FY2022 and 6M2023, administrative expenses of the Target Group were approximately nil, RMB0.03 million, RMB0.3 million and RMB2.1 million, respectively. The administrative expenses of the Target Group for 6M2023 increased mainly due to the increased risk advisory fee and the fee associated with technology promotion.

Net loss

For FY2020, FY2021, FY2022 and 6M2023, net loss amounted to approximately nil, RMB0.03 million, RMB0.3 million and RMB1.6 million, respectively. The net loss of the Target Group in 6M2023 increased mainly due to the commencement of business operation involved prepaid expenses for operation and various set up costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020, 2021, 2022 and 30 June 2023, the total current assets of the Target Group were approximately nil, RMB24.3 million, RMB34.9 million and RMB42.6 million, respectively. The current assets of the Target Group mainly include prepayments, deposits and other receivable, amount due from a related party, as well as cash and cash equivalents.

As at 31 December 2020, 2021, 2022 and 30 June 2023, the total current liabilities of the Target Group were approximately nil, RMB24.3 million, RMB36.0 million and RMB45.1 million, respectively. The current liabilities of the Target Group mainly include accruals and other payables, amount due to a related party as well as contract liabilities, etc.

As at 31 December 2020, 2021, 2022 and 30 June 2023, the total assets of the Target Group were approximately nil, RMB24.3 million, RMB35.6 million and RMB43.2 million, respectively; total liabilities were approximately nil, RMB24.3 million, RMB36.0 million and RMB45.1 million respectively; the total owners' equity was approximately nil, RMB-0.03 million, RMB-0.3 million and RMB-1.9 million, respectively. On 31 December 2020, 2021, 2022 and 30 June 2023, the Target Group's gearing ratio (i.e., total liabilities divided by total assets) was 104%, 101%, 100% and 100%, respectively.

CASH FLOWS

The following table sets out the cash flows of the Target Group for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
OPERATING ACTIVITIES					
Loss before taxation	—	(33)	(303)	(6)	(1,596)
Adjustments for:					
Depreciation	—	—	59	—	88
Bank interest income	—	—	—	—	(3)
Operating cash flows before movements in working capital	—	(33)	(244)	(6)	(1,511)
Increase in prepayments, deposits and other receivables	—	—	(86)	—	(8,342)
Increase in accruals and other payables	—	—	1	—	202
Increase in contract liabilities	—	—	—	—	9,210
NET CASH USED IN OPERATING ACTIVITIES	—	(33)	(329)	—	(441)
INVESTING ACTIVITIES					
Advance to other debtors	—	(15,000)	(10,550)	—	—
(Advance to)/repayment from a related company	—	(9,300)	—	—	5,800
Acquisitions of plant and equipment	—	—	(649)	—	—
Bank interest received	—	—	—	—	3
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	—	(24,300)	(11,199)	—	5,803
FINANCING ACTIVITY					
Advance from/(repayment to) other creditors	—	24,340	11,530	—	(260)
CASH FROM/(USED IN) FINANCING ACTIVITY	—	24,340	11,530	—	(260)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	—	7	2	(6)	5,102
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	—	—	7	7	9
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD					
Represented by bank balances	—	7	9	1	5,111

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

After the acquisition of the entire issued share capital of Zhongyi (Hong Kong) International Limited (the "**Target Company's Acquisition**"), the Target Company became the holding company of the Subsidiaries on 21 August 2023. The financial information, including the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Group, have been prepared by applying the principle of pooling of interest method accounting as if the Target Company's Acquisition had been completed since 1 January 2020 because the Target Company's Acquisition should be regarded as a business combination under common control as the Target Group is under common control both before and after the completion of the Target Company's Acquisition. The statements of financial position of the Target Group as at 31 December 2020, 2021 and 2022 and 30 June 2023 have been prepare as if the Target Company's Acquisition had been completed at those dates.

CONTINGENT LIABILITIES

As at 31 December 2020, 2021, 2022 and 30 June 2023, the Target Group did not have any contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2023, the Target Group did not have any charges on its assets.

FOREIGN EXCHANGE RISK

The principal activities of the Target Group were conducted in the PRC, and its revenue and expenses were denominated in Renminbi. Therefore, the Target Group was not exposed to material risks directly relating to foreign exchange rate fluctuation and did not enter into any contracts to hedge its exposure to foreign exchange risks.

EMPLOYEES AND REMUNERATION POLICIES

The employee remuneration plan of the Target Group complies with the PRC industry standards, including basic salary, bonus and other allowances. The Target Group also contributes to social security benefit schemes for employees in accordance with the PRC labor law and local government laws and regulations as of the Latest Practicable Date. Such social security contributions include pensions, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident funds. For further details of the Target Group's financial information, please refer to the accountants' report of Target Group set out in Appendix II to this circular.

The following table sets forth the general information regarding the director of the Target Group:

Name	Position	Experiences
Ms. Zhu Deyun (朱德雲)	Sole Registered Shareholder of the Target Company and the Subsidiaries	The Vendor owns two PRC companies which are principally engaged in small scale maintenance and repair business. These two companies did not have any business relationship with the six wind farms.

The number of employees of the Target Group during the year ended 2020 to 2022 were nil, nil and nil, given that the Target Group had no material business in FY2020, FY2021 and FY2022. The Target Group entered into the agreements with the Service Providers to subcontract the maintenance services and agreed with them on personnel allocation. As of the Latest Practicable Date, the Target Group had employed two employees to supervise the Service Providers. In the near future, the Target Group will recruit at least two technicians, based on a number of factors such as vacancy needs and expansion plans, and the candidates' work experience, interpersonal skills and educational background.

PROSPECTS

Upon the completion of the Target Company's Acquisition, the Vendor will remain as the director and/or legal representative of the Target Group. Besides, the Vendor has entered into an undertaking with the Company on 25 August 2023, pursuant to which while the Vendor remaining as the director and/or legal representative of the Target Group, she shall act as per the instruction of the Board, including when she makes any decision which would have material impact on the Target Group's operation and finance, she shall seek and follow the instruction from the Board. Therefore, the Company will have control in the operation and administration of the Target Group's business after the Closing.

INDUSTRY TREND

Market Trends of Renewable Energy

— In recent years, the PRC demand for electricity in related industries, dominated by industrial construction, and with the improvement of the level of electrification, the proportion of electricity in the final energy demand will increase. Further increase in the total demand for downstream electricity consumption has intensified the improvement in the level of electrification, and at the same time stimulated the development of the upstream power development market. The rising demand of downstream users all drives the growth of power supply.

— The government policies are certainly supportive in the past few years, under the background of the introduction and development of carbon-neutral policies such as the "Guiding Opinions of the State Council on Accelerating the Establishment of a Sustainable and Low-Carbon Circular Development Economic System" (《國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見》), electricity is one of the country's essential and indispensable fields of sustainable energy, and its industry development is strongly supported by national policies.

— With the increasing demand for reducing environmental pollution, the proportion of clean energy in energy supply has gradually increased in recent years. China's new energy power generation mainly includes wind power, hydropower, solar power and nuclear power. Wind power is considered to be more green and environmental friendly as the generation of wind power did not involve pollutant emission and wind farm can operate much longer than solar power facilities.

Wind Power Market

Wind power is a key element in the push for renewable energy production in the PRC. The National Development and Reform Commission, the National Energy Administration of the PRC and other PRC authorities jointly published "the 14th Five-year plan for renewable energy development" (the "**Development Plan**") in October 2021.

The Development Plan has set a target of producing 3,300 billion KwH of renewable energy by 2025 and that the production capacity of wind and solar to increase by 100% from 2020.

Installed Onshore Wind Farm Capacity

The onshore wind farm capacity installed in the PRC has been increasing in the past decade, registering a compound annual growth rate ("**CAGR**") of 10.0% between 2012 (74 gigawatt or "**GW**") and 2022 (266 GW).

In terms of energy generated, wind power has also shown a continuous growth over the past decade. The power generated has increased from 10.8 billion KwH in 2012 to 60.2 billion KwH in 2022, registering a 18.7% CAGR over the period.

For further details, please refer to the Valuation Report set out in Appendix V to this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma financial information of the Risecomm Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") including the Zhongyi (BVI) International Limited (the "**Target Company**") and its subsidiaries (the "**Target Group**") upon the completion of the acquisition of the Target Group (the "**Acquisition**") (the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information**"), comprising the unaudited pro forma statement of assets and liabilities as at 30 June 2023 as if the Acquisition had been completed on 30 June 2023. Unaudited Pro Forma Financial Information have been prepared by the directors of the Company (the "**Directors**") in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Acquisition on the Group's assets and liabilities as at 30 June 2023 as if the Acquisition had taken place as at 30 June 2023.

The Unaudited Pro Forma Financial Information was prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the interim report of the Company for the six months ended 30 June 2023.

The Unaudited Pro Forma Financial Information was prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes which are directly attributable for the Acquisition and factually supportable as if the Acquisition has been undertaken as at 30 June 2023.

The Unaudited Pro Forma Financial Information was also prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only. Due to its hypothetical nature, the Unaudited Pro Forma Financial Information may not purport to predict what the assets and liabilities of the Group would have been if the Acquisitions had been undertaken at 30 June 2023 nor in any future period or on any future dates. The Unaudited Pro Forma Financial Information should be read in conjunction with, among others, the financial information of the Group as set out in Appendix I to the Circular and the Accountants' Report of Jiangsu Anyi as set out in Appendix II to the Circular and other financial information included elsewhere in the Circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2023

	The Group as at 30 June 2023	The Target Group as at 30 June 2023	Pro Forma Adjustments		The Enlarged Group as 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
ASSETS					
Non-current assets					
Property, plant and equipment	17,043	594			17,637
Right-of-use assets	5,176	—			5,176
Intangible assets	41,607	—	115,432	2,826	159,865
Financial assets at fair value through profit or loss	554	—			554
Other receivables	2,500	—			2,500
Deferred tax assets	34,617	—			34,617
Total non-current assets	101,497	594			220,349
Current assets					
Inventories	25,299	—			25,299
Contract costs	524	—			524
Trade and other receivables	113,465	18,978			132,443
Amount due from a related party	—	18,500			18,500
Restricted bank deposits	2,618	—			2,618
Bank and cash balances	51,288	5,111		(2,826)	53,573
Total current assets	193,194	42,589			235,957
TOTAL ASSETS	294,691	43,183			453,306
LIABILITIES					
Non-current liabilities					
Deferred income	846	—			846
Lease liabilities	1,689	—			1,689
Deferred tax liabilities	9,226	—			9,226
Loans and borrowings	—	—	110,000		110,000
Contingent consideration	—	—	3,500		3,500
Total non-current liabilities	11,761	—			125,261
Current liabilities					
Trade and other payables	86,526	35,905			122,431
Contract liabilities	8,624	9,210			17,834
Loans and borrowings	128,365	—			128,365
Lease liabilities	3,804	—			3,804
Income tax liabilities	2,721	—			2,721
Total current liabilities	230,040	45,115			275,155
TOTAL LIABILITIES	241,801	45,115			400,416
NET ASSETS/(LIABILITIES)	52,890	(1,932)			52,890

Notes:

1. The amounts of assets and liabilities of the Group are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as set out in the interim report of the Company for six months ended 30 June 2023.

2. The amounts of assets and liabilities of Target Group are extracted from the accountants' report of Jiangsu Anyi Engineering Management Co., Ltd.* (江蘇安怡工程管理有限公司) ("Jiangsu Anyi") as at 30 June 2023 as set out in Appendix II to this circular. The entities comprising the Target Group are the Target Company, Zhongyi (Hong Kong) International Limited (中怡(香港)國際有限公司), Shenzhen Anyi Rongfeng Engineering Management Co., Ltd.* (深圳安怡融豐工程管理有限公司) and Jiangsu Anyi. Except for Jiangsu Anyi, these companies were incorporated after 30 June 2023. They are investment holding companies and, since their incorporations, have not carried out any business other than the transactions undertaken for the purpose of acquiring Jiangsu Anyi. Accordingly, they do not have any material financial effect on the assets and liabilities of the Target Group.

3. On 25 August 2023, the Company entered into the sale and purchase agreement with Ms. Zhu Deyun (the "Vendor") in relation to the acquisition of the entire share capital of the Target Company, at a fixed consideration of RMB110,000,000 and an additional payment of RMB10,000,000 depending on the net profit of the Target Group for the future years (the "Contingent Consideration"), details as set out in the announcement of the Company issued on 27 August 2023. The fair value of the Contingent Consideration is approximately RMB3,500,000.

   For the purpose of the Unaudited Pro Forma Financial Information, the total consideration of approximately RMB113,500,000, comprises (i) fixed consideration of RMB110,000,000 payable prior to or upon completion of the Acquisition according to the payment schedule as set out in the announcement of the Company on 27 August 2023 and (ii) contingent consideration of RMB3,500,000 payable within thirty business days upon the finalisation of the audited financial information of the Target Group for the three financial years ending 31 December 2026. The fixed consideration of RMB110,000,000 is to be satisfied in cash and financed by other borrowings of RMB110,000,000.

   The purpose of the Acquisition is to acquire six wind farm operation and maintenance contracts owned by the Target Group. Under Hong Kong Financial Reporting Standard 3 (Revised) Business Combinations issued by the Hong Kong Institute of Certified Public Accountants, the Acquisition meets the concentration test as substantially all of the fair value of the gross assets of the Target Group acquired is concentrated in a group of similar identifiable assets, which are the wind farm operation and maintenance contracts. Therefore, the Acquisition is accounted for as an asset acquisition.

   The carrying amount of the intangible assets to be recorded by the Group upon the completion of the Acquisition is analysed as follows:

	RMB'000
Consideration	110,000
Contingent consideration *(note)*	3,500
Total consideration	113,500
Add: Net liabilities of the Target Group as at 30 June 2023	1,932
Carrying value of the intangible assets (the wind farm operation and maintenance contracts)	115,432

   Note: Contingent Consideration should be measured at fair value at the acquisition date. Therefore, the actual fair value of Contingent Consideration at the date of completion may be different.

4. The adjustment represents acquisition-related costs (including professional fees to legal adviser, financial adviser, reporting accountant, valuation and other expenses) of approximately RMB2,826,000, is capitalised and included in intangible assets.

5. No adjustments have been made to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group to reflect any trading results or other transactions of the Group and Target Group entered into subsequent to 30 June 2023.

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 circular.

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

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Risecomm Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2023 and related notes as set out on pages 70 to 73 of the investment circular in connection with the proposed acquisition of the entire issued share capital of Zhongyi (BVI) International Limited issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Notes 1 to 5.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed acquisition of the entire issued share capital of Zhongyi (BVI) International Limited (the "Acquisition") on the Group's financial position as at 30 June 2023 as if the Acquisition had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's condensed consolidated financial statements for the six months ended 30 June 2023, on which an interim report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with 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" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 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 Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited 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 unaudited 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 accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

(a) the unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
12 December 2023

The following is the text of a letter and valuation report, prepared for the purpose of incorporation in this circular, received from Royson Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 22 August 2023 of the 100% equity interest in the business enterprise of Zhongyi (BVI) International Limited.

ROYSON

Royson Valuation Advisory Limited
Unit 1503, 15/F, The L. Plaza
367–375 Queen's Road Central
Hong Kong

12 December 2023

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

Dear Sir or Madam,

RE: VALUATION OF 100% EQUITY INTEREST IN THE BUSINESS ENTERPRISE OF ZHONGYI (BVI) INTERNATIONAL LIMITED

We have been instructed by Risecomm Group Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") to appraise the fair value of the 100% equity interest in the business enterprise of Zhongyi (BVI) International Limited (the "**Target Company**", together with its subsidiaries as the "**Target Group**") as at 22 August 2023 (the "**Appraisal Date**") for transaction purpose. We understand the valuation will be used in connection to a public document to be issued by the Company.

The Company is contemplating to acquire the entire equity interest in the Target Company from Ms. Zhu Deyun (the "**Vendor**"). The Target Group is engaged in the provision of engineering management services in the People's Republic of China (the "**PRC**"). Its customers are owners of wind farms. The Target Group has signed the operation and maintenance contracts with the owners of six wind farms (the "**Management Contracts**"), pursuant to which the Target Group shall provide operation and maintenance services to each of them for an operation service period of approximately 20 years from the Appraisal Date.

In this appraisal, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Target Group is derived by the application of the discounted cash flow method under the income approach and then adjusted downward for discount for lack of marketability.

I. DESCRIPTION OF THE APPRAISAL

On 25 August 2023, the Company entered into a sale and purchase agreement with the Vendor, pursuant to which the Company has conditionally agreed to purchase and the Vendor have conditionally agreed to sell the 100% equity interest in the Target Company, at a consideration of RMB110.0 million.

The objective of this valuation is to provide an independent opinion on the fair value of the 100% equity interest in the Target Group as at the Appraisal Date for transaction purpose. We understand the valuation will be used in connection with a public document to be issued by the Company.

The appraisal is conducted in conformity with the generally accepted accounting principles in Hong Kong and the International Valuation Standards. These standards contain guideline on the basis and valuation approaches used.

The Company has reviewed, confirmed, and agreed on this report, including the factual content it contains.

II. BASIS OF VALUE

The valuation is performed based on fair value. As defined in Hong Kong Financial Reporting Standard 13 — *Fair Value Measurement (HKFRS 13)*, fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

III. PREMISE OF VALUE

Our opinion of value relies on a going-concern premise. This premise assumes that the Target Group is an ongoing business enterprise with management operating in a rational way with a goal of maximising shareholder value.

IV. SCOPE OF WORK

This appraisal reflects facts and conditions existing at the Appraisal Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

Our appraisal opinion is based on the assumptions stated herein and on information provided by the management of the Target Group and/or the Group (the "**Management**"). In the course of our valuation, we have conducted the following processes and procedures:

1. Collected and analysed the relevant historical financial statements and other financial and operational information of the Target Group from the Management;

2. Interviewed with the Management in relation to the Target Group's history, operations and prospects of its business;

3. Researched the general economic outlook and the outlook for the specific industry affecting the business of the Target Group, its industry and its markets;

4. Examined the reasonableness of the information as well as other records and documents provided by the Management, in light of our research and analysis on the industry and economic data;

5. Determined the most appropriate valuation method for this valuation;

6. Identified the comparable companies of the Target Group;

7. Developed the appropriate discount rate that reflects the return of entities engaged in a similar line of business and returns from other similar types of projects of the Target Group;

8. Reviewed the underlying assumptions of the financial projections of the Target Group for the period starting from the Appraisal Date up till 31 August 2043 (the "**Projection Period**") prepared by the Management (the "**Projection**"); and

9. Evaluated the fair value of the Target Group based on the assumptions and valuation method stated in the report.

There is no specific limitation on our scope of work regarding the appraisal.

V. INFORMATION SOURCES

To aid us in our analysis, we have consulted, reviewed and relied on the following key information which is publicly available or provided by the Management:

1. Financial database empowered by Bloomberg;

2. Relevant industry reports and economic data;

3. Unaudited and/or audited historical financial and operational information of the Target Group;

4. The Projection and the underlying assumptions provided by the Management; and

5. Discussions with the Management.

VI. LIMITING CONDITIONS

This appraisal relies upon the following contingent and limiting conditions:

1. Public, industry, statistical, and other information furnished by others, upon which all or portions of this analysis is based, is believed to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

2. The Company and its representatives warranted to us that the information they supplied is complete and accurate to the best of their knowledge and that the financial statement information reflects the Target Group's results of operations and financial and business condition in accordance with generally accepted accounting principles, unless otherwise noted. The financial statements and other related information supplied by management has been accepted as correct without further verification. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. We also have no reason to believe that any material facts have been withheld from us.

3. This report is to be used for the specific purposes stated herein and any other use is invalid. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document to be prepared or distributed to third parties may be made without our written consent and approval.

4. The opinion of value is valid only for the stated purpose as of the valuation date indicated. We take no responsibility for changes in market conditions and assume no obligation to revise our conclusion of value to reflect events or conditions which occur subsequent to the valuation date.

5. For the prospective financial information approved by management that is used in our engagement, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.

6. In arriving at our opinion of value, we have relied to a very considerable extent on the above-mentioned information. Any variation to the assumptions in the valuation could seriously affect our opinion of value.

VII. INFORMATION ABOUT THE COMPANY

The Company is a listed company on the Main Board of The Stock Exchange of Hong Kong (the "**Stock Exchange**") (stock code: 1679). The Group is principally engaged in two business segments: (i) automated meter reading ("**AMR**") and other business: 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 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.

VIII. INFORMATION ABOUT THE TARGET GROUP

The Target Group is principally engaged in the provision of operation and maintenance services which do not include any activities of installing, repairing or testing of electric power transmission, supply and/or receiving facilities for wind farm projects in the PRC. It commenced such business since May 2023.

As at the Appraisal Date, the Target Group has entered into long term operation and maintenance services contracts with six wind farms located in Jiangsu Province and Anhui Province (i.e. the Management Contracts) with a total output of 503.5 megawatt ("**MW**"), with the last Management Contract expiring on 21 August 2043.

According to the terms of the Management Contracts, the Target Group is responsible for, among other tasks, the daily operations and equipment maintenance of the wind farms. The service fees are calculated with reference to the designed output of the respective windfarms, and therefore are independent of the actual output or any outages of the wind farms. The fee rates are pre-determined over the full length of the Management Contracts, and the Target Group is entitled to receive a higher rate as the equipment warranty period ends for the respective wind farms. According to the information provided by the Company, the equipment warranty period for the windfarms will end between October 2026 and March 2029. Therefore, as the equipment warranty period gradually ends over 2026 and 2029, the revenue of the Target Group will increase accordingly.

In terms of operating costs, the Target Group employs onsite staff for daily inspection and operations and subcontracts the equipment maintenance to third party service providers. Based on quotations obtained by the Target Group, the vendors charge a pre-determined rate per annum based on the designed capacity and the rate will vary (at pre-determined rates) according to the equipment warranty status (i.e. higher rate for periods without equipment warranty). Such maintenance services cover all the labour and material costs for equipment. It is the key cost of the Target Group and is recognised as cost of sales. As the staff employed for daily operations are only responsible for daily inspection and operations, a team of 2 technicians are required for each wind farms and the cost is recorded in administrative expenses. 2 wind farms are located in close proximity and therefore share the same operation team in 2023 and 2024.

Given the maintenance work is performed by third party service providers, the Target Group requires minimum capital expenditure, such as tools, office equipment and motor vehicles.

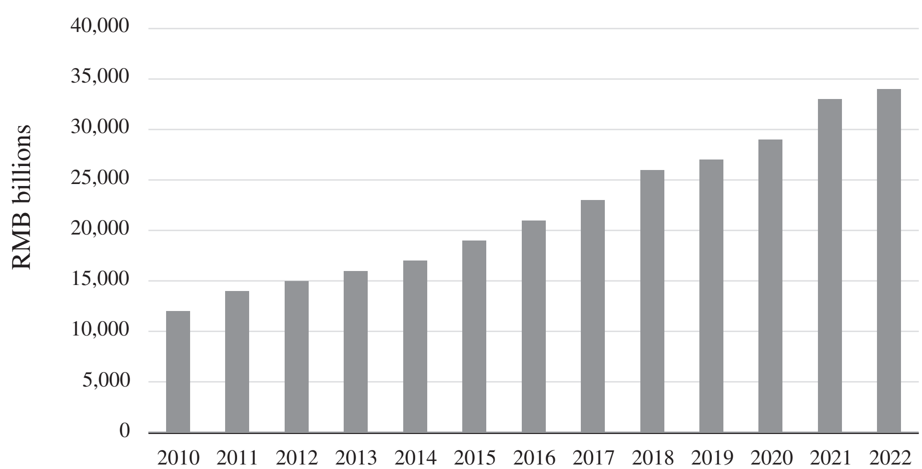
IX. INDUSTRY OVERVIEW

The Target Group provides operation and maintenance services for wind farm projects in the PRC. It serves the operational needs of wind farm owners. Since the Target Group operates in the domestic market, its prospects are closely linked to the economic development of the PRC and the state of the wind energy sector.

The PRC economy

The PRC economy has been steadily growing during the period of 2010 to 2019, registering a compound annual growth rate of 9.8%. Despite the disruptions caused by the coronavirus pandemic 2019, the PRC economy registered 9.4% and 5.2% growth rates in 2021 and 2022, respectively.

China GDP



Source: Bloomberg, National Bureau of Statistics of China

Wind Power Market

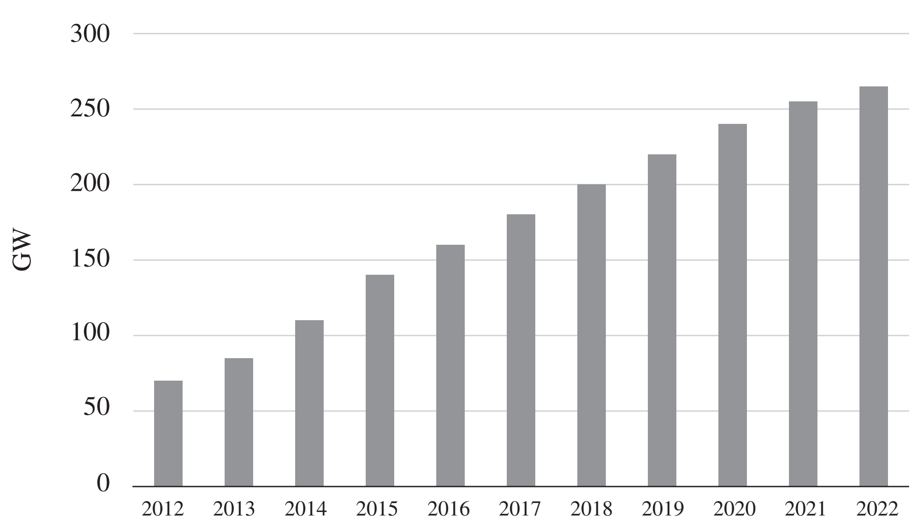
As a manager and operator of wind farms, the Target Group's potential market size is closely related to the wind power market in the PRC.

Wind power is a key element in the push for renewable energy production in the PRC. The National Development and Reform Commission, the National Energy Administration of the PRC and other PRC authorities jointly published "the 14th Five-year plan for renewable energy development" (the "**Development Plan**") in October 2021. As stated in the Development Plan, the development of renewable energy is important for energy source transformation and tackling climate change. The push into renewable energy is also securing a clean, safe and efficient source of energy for the PRC. The Development Plan has set a target of producing 3,300 billion KwH of renewable energy by 2025 and that the production capacity of wind and solar to increase by 100% from 2020.

Installed Onshore Wind Farm Capacity

The onshore wind farm capacity installed in the PRC has been increasing in the past decade, registering a compound annual growth rate ("**CAGR**") of 10.0% between 2012 (74 gigawatt or "**GW**") and 2022 (266 GW). The capacity is relevant to the Target Group's potential market as all the wind farms the Target Group currently operates are onshore. The national capacity registered double-digit growth in 2013–2018, before slowing to single digit growth rates from 2018. The installed capacity grew by 4.7% in 2022.

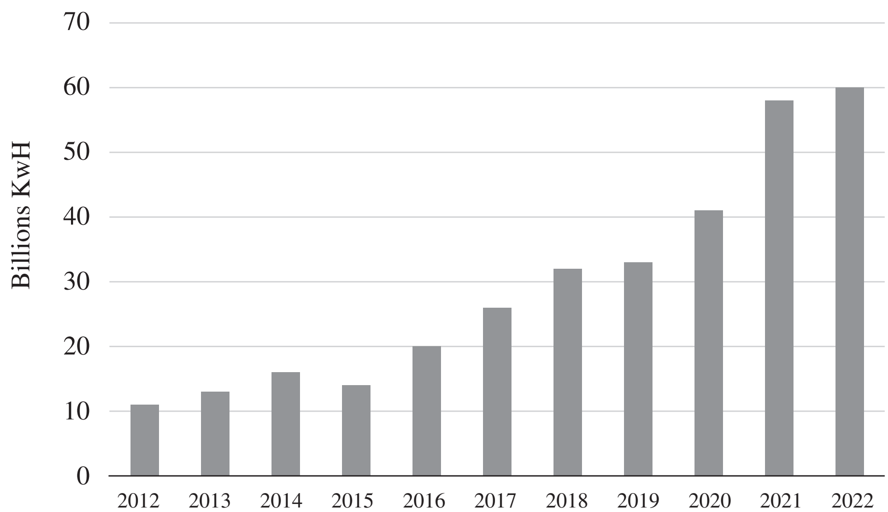
Wind Power Installed Capacity (Onshore) in the PRC



Source: Bloomberg

In terms of energy generated, wind power has also shown a continuous growth over the past decade. The power generated has increased from 10.8 billion KwH in 2012 to 60.2 billion KwH in 2022, registering a 18.7% CAGR over the period.

Wind Power Generation in the PRC



Source: Bloomberg, National Bureau of Statistics of China

X. VALUATION METHODOLOGY

Selection of Valuation Methods

In this valuation, we have considered the three generally recognized valuation approaches, namely the market approach, income approach and cost approach. The approach(es) deemed most relevant will then be selected for use.

Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. Third-party transactions in the equity of an enterprise generally represent the best estimate of fair value if they are done at arm's length.

Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset/the business entity is determined by reference to the value of income, cash flow or cost savings generated by the asset/the business entity. A fundamental basis for the income approach is that investors expect to receive a return on their investments and that such a return should reflect the perceived level of risk in the investment.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Valuation Method Adopted

The valuation approach is determined based on professional judgment and technical expertise after detailed analysis on facts and circumstances. Key factors we have considered include, among other criteria, business nature and stage of development of the subject entity, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation.

Under the cost approach, the fair value of equity interest is determined based on the replacement costs or reproduction costs of assets rather than the ability to generate streams of benefits in the future. The value of the Target Group is more driven by the future earnings to be generated than the value of its assets. Therefore, the cost approach has been disclaimed.

Under the market approach, there are two primary methods. The first, often referred to as the Comparable Transactions Method, involves determining valuation multiples from sales of enterprises with similar financial and operating characteristics and applying those multiples to the subject enterprise. The second, often referred to as the Guideline Publicly-traded Comparable Method, involves identifying and selecting publicly-traded enterprises with financial and operating characteristics similar to the enterprise being valued. Once publicly traded enterprises are identified, valuation multiples can be derived, adjusted for comparability, and then applied to the subject enterprise to estimate the value of its equity or enterprise value.

According to our research, there was no publicly available transaction of enterprises that were comparable in terms of the uniqueness of the Target Group's business model and its stage of development, thus, the Comparable Transactions Method was not selected.

In applying the Guideline Publicly-traded Comparable Method, different value measures or market multiples of the comparable companies are calculated and analysed to induce a series of multiples that are considered representative of the industry average. Three commonly used multiples are (i) Enterprise value-to-revenue ("**EV/S**") ratio, Price-to-earnings ("**P/E**") ratio; and (iii) Price-to-book value ("**P/B**") ratio.

EV/S ratio is meaningful only if the nature of revenue and revenue model are similar and highly comparable. P/E ratio is more suitable for mature business with stable earnings. P/B ratio is commonly employed in the valuation of asset heavy company.

The Target Group is a service company and the relationship between its fair value and its book value is weak. P/B ratio is therefore not considered. Revenue and profit margins vary widely among different stages along the wind power value chain: from components manufacturer to wind farm construction, and from project development to operations and maintenance. Market players expand either vertically or horizontally along the value chain. On the contrary, the Target Group derived majority of revenue from wind farm operation and maintenance services while it had minimal business operation as at the Appraisal Date. Thus, we consider that no closely comparable publicly traded entity with financial and operating characteristics similar to those of the Target Group suitable for the market approach could be identified. Thus, the market approach is also considered to be inappropriate.

Management prepared the Projection based on the Management Contracts, the historical financial and operating data of the Target Group and their knowledge and experience. Therefore, the Target Group's intrinsic value can be estimated based on forecasts of fundamental conditions in the future using the discounted cash flow analysis under the income approach.

To conclude, we have relied primarily on the discounted cash flow analysis under the income approach to value the business value of the Target Group in this valuation.

Discounted Cash Flow Analysis

A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in ownership of the asset or security interest being valued.

Performing a discounted cash flow analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity. Forecasting cash flow to all investors requires the projection of revenues, operating expenses, taxes, working capital requirements, and capital expenditures for a future period.

Projected cash flow to all investors must then be discounted to a present value using a discount rate, which appropriately accounts for the market cost of capital as well as the risk and nature of the subject cash flows.

The following section presents some of the key assumptions of the financial forecast used in the discounted cash flow analysis performed in this appraisal:

Forecasted Cash Flows

For purposes of our performing this analysis, the Management provided us the detailed revenue and expense forecasts in the Projection. The revenue forecast included a projection of revenues which solely represented by the fees generated from the Management Contracts. The expense forecast included a projection of maintenance, personnel costs and operating expenses related to revenue.

Revenue — Revenue is solely represented by the fees generated from the Management Contracts. The revenue drivers are the output of the wind farms under the Management Contracts and the service fee rate per unit of the output as determined by the validity of the equipment warranty period. Higher service fee will be received after the expiry of the equipment warranty period which is generally 5 years. There is no inflation included in the forecast. The annual fee rates during and after the equipment warranty periods (including value-added-tax) are RMB0.07 and RMB0.16 per Watt respectively. The equipment warranty period for the six wind farms will gradually end during 2026 and 2029, the revenue of the Target Group will increase accordingly.

The forecasted annual revenue for each wind farm (x) is generalised with the following formula:

$$(\mathit{Fee\ Rate}\ 1 \times \frac{T}{N} + \mathit{Fee\ Rate}\ 2 \times \frac{N\text{-}T}{N}) \times \mathit{Capacity\ x}$$

Where:

Fee Rate 1:	Being the unit fee rate per Watt per annum during the equipment warranty period, calculated as RMB0.07 per Watt/(1 + VAT of 6%) = RMB0.066 per Watt per annum
Fee Rate 2:	Being the unit fee rate per Watt per annum after the equipment warranty period, calculated as RMB0.16 per Watt/(1 + VAT of 6%) = RMB0.1509 per Watt per annum
T:	Number of days during a year that the underlying project is within the equipment warranty period
N:	Actual number of days in a year
N–T:	Number of days during a year that the underlying project is after the equipment warranty period
Capacity x:	Designed capacity of each wind farm under the six Management Contracts

The Management Contracts consist of six wind farm projects, with a total annual design capacity of 503.5 MW. The expected maturity dates of their warranty periods fall in October 2026 (66.0 MW), December 2028 (192.5 MW) and March 2029 (245.0 MW). Considering the different maturity dates of the warranty periods for the six wind farm projects, the time-weighted annual designed capacity during the Projection Period is summarised below:

Financial Year	2023	2024 & 2025	2026	2027 & 2028	2029	From 2030 to 2042	2043
Time-weighted capacity (MW) charging Fee Rate 1	190.7	503.5	488.1	437.5	60.4	—	—
Time-weighted capacity (MW) charging Fee Rate 2	—	—	15.4	66.0	443.1	503.5	287.4

Alternatively, the forecasted revenue can be calculated by the product of the respective time-weighted capacity (MW) and the respective fee rate.

Out of the six Management Contracts, two contracts were already in operation and four contracts were signed on the Appraisal Date. As the revenue recognized for August 2023 amounts to RMB1.8 million and a total monthly income of approximately RMB2.7 million has been generated since September 2023, the Target Group is expected to generate a revenue of RMB12.6 million for the five months ending 31 December 2023. The annual revenue of the Target Group ranges from approximately RMB33.3 million to RMB76.0 million between 2024 and 2042 as the equipment warranty period of the underlying wind farms of the Management Contracts gradually ends (due to the change in the annual fee rates after the end of equipment warranty period), prior to reducing to approximately RMB43.4 million as the Management Contracts begin to expire.

Gross profit — Gross profit is estimated to be approximately 74% for the five months ending 31 December 2023 and reduce gradually to approximately 61%. Such trend is principally related to the composition of revenue and costs, as income from the Management Contracts is pre-determined throughout the contract term while the direct operation and maintenance costs are subject to inflation. The Target Group invited bids from qualified service providers through requesting tender to subcontract the maintenance services for five of the six wind farm projects. 3 bids were received from group companies of companies listed on the Stock Exchange and Shanghai Stock Exchange involved in management or operation of renewable energy operations. As the cost quotation was derived from a competitive bidding process, the Management believes the such quotation is reliable and forms a reasonable basis for estimating operating and maintenance costs. In particular, based on the quotations obtained by the Target Group, the maintenance cost per Watt of designed capacity is forecast to increase from at least RMB0.015 to at least RMB0.046 per Watt upon the end of the equipment warranty period, prior to inflation adjustments.

Operating expenses — Operating expenses comprise of staff costs and other administrative expenses. Operating expenses as a percentage of revenue is forecast to gradually reduce from approximately 25.0% for the five months ending 31 December 2023 to approximately 10.0% for the year ending 31 December 2042, mainly due to (i) equipment maintenance will be delegated to third party service providers and recorded as cost of sales; (ii) after the equipment warranty period expires, which leads to increase in revenue, does not require significant increase in onsite staff; and (iii) as revenue increases with the output of wind farms and service fee rate while such expenses increase at inflation rate.

Profit before tax — Profit before tax is equal to revenue less cost of service provided and operating expenses. The profitability of the Target Group increases with the change in the applicable fee rates corresponding to the warranty status. Most of the wind farms are within the equipment warranty period during 2024 to 2028, the average forecasted operating profit of the Target Group is approximately RMB19.5 million per annum while the average forecasted operating profits between 2029 and 2042 is approximately RMB40.7 million per annum. Profit before tax will range from 48.0% to 59.3% of the revenue during the Projection Period.

Income Taxes — According to the Management, the profits of the Target Group are subject to a tax rate of 25.0%, which is the statutory tax rate in the PRC.

Working Capital — The revenue and the external costs associated with the Management Contracts are prepaid. The working capital associated with the Target Group is mainly the one-month wage payable during the Projection Period.

Capital Expenditure — According to the Management, the Target Group will require minimal capital expenditure for tools, office equipment and motor vehicles. The projected annual capital expenditure ranges from approximately RMB400,000 to approximately RMB520,000, which representing 0.4% to 1.2% of the revenue during the Projection Period, with reference to the service nature of the Target Group's operations.

Based on our understanding of the business model of the Target Group, our review of the Management Contracts and the relevant supporting documents on the operating costs, we consider the key assumptions outlined above are reasonable.

Cash Flow Adjustments

Because we have attempted to arrive at free cash flow-to-firm ("**FCFF**") in our valuation model, net income has to be adjusted for certain items in order to estimate the cash return on the assets that generate the forecast revenue. First, non-cash items, including depreciation, and after-tax interest expenses are added back to net income. Second, forecasted capital expenditures, if any, and investment in operating working capital are subtracted. Working capital requirements are forecasted across the entire Projection Period.

Discount Rate Estimation

A discount rate is the expected rate of return or yield that an investor would have to give up by investing in the subject investment instead of available alternative investments that are comparable in terms of risk and other investment characteristics. The discount rate to be applied to the FCFF is the sum of weighted average cost of capital (the "**WACC**") of the Target Group. WACC is calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the WACC value. The formula of WACC is defined as follows:

$$\mathbf{WACC} = \frac{E}{V} \times R_e + \frac{D}{V} \times R_d \times (1 - T_c)$$

where:
R_e = Cost of equity
R_d = Cost of debt
E = Market value of equity
D = Market value of debt
V = Invested capital or E + D
E/V = Percentage of financing that is equity
D/V = Percentage of financing that is debt
T_c = Tax rate

The cost of equity is developed through the application of the Capital Asset Pricing Model ("**CAPM**") with reference to the required rates of return demanded by investors for similar projects while the cost of debt is replicated by the borrowing rate of the Target Group as at the Appraisal Date.

Selection of Comparable Companies

A major requirement in generating the cost of equity is to identify companies that are comparable to the Target Group in terms of business nature and associated risks. The income approach and market approach have different requirements in defining the peers' comparability. The former approach extracts the useful information on the market's perception of the Target Group's risks and prospects as an industry group while the latter approach makes direct comparison to its peers regarding key financial metrics.

Major selection criteria for this valuation are: (1) More than 65% revenue is generated from wind farm related operations for the last financial year; (2) involved in the operation, maintenance and/or consulting of wind farms as a service in a business segment; (3) principally operates in the PRC; and (4) listed on a recognisable exchange for over two years.

Based on the above criteria, we have conducted comprehensive research and came up with below exhaustive list of four comparable companies (the "**Comparable Companies**") which are listed in Hong Kong and the PRC.

A description of their business operation is summarised below:

Selected Comparable Company	Stock Ticker and Place of Listing	Principal Business
1. Concord New Energy Group Limited	182 (Hong Kong)	Concord New Energy Group Limited specializes in wind power electricity generation. The company's principal businesses include wind farm investment and operations, and manufacturing of wind power equipment. The company also provides wind power electricity generation services such as feasibility studies, technological consultation, power plant design, engineering,
2. China Longyuan Power Group Corporation Limited	916 (Hong Kong)	China Longyuan Power Group Corporation Limited designs, develops, and operates wind farms. The company also provides thermal power, solar power, tidal power, biomass power, and geothermal power services. It conducts wind farm repair, maintenance, and training businesses.
3. Goldwind Science & Technology Co., Ltd	2208 (Hong Kong)	Goldwind Science & Technology Co., Ltd manufactures wind generation equipment. The company produces wind turbines, wind turbine components, wind power generation sets, and other equipment. It also operates wind farm development, photovoltaic products making, and other businesses.
4. Shanghai Electric Wind Power Group Co., Ltd.	688660 (PRC)	Shanghai Electric Wind Power Group Co., Ltd. develops, manufactures, and distributes wind turbines. The company produces intertidal turbines, low temperature turbines, offshore wind turbines, and others. It also provides installation and repairing services.

The Comparable Companies are all exposed to the risks of the wind power sector in the PRC with a business segment involved in the operation, maintenance and/or consulting of wind farms as a service. The Comparable Companies are considered as highly but not perfectly comparable with the Target Group. The inclusion of four comparable companies also accommodates the fact of not perfectly comparable business. The Target Group's operations and future prospects are closely related to the development of the wind power sector of the PRC. Therefore, we believe the Comparable Companies are fair and representative.

CAPM

The CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated to the risk in the return from the stock market as a whole are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as non-systematic.

The cost of equity for the Target Group is the sum of the risk-free rate return, the equity risk premium required by investors to compensate for the systematic risk assumed with adjustments for increment for risk differentials of versus those of the comparable companies, which include risk adjustments for size and other risk factors in relation to the comparable companies. The formula of CAPM is defined as follows:

$$\mathbf{Re = Rf + \beta (Rm) + Rc}$$

where:
Re = Cost of equity
Rf = Risk-free rate
β = Beta
Rm = Market risk premium
Rc = Premium for size and other risk factors

A risk-free rate of 2.72% is adopted, which is based upon the yields on long-term government bonds in the PRC as of the Appraisal Date. A market risk premium of 7.42% is assumed, which represents the average total return of common stocks in excess of the income return of long-term securities in the PRC. In order to estimate the appropriate beta for use in our analysis, we have researched companies in a similar business as the Target Group and arrived at the list of the Comparable Companies. Based on their levered betas that were extracted from Bloomberg as at the Appraisal Date, we have derived the unlevered betas from the equity levered betas of the Comparable Companies as at the Appraisal Date by adjusting their respective debt-to-equity ratio and their statutory/ effective tax rate. We have then applied the debt-to-equity ratio of the Comparable Companies and the statutory tax rate of the Target Group to develop the re-levered betas of the Comparable Companies. The average re-levered beta of the Comparable Companies of 0.44 is adopted as the proxy and then applied to the CAPM formula. A small capitalisation risk premium of 4.83% and a company specific risk premium of 4.00% are then added to the calculation of the cost of equity.

Small capitalisation risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that cost of capital increases with decreasing size of a company. A number of studies were conducted in the United States which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from the CAPM.

Company specific risk premium associated to the Target Group mainly represents the additional inflation risk and the counterparty/customer concentration risk as compared to the Comparable Companies. The Target Group has entered into long-term Management Contracts with pre-determined annual service fees for the entire length of the contracts. Total income from the Management Contracts has been fixed whereas its operating costs, including the maintenance and personnel costs, are subject to price inflation that jeopardises profits. As a result, its profitability, as measured against revenue, decreases throughout the Projection. In addition, there are only six customers in the Target Group. Should there be any delay in payment or default with any of them, there is significant negative impact on the cash flows of the Target Group. In view of its limited ability to transfer the price inflation to its customers and the relatively high concentration risk, we consider the appropriate company specific risk premium to be 4.0%.

The Target Group was a debt-free company as at the Appraisal Date. Based on this capital structure, according to our analysis, the WACC of the Target Group as at the Appraisal Date is estimated to be 15.0% (rounded).

Base Value

The base value derived from the income approach amounts to approximately RMB149.2 million, which is the summation of the present values of FCFF during the Projection Period calculated with the following formula:

$$\sum_{i=1}^{n}[FCFF_i / (1 + WACC)^t]$$

where:

FCFF	=	NI + D&A + INT(1 – TAX RATE) – CAPEX – Δ Net WC
NI	=	(Gross profit – Operating expenses) x (1 – tax rate)
D&A	=	Depreciation and amortization expense
INT	=	Interest expense
CAPEX	=	Capital expenditures
Δ Net WC	=	Net change in working capital
n	=	Total number of projection period in terms of the financial year ending on 31 December
t	=	Time lapsed between the Appraisal Date and the mid-point of the i^{th} period

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The discount for lack of marketability generally falls into a range from 0% to 40.0% with an average of 20.5% and a median of 15.7%, according to the Stout Restricted Stock Study Company Guide published by Stout Risins Ross LLC. This study is one of the most widely used and accepted database available to valuators for discount for lack of marketability determination. While the indicative range is concurred with our findings on other relevant research papers (both formal and informal) and valuation journals on valuation premiums and discounts which are publicly available.

The shares of the Target Group are not publicly traded and an active market for its shares does not exist. Lack of profitable track records decreases the liquidity of its equity interest. In view of the market range of marketability discount, we conclude that it is reasonable to apply a 15.0% discount to appraise the value of equity interest of a private company like the Target Group.

Calculation of the fair value of the 100% controlling, non-marketable equity interest in the Target Group is summarised as follows:

		RMB'000
Total present value of FCFF / Base value	A	149,156
Add: Cash balance	B	34
Less: Debt	C	—
Indicative value of the equity interest	D = A + B – C	149,190
Add: Other current assets	E	93
Less: Contract liabilities and other payables	F	(11,812)
Calculated value of the equity interest	G = D + E – F	137,471
Less: Discount for lack of marketability (15%)	H = G x 15%	(20,621)
Fair value of 100% controlling, non-marketable equity interest in the Target Group (Rounded)	G – H	**116,850**

XI. VALUATION ASSUMPTIONS

A number of assumptions have to be established in order to sufficiently support our opinion of value. Major assumptions adopted in this appraisal are:

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 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 the 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, in particular the factors discussed in the section headed "Industry Overview";

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. 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 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 Projection Period;

    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 Projection Period;

15. The latest financial information available as at the Appraisal Date 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 the Appraisal Date;

16. There are no material contingent assets and/or liabilities in the Target Group as at the Appraisal Date;

17. The appropriate discount rate of the Target Group as at the Appraisal Date is 15.0%; and

18. The discount for lack of marketability of 15.0% is appropriate for this valuation.

XII. SENSITIVITY ANALYSIS

The following tables show the sensitivity tests on how the fair value of the Target Group changes in response to changes in (i) cost of service provided, (ii) discount rate and (iii) discount for lack of marketability:

	Fair Value
	RMB'000
Cost of service provided increases by 5%	113,160
Cost of service provided decreases by 5%	120,540
Discount rate increases by 5% to 15.75%	111,140
Discount rate decreases by 5% to 14.25%	123,000
Discount for lack of marketability increases by 5% to 15.75%	115,819
Discount for lack of marketability decreases by 5% to 14.25%	117,880

XIII. ADDITIONAL CONSIDERATION

According to the Projection, the total forecasted net profits for the three years ending 31 December 2026 are approximately RMB41.7 million. In order to attain the aggregate profit of RMB47.0 million for the three financial years ending 31 December 2026, there would be an incremental undiscounted economic benefit of not less than RMB5.3 million (the "**Additional Profits**") bringing into the Target Group.

Assuming the Additional Profits to be taken place in the Projection and transferred into cash flows to the Target Group evenly over the three financial years ending 31 December 2026, after considering the present value factor and the discount for lack of marketability, the incremental fair value is approximately RMB3.5 million above the value as stated under the section headed "XIV. Opinion of Value".

XIV. OPINION OF VALUE

Based upon the investigation and analysis outlined above and the appraisal method employed, it is our opinion that the fair value of the 100% equity interest in the Target Group as at **22 August 2023** is reasonably stated by the amount of **RENMINBI ONE HUNDRED AND SIXTEEN MILLION EIGHT HUNDRED AND FIFTY THOUSAND ONLY (RMB116,850,000)**.

The appraisal is conducted in conformity with the generally accepted accounting principles in Hong Kong and the International Valuation Standards. The valuation is based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Any variation to the assumptions and limiting conditions presented in the following report could seriously affect our opinion of value.

The Company has reviewed, confirmed, and agreed on this report, including the factual content it contains.

Although our valuation is intended to estimate fair value, we assume no responsibility for the inability of a seller or buyer to obtain a sale or purchase contract at that price.

We have no obligation to update this report or our opinion of value for information that comes to our attention after the date of this report.

We hereby confirm that we are independent of and not connected with the Group, the Target Group and have neither present nor prospective interests in them, or the values reported.

Respectfully submitted,
For and on behalf of
Royson Valuation Advisory Limited

Amy W.S. Chan
Director

Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants. She has been working in the valuation field for more than 12 years and has participated in over 1,200 assignments regarding business valuation, derivatives valuation, intangible assets valuation and purchase price allocation for numerous listed companies and private entities in different industries.

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 circular.

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 circular.

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.*

1. RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTEREST BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be (i) 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 the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Relevant company	Nature of interest	Number of Shares in the relevant company(1)	Approximate percentage of interest
Mr. Ding Zhigang(2)	The Company	Beneficial owner	34,070,092 (L)	13.32%
Mr. Yu Lu(3)	The Company	Beneficial owner	17,252,250 (L)	6.75%

Notes:

(1) The letter "L" denotes the Directors' long position in the Shares. The total issued shares of the Company was 255,728,860 Shares as of the Latest Practicable Date.

(2) Mr. Ding Zhigang is a non-executive Director.

(3) Mr. Yu Lu is a non-executive Director.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares[1]	Approximate Percentage of Company's issued share capital
Liu Beibei	Beneficial owner	33,772,112 (L)	13.21%
Ning Jun	Beneficial owner	20,280,000 (L)	7.93%
SB Asia Investment Fund II L.P. [2][3] ("**SAIF**")	Beneficial owner	19,734,053 (L)	7.72%
Cisco System, Inc[2]	Interest in a controlled corporation	19,734,053 (L)	7.72%
SAIF II GP L.P. [3]	Interest in a controlled corporation	19,734,053 (L)	7.72%
SAIF Partners II L.P. [3]	Interest in a controlled corporation	19,734,053 (L)	7.72%
SAIF II GP Capital Ltd. [3]	Interest in a controlled corporation	19,734,053 (L)	7.72%
Mr. Andrew Y. Yan [3]	Interest in a controlled corporation	19,734,053 (L)	7.72%
XinDaXin Group Company Limited [4]	Beneficial owner	17,060,000 (L)	6.67%
Silver Castle International Limited [4]	Interest in a controlled corporation	17,060,000 (L)	6.67%
Wu Yueshi [4]	Interest in a controlled corporation	17,060,000 (L)	6.67%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The total issued shares of the Company was 255,728,860 Shares as of the Latest Practicable Date.

(2) 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.

(3) 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.

(4) XinDaXin Group Company Limited is wholly owned by Silver Castle International Limited, which is in turn wholly owned by Mr. Wu Yueshi. By virtue of the SFO, Silver Castle International Limited and Mr. Wu Yueshi are deemed to be interested in the Shares in which XinDaXin Group Company Limited is interested.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, other than the Directors and the chief executives of the Company, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Enlarged Group.

There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group.

6. MATERIAL CONTRACTS

The Enlarged Group has entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

(1) the Supplemental Agreement;

(2) the Sale and Purchase Agreement;

(3) the subscription agreement dated 28 June 2023 between the Company and XinDaXin Group Company Limited in relation to the subscription of a maximum of 17,060,000 Shares;

(4) the subscription agreement dated 28 June 2023 between the Company and Ning Jun (寧軍) in relation to the subscription of a maximum of 12,780,000 Shares;

(5) the subscription agreement dated 28 June 2023 between the Company and Liu Beibei (劉貝貝) in relation to the subscription of a maximum of 12,780,000 Shares;

(6) the subscription agreement dated 22 May 2023 between the Company and Zhao Peng in relation to the subscription of a maximum of 124,000,000 Shares;

(7) the subscription agreement dated 22 May 2023 between the Company and Ning Jun (寧軍) in relation to the subscription of a maximum of 75,000,000 Shares;

(8) the subscription agreement dated 22 May 2023 between the Company and Liu Beibei (劉貝貝) in relation to the subscription of a maximum of 75,000,000 Shares;

(9) the share charge agreement dated 15 May 2023 entered into amongst the Company, Prime Key and SRA in relation to the charge of the entire issued shares of HKT in favour of SRA;

(10) the share charge agreement dated 15 May 2023 entered into between the Company and SRA in relation to the charge of the entire issued shares of Old Cayman in favour of SRA;

(11) the subscription agreement dated 21 September 2022 between the Company and Mr. Li Maosheng (李茂生) in relation to the subscription of a maximum of 55,555,000 Shares;

(12) the subscription agreement dated 21 September 2022 between the Company and Ms. Zheng Aihong (鄭愛紅) in relation to the subscription of a maximum of 18,665,000 Shares;

(13) the subscription agreement dated 21 September 2022 between the Company and Mr. Wu Jingdong (吳靖東) in relation to the subscription of a maximum of 31,107,500 Shares;

(14) the subscription agreement dated 21 September 2022 between the Company and Mr. Zhao Dong (趙棟) in relation to the subscription of a maximum of 9,332,500 Shares; and

(15) the subscription agreement dated 21 September 2022 between the Company and Mr. Wang Wenyuan (王文元) in relation to the subscription of a maximum of 6,220,000 Shares.

7. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Enlarged Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Enlarged Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

9. EXPERTS AND CONSENTS

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

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 Latest Practicable Date, 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 circular 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 circular for incorporation in this circular.

10. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Ms. Chau Hing Ling, who has been appointed as the company secretary of the Company with effect from 31 July 2023. She has been a fellow member of The Hong Kong Chartered Governance Institute and a fellow member of The Chartered Governance Institute in United Kingdom since May 2013.

The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The headquarters and principal place of business in the PRC is at 41/F, Block A, Building 8, Shenzhen International Innovation Valley, Xili Street, Nanshan District, Shenzhen, the PRC. The principal place of business in Hong Kong is at Units 4004-5 40th Floor, Cosco Tower 183 Queen's Road Central, Hong Kong. The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

11. DOCUMENTS ON DISPLAY

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

1. the Sale and Purchase Agreement;

2. the Supplemental Agreement;

3. the accountants' report of the Target Group, the text of which is set out in Appendix II to this circular;

4. the report on the pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

5. the valuation report prepared by the Independent Valuer, the text of which is set out in Appendix V to this circular;

6. the letter from Reporting Accountants on the calculation of discounted cash flows used in connection with the Valuation Report, the text of which is set out in Appendix VI to this circular;

7. the letter issued by the Financial Adviser on the Valuation Report, the text of which is set out in Appendix VII to this circular; and

8. the written consents as referred to in the section headed "9. Experts and consents" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Risecomm Group Holdings Limited (the "**Company**") will be held at Units 5906–12, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Friday, 29 December 2023 at 11:00 a.m. (and at any adjournment thereof) for the purpose of considering and approving, if thought fit, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 25 August 2023 and the supplemental agreement dated 12 December 2023 (the "**Supplemental Agreement**") between the Company, Ms. Zhu Deyun and Zhongyi (BVI) International Limited in relation to the acquisition of the entire issued share capital of Zhongyi (BVI) International Limited (details of the Sale and Purchase Agreement and the Supplemental Agreement are set out in the circular of the Company dated 12 December 2023), and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) any one or more director(s) of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, desirable or expedient to carry out and implement the Sale and Purchase Agreement and the Supplemental Agreement and the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the directors in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Sale and Purchase Agreement and the Supplemental Agreement."

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

Hong Kong, 12 December 2023

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

2. Any shareholder who is the holder of two or more shares of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to represent him and vote on behalf of him. A proxy need not be a shareholder of the Company.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 11:00 a.m. on Wednesday, 27 December 2023) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 28 December 2023 to Friday, 29 December 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 December 2023.

5. References to time and dates in this notice are to Hong Kong time and dates.