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RISECOMM

瑞斯康

RISECOMM GROUP HOLDINGS LIMITED

瑞斯康集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1679)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents



THE PLACING

On 15 October 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agents pursuant to which the Company conditionally agreed to place, through the Placing Agents, up to 148,102,023 Shares to not less than six independent Placers at a price of HK\$0.40 per Placing Share on a best effort basis.

Assuming the maximum number of the 148,102,023 Placing Shares are placed under the Placing, the Placing Shares represent approximately 17.65% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.00% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing save for the issue of the Placing Shares).

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of completion of the Placing.

The Placing is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

On the assumption that all the 148,102,023 Placing Shares are placed under the Placing, the maximum gross proceeds of the Placing will be approximately HK\$59.2 million. Based on the estimated expenses of approximately HK\$0.8 million for the Placing, the net proceeds to be raised from the Placing will be approximately HK\$58.4 million, which is intended to be used for the purposes as disclosed in the paragraph headed “Use of Proceeds” in this announcement below.

Completion of the Placing is subject to the satisfaction of the conditions precedent and the termination events set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

Placing Agreement

Date:

15 October 2019

Issuer:

The Company

Placing Agents:

Zinvest Global Limited

Lego Securities Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties.

The Placing Agents agree as agents of the Company, to procure Placees on a best effort basis to purchase the Placing Shares. The obligations and liabilities of each of the Placing Agents to the Placing under the Placing Agreement are several (and not joint or joint or several). The Placing Shares are expected to be placed to not less than six independent Placees, who are professional, institutional or other investors.

The Placees and (where a corporation) whose ultimate beneficial owners shall be independent of, and not connected with or acting in concert with, the Company and its connected persons.

Upon completion of the Placing, it is expected that none of the Placees will become a Substantial Shareholder immediately after completion of the Placing.

Placing Shares

A maximum of 148,102,023 Shares, which represent approximately 17.65% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.00% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and date of completion of the Placing save for the issue of the Placing Shares).

The aggregate nominal value of the Placing Shares (with a par value of HK\$0.0001 each), if placed in full by the Placing Agents under the Placing Agreement, is approximately HK\$14,810.

Ranking of Placing Shares

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of completion of the Placing.

Disposal and lock-up restriction

The Placing Shares are not subject to any lock-up or other disposal restrictions under the terms of the Placing Agreement.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.40 represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$0.45 per Share as quoted on the Stock Exchange on 15 October 2019, being the date of the Placing Agreement;
- (ii) a discount of approximately 12.7% to the average closing price of approximately HK\$0.458 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 13.1% to the average closing price of approximately HK\$0.461 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agents and was determined with reference to the prevailing market price of the Share and the current market condition.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 23 May 2019 subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM (that is, 164,536,849 new Shares, representing 20% of 822,684,245 Shares in issue as at the date of the AGM).

Up to the date of this announcement, part of the General Mandate has been utilised and 16,434,826 Shares have been issued under the General Mandate as consideration shares as settlement of the final payment of consideration for the acquisition of the entire issued share capital in North Mountain Information Technology Company Limited. Please refer to the announcements of the Company dated 15 March, 30 April and 20 July 2018 and 14 June 2019 for further details. As at the date of this announcement, the remaining number of Shares which could be issued and allotted under the General Mandate is 148,102,023 Shares. As such, the remaining General Mandate will be sufficient for the issue and allotment of the Placing Shares. As the Placing Shares will be issued under the General Mandate, the Placing is not subject to Shareholders' approval.

Placing commission

The lower of (a) 1% of the aggregate Placing Price of the Placing Shares being actually placed by the Placing Agents (or their sub-placing agents); and (b) HK\$500,000; upon completion of the Placing.

The Placing commission was determined after arm's length negotiation between the Company and the Placing Agents with reference to the market rate and after taking into account the size of the Placing and the time allowed for the Placing Agents to procure the prospective Placees under the prevailing market condition.

Conditions of the Placing

The Placing is conditional upon the satisfaction of the following conditions:

- (1) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (2) listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee in principle and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing permission not subsequently being revoked);
- (3) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Placing void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placing (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing);

- (4) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the allotment and issue of the Placing Shares and the transactions contemplated under the Placing Agreement having been obtained by the Company (including Shareholders' approval (if required)); and
- (5) the Placing Agreement not being terminated by the Placing Agents pursuant to the terms of the termination provision of the Placing Agreement as mentioned below.

If the above conditions precedent are not fulfilled on or before 31 October 2019 (or such later date as may be agreed between the Placing Agents and the Company), the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing except, save for any antecedent breaches of the Placing Agreement and that the Company shall remain liable for the payment of all costs and expenses already incurred or to be incurred in consequence of such termination. The provisions on indemnity in the Placing Agreement will remain in full force and effect.

Completion of the Placing

The completion of the Placing is expected to take place on the third Business Day (or such other time or date as the Company and the Placing Agents shall agree in writing) after the day on which the above conditions precedent of the Placing Agreement having been fulfilled.

Termination

The Placing Agents may terminate the Placing Agreement if on or at any time prior to the completion of the Placing:

- (1) if there has come to the notice of the Placing Agents:
 - (a) that any statement contained in this announcement was, when this announcement was issued, or has become, untrue, incorrect or misleading in any material respect; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission therefrom; or
 - (c) any breach of the undertakings, warranties and representations by the Company under the Placing Agreement; or
 - (d) any material breach of any of the obligations imposed upon any parties to the Placing Agreement (other than the Placing Agents); or
 - (e) any of the undertakings, warranties and representations by the Company would be untrue or inaccurate or misleading in any material respect if given at that time; or
 - (f) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or

- (2) if there develops, occurs, or comes into effect:
- (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agents would prejudice the success of the Placing; or
 - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the sole and absolute opinion of the Placing Agents, would prejudice the success of the Placing; or
 - (c) any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agents would prejudice the success of the Placing; or
 - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or the PRC and if, in the sole and absolute opinion of the Placing Agents, any such new law or change would materially and adversely affect the business or financial prospects of the Group and/or prejudice the success of the Placing; or
 - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC which would, in the sole and absolute opinion of the Placing Agents, prejudice the success of the Placing; or
 - (f) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the sole and absolute opinion of the Placing Agents would materially prejudice the success of the Placing; or
 - (g) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than two consecutive Business Days, excluding any suspension in connection with (if required) the clearance of this announcement by the Stock Exchange.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing represents an opportunity for the Company to strengthen its capital base and financial position without any interest burden, within a relatively short time frame and at lower costs when compared with other means of fund raising, as well as to broaden its shareholder base.

As disclosed in the interim report of the Company for the six months ended 30 June 2019, the Group is holding two promissory notes payable with aggregate principal amount of approximately HK\$223 million, of which HK\$100 million and approximately HK\$123 million will be due in August 2020 and December 2020, respectively. Such promissory notes were issued as part of the consideration for the acquisition of Green Harmony Limited.

On the assumption that all the 148,102,023 Placing Shares are placed under the Placing, the maximum gross proceeds of the Placing would be approximately HK\$59.2 million. Based on estimated expenses of approximately HK\$0.8 million for the Placing, the net proceeds to be raised from the Placing would be approximately HK\$58.4 million. On this basis, the net price per Placing Share is approximately HK\$0.394.

The net proceeds of the Placing are intended to be fully used for partial settlement of the outstanding principal of the promissory notes. After the application of the net proceeds from the Placing, the aggregate principal amount of the two promissory notes would be approximately HK\$165 million, of which approximately HK\$42 million and approximately HK\$123 million will be due in August 2020 and December 2020, respectively. The Directors believe that the intended application of net proceeds will enhance the short-term liquidity and financial position of the Company.

The Directors consider that the terms of the Placing (including the Placing Price) contained in the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agents, are fair and reasonable and in the overall interests of the Company and the Shareholders.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing, on the assumption that (a) the maximum number of 148,102,023 Shares will be subscribed for under the Placing; and (b) there will be no changes to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Placees do not and will not hold any Shares (other than the Placing Shares), is as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	%	Number of Shares	%
Connected persons				
Magical Success Holdings Limited (“ Magical Success ”) (Note 1)	97,527,845	11.62	97,527,845	9.88
SB Asia Investment Fund II L.P.	197,340,537	23.52	197,340,537	19.99
Seashore Fortune Limited (“ Seashore Fortune ”) (Note 2)	91,943,624	10.96	91,943,624	9.31
Spitzer Fund VI L.P.	155,575,000	18.54	155,575,000	15.76
Public				
Placees (Note 3)	—	—	148,102,023	15.00
Other public Shareholders	<u>296,732,065</u>	<u>35.36</u>	<u>296,732,065</u>	<u>30.06</u>
Sub-total:	<u>296,732,065</u>	<u>35.36</u>	<u>444,834,088</u>	<u>45.06</u>
Total:	<u>839,119,071</u>	<u>100.00</u>	<u>987,221,094</u>	<u>100.00</u>

Notes:

1. Magical Success is wholly owned by Ms. Chen Junling (“**Ms. Chen**”). Ms. Chen is the spouse of Mr. Wang Shiguang, a non-executive Director.
2. Seashore Fortune is wholly owned by Mr. Yue Jingxing (“**Mr. Yue**”). Mr. Yue is the chief executive officer of the Company and an executive Director.
3. The Placees are expected to be Independent Third Parties. None of the Placees is expected to be a Substantial Shareholder immediately after completion of the Placing.

As disclosed in the above shareholding table, immediately after completion of the Placing, a minimum of 25% of the then issued share capital of the Company will be in public hands.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding, and through its subsidiaries, operated two business segments: (i) auto meter reading (“AMR”) and other business: the Group is principally engaged in the design, development and sale of power-line communication products and provision of maintenance services applied in the deployment and upgrading of AMR systems and smart energy management business in the PRC; and (ii) smart manufacturing and industrial automation business segment: the Group is principally engaged in sales of software licences, production of safety products as well as 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.

Completion of the Placing is subject to the satisfaction of the conditions precedent and the termination events set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 23 May 2019
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks generally are open for business in Hong Kong
“Company”	Risecomm Group Holdings Limited (瑞斯康集團控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM (or, if applicable, the general mandate to allot, issue and deal with Shares as may be subsequently granted in accordance with Rule 13.36(2)(b) of the Listing Rules to the Directors by the Shareholders so long as it is valid and in force on the date of completion of the Placing and sufficient to cover the Placing Shares)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Last Trading Day”	14 October 2019, being the last trading day immediately prior to the signing of the Placing Agreement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the obligations of the Placing Agents under the Placing Agreement
“Placing”	the proposed offer by way of a private placing of the Placing Shares, on best efforts basis, procured by the Placing Agents to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agents”	Zinvest Global Limited 尊嘉證券國際有限公司, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong); and Lego Securities Limited 力高證券有限公司, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional agreement dated 15 October 2019 entered into between the Company and the Placing Agents in relation to the Placing
“Placing Price”	HK\$0.40 per Placing Share
“Placing Shares”	a maximum of 148,102,023 new Shares to be placed under the Placing Agreement
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Share(s)”	the ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Risecomm Group Holdings Limited
 瑞斯康集團控股有限公司
Cheung Fan
Chairman and Non-executive Director

Hong Kong, 15 October 2019

As at the date of this announcement, the executive Directors are Mr. Yue Jingxing, Mr. Tang Andong and Mr. Lau Wai Leung, Alfred, the non-executive Directors are Mr. Wang Shiguang, Mr. Cheung Fan and Mr. Yang Luokui and the independent non-executive Directors are Mr. Ong King Keung, Ms. Lo Wan Man and Mr. Zou Heqiang.