

EXECUTION VERSION

Dated 19 October 2021

RISECOMM GROUP HOLDINGS LIMITED

AND

MAXA CAPITAL LIMITED

AND

SORRENTO SECURITIES LIMITED

UNDERWRITING AGREEMENT
relating to a rights issue of
Risecomm Group Holdings Limited

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THIS AGREEMENT is dated 19 October 2021 and is made

BETWEEN

- (1) **RISECOMM GROUP HOLDINGS LIMITED**, a company incorporated under the laws of the Cayman Islands whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands (the “**Company**”);
- (2) **MAXA CAPITAL LIMITED**, a company incorporated under the laws of Hong Kong whose registered office is at Unit 1908, Harbour Center, 25 Harbour Road, Wanchai, Hong Kong (“**Maxa Capital**”); and
- (3) **SORRENTO SECURITIES LIMITED**, a company incorporated under the laws of Hong Kong whose registered office is at 11/F The Wellington, 198 Wellington Street, Central, Hong Kong (“**Sorrento Securities**”, together with Maxa Capital, the “**Joint Underwriters**” and each a “**Joint Underwriter**”).

BACKGROUND

- (A) The authorised share capital of the Company is 10,000,000,000 with a par value of HK\$0.0001. As at the date hereof, 1,183,939,071 Shares have been issued and are fully-paid or credited as fully-paid. The Company has 5,596,923 Vested Share Options and outstanding Convertible Bonds in the principal amount of HK\$150 million, which are convertible into 187,500,000 Conversion Shares as at the date hereof.
- (B) The Company confirms and undertakes that there is and will be no other warrants, options or other similar rights which entitle or will entitle the holders to subscribe for Shares at any time on or before the Record Date.
- (C) Pursuant to a resolution of the Board passed on the date hereof, the Company is intending to offer the Rights Shares for subscription by way of rights to the Qualifying Shareholders at the Subscription Price, payable in full on application.
- (D) The offer of the Rights Shares for subscription will be made by the issue of the Prospectus Documents to the Qualifying Shareholders.
- (E) The Company is to apply to the Stock Exchange to grant listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms.
- (F) The Joint Underwriters have agreed to underwrite the issue by the Company of the Underwritten Shares on the terms and subject to the conditions contained in this Agreement.

NOW IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

In this Agreement the following expressions have the following meanings:

“Acceptance Date” means the last business day on which payment for and acceptance of the Rights Shares can be made under the Rights Issue, which shall be 9 December 2021 (or such later date as may be agreed in writing between the Company and the Joint Underwriters);

“Accounts” means the audited consolidated financial statements of the Group for the year ended 31 December 2020 including the notes thereto;

“Announcement” means the announcement relating to the Rights Issue which is proposed to be published by the Company and the Joint Underwriters on 19 October 2021 (or such later date subject to clearance of the same by the Stock Exchange and SFC), being in the agreed form in Schedule 2 hereto;

“Annual Report” means the annual report of the Company for the year ended 31 December 2020 containing, inter alia, the Accounts;

“Auditor” means the auditor for the time being of the Company;

“Board” means the board of Directors or a duly authorised committee thereof;

“business day” means a day (other than a Saturday or Sunday) on which commercial banks in Hong Kong are generally open for business;

“CCASS” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“Companies Ordinance” means the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);

“Companies (WUMP) Ordinance” means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong);

“Conditions Precedent Documents” means those documents required to be delivered pursuant to Clause 2.4;

“controlling shareholder” has the meaning ascribed to it under the Listing Rules;

“Convertible Bonds” means the fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum issued by the Company on 13 August 2018 as constituted by the Instrument;

“Director(s)” means director(s) of the Company;

“**EAF(s)**” means the excess application form(s) for additional Rights Shares proposed to be issued to the Qualifying Shareholders, as referred to in the Announcement;

“**Existing Shares**” means Shares which are in issue on the Record Date;

“**Group**” means the Company and its subsidiaries (as “subsidiary” is defined in Schedule 1 of the Companies Ordinance) and “**Group Company**” means any of them;

“**HKS**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Interim Results**” means the unaudited consolidated profit and loss account of the Group for the six months ended 30 June 2021 including the notes thereto;

“**Instrument**” means the instrument constituting the Convertible Bonds, as amended and supplemented from time to time;

“**Latest Time for Acceptance**” means 4:00 p.m. on the Acceptance Date;

“**Latest Time for Termination**” means 4:00 p.m. on 10 December 2021 or such later time or date as may be agreed between the Company and the Joint Underwriters in writing;

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

“**Macau**” means the Macao Special Administrative Region of the PRC;

“**Maxa Underwritten Shares**” means 295,984,768 Rights Shares underwritten by Maxa Capital, on its best-effort basis, on the terms and subject to the conditions contained in this Agreement;

“**Maxa Best Effort Underwritten Shares**” means the number of Maxa Underwritten Shares that are not being accepted pursuant to Clause 4.1(a) and not being taken up pursuant to Clauses 4.1(b) and 4.2 and Maxa Capital either has subscribed for or has successfully sought subscriber(s) to subscribe for such number of Maxa Underwritten Shares on its best-effort basis;

“**Non-Qualifying Shareholders**” means Overseas Shareholders in respect of whom the Directors, based on legal opinions obtained by the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;

“**Overseas Shareholder(s)**” means Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong;

“PAL(s)” means the renounceable provisional allotment letter(s) representing the Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue as referred to in the Announcement;

“PRC” means the People’s Republic of China, which for the purpose of this Agreement excludes Hong Kong, Macau and Taiwan;

“Prospectus” means the prospectus relating to the issue of the Rights Shares to be despatched on the Prospectus Posting Date to the Qualifying Shareholders and, for information only, to the Non-Qualifying Shareholders (if permitted), under the Rights Issue, as referred to in the Announcement;

“Prospectus Documents” means the Prospectus, PAL(s) and EAF(s);

“Prospectus Posting Date” means the business day on which the Prospectus Documents will be despatched to the Qualifying Shareholders and, for information only, to the Non-Qualifying Shareholders (if permitted), which is now expected to be 25 November 2021 (or such other date to be agreed in writing between the Company and the Joint Underwriters);

“Qualifying Shareholders” means Shareholders, other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date;

“Record Date” means the record date by reference to which entitlements to the Rights Issue will be determined, which is now expected to be 24 November 2021 (or such other date to be agreed in writing between the Company and the Joint Underwriters);

“Rights Issue” means the issue by way of rights of one Rights Share for every two Existing Shares at the Subscription Price, payable in full on acceptance, as referred to in the Announcement;

“Rights Shares” means the new Share(s) to be allotted and issued under the Rights Issue, being not less than 591,969,535 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date) and not more than 688,517,997 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all the Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date), as referred to in the Announcement;

“Settlement Date” means 10 December 2021 (or such other date to be agreed in writing between the Company and the Joint Underwriters);

“SFC” means the Securities and Futures Commission of Hong Kong;

“Share(s)” means ordinary share(s) in the share capital of the Company;

“Shareholder(s)” means holder(s) of Share(s) on the register of members of the Company;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Sorrento Underwritten Shares**” means 295,984,767 Rights Shares underwritten by Sorrento Securities, on its best-effort basis, on the terms and subject to the conditions contained in this Agreement;

“**Sorrento Best Effort Underwritten Shares**” means the number of Sorrento Underwritten Shares that are not being accepted pursuant to Clause 4.1(a) and not being taken up pursuant to Clauses 4.1(b) and 4.2 and Sorrento Securities either has subscribed for or has successfully sought subscriber(s) to subscribe for such number of Sorrento Underwritten Shares on its best-effort basis;

“**Subscription Price**” means HK\$0.208 per Rights Share;

“**Takeovers Code**” means The Code on Takeovers and Mergers promulgated by the SFC;

“**Underwritten Shares**” means 591,969,535 Rights Shares, representing the total of the Maxa Underwritten Shares and the Sorrento Underwritten Shares;

“**Vested Share Options**” means outstanding and vested share options granted to subscribe for 5,596,923 Shares pursuant to the share option scheme adopted by the Company on 16 May 2017 and the pre-IPO share option scheme adopted by the Company on 25 August 2016 that are exercisable on or before the Record Date; and

“**Verification Notes**” means the verification notes prepared in connection with the Rights Issue for the purpose of substantiating (or confirming) certain information in the Prospectus (as the case may be).

1.2 Construction of References

In this Agreement:

- (a) any reference to a Clause or Schedule is a reference to a Clause of or the Schedule to this Agreement;
- (b) any reference to a person includes an individual, a body corporate, a partnership, any other unincorporated body or association of persons and any state or state agency;
- (c) a reference to a document “**in the agreed form**” means a document in a form of the draft or proof of the document in such form as may following the date of this Agreement be agreed between the Company and the Joint Underwriters; and
- (d) references to date and time are to Hong Kong date and time.

1.3 Interpretation

In this Agreement words importing the plural include the singular and vice versa and

words importing a gender include every gender.

1.4 Headings and Contents

The headings and the table of contents in this Agreement do not affect its interpretation.

1.5 Schedules

This Agreement includes the Schedules.

2. CONDITIONS PRECEDENT AND DELIVERY OF DOCUMENTS

2.1 The obligations of the Joint Underwriters under this Agreement are conditional upon the following conditions:

- (a) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and the registration of one duly signed copy of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (WUMP) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Prospectus Posting Date;
- (b) each of the Joint Underwriters receiving:
 - (i) a certified copy of the resolution(s) of the Board (certified by a Director, a certified public accountant or a solicitor of Hong Kong) approving and authorising the issue of the Announcement and the execution of this Agreement, as soon as practicable after the execution of this Agreement (but in any event not later than 12:00 noon on the business day following the execution of this Agreement); and
 - (ii) the Conditions Precedent Documents, on or before 7:00 p.m. on the day on which the Prospectus Documents are filed with the Registrar of Companies in Hong Kong;
- (c) the posting on the Prospectus Posting Date of copies of the Prospectus Documents to Qualifying Shareholders;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant, in writing, listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) at or prior to 9:30 a.m. on the Settlement Date or the first trading day of the Rights Shares in nil-paid form if earlier, and such grant or agreement to grant not being withdrawn or revoked prior to the Settlement Date; and
- (e) this Agreement not having terminated in accordance with its terms.

2.2 The conditions set out in (a), (c) and (d) above are incapable of being waived by the Company or the Joint Underwriters. If any of the conditions set out in Clause 2.1 have not been fulfilled, or waived (with respect to Clauses 2.1(b) and (e), generally or any

part thereof), by the Joint Underwriters in all respects by or at the time and/or date specified therefor (or if no time or date is specified the Latest Time for Termination (or in each case such later time(s) as the Company and the Joint Underwriters may agree in writing) the obligations of the Joint Underwriters and (save as hereinafter referred to) the Company under this Agreement shall ipso facto terminate and cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with this Agreement save in respect of any antecedent breach of any obligation under this Agreement.

2.3 The Company shall use its reasonable endeavours to procure the fulfilment of the conditions set out in Clause 2.1 by or at the time and/or date specified therefor the due time and/or date referred to in each case (or if no time or date is specified the Latest Time for Termination) (or in each case such later time(s) (if any) as the Company and the Joint Underwriters may agree in writing provided such date is not later than 30 days after the Prospectus Posting Date).

2.4 The Company undertakes with the Joint Underwriters that it will by no later than 7:00 p.m. on the day on which the Prospectus Documents are filed with the Registrar of Companies in Hong Kong deliver to each Joint Underwriter the following documents (the “**Conditions Precedent Documents**”):

- (a) one copy of the final form of each of the Prospectus Documents duly signed by or on behalf of two (2) Directors;
- (b) one copy of the certificate of due registration of the Prospectus Documents (with the relevant attachments thereto) issued by the Registrar of Companies in Hong Kong;
- (c) copies of executed responsibility letters, powers of attorney and statements of interests addressed to the Company, from each of the Directors confirming his responsibility for the contents of the Prospectus;
- (d) one copy of the Verification Notes duly signed by each person to whom responsibility is therein assigned;
- (e) a certified copy of the resolution(s) of the Board (certified by a Director, a certified public accountant or a solicitor of Hong Kong):-
 - (i) approving and authorising execution, delivery and performance of or confirming this Agreement together with all other agreements and documents necessary for the Rights Issue;
 - (ii) approving the Rights Issue;
 - (iii) approving and authorising the issue of the Prospectus Documents; and
 - (iv) approving and authorising the issue and the registration with the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (f) one signed original of the letter from the Board addressed to the Joint

Underwriters and dated the Prospectus Posting Date, confirming (i) the indebtedness statement contained in the Prospectus, (ii) the statement contained in the Prospectus as to the sufficiency of working capital and (iii) other financial information (including any pro forma information) to be set out in the Prospectus (as applicable), such letter to be in the agreed form;

- (g) one signed original of each of the comfort letters from the Auditor or the financial adviser of the Company addressed to the Company and dated the Prospectus Posting Date, confirming (i) the indebtedness statement contained in the Prospectus, (ii) the statement contained in the Prospectus as to the sufficiency of working capital and (iii) other financial information to be set out in the Prospectus (as applicable), such letter to be in the agreed form; and
- (h) one signed original of the report from the Auditor addressed to the Company and dated the Prospectus Posting Date, reporting on the pro forma financial information to be set out in the Prospectus, such report to be in the agreed form and in compliance with the requirements of the Listing Rules and Takeovers Code (where applicable) regarding disclosure of pro forma financial information.

3. PROVISIONAL ALLOTMENT AND OFFER OF THE RIGHTS SHARES

3.1 Subject to fulfilment (or waiver as the case may be) of the conditions stated in Clause 2.1:

- (a) the Company shall, not later than the Prospectus Posting Date, pursuant to a resolution of the Board, provisionally allot (subject to the terms and conditions contained in the Prospectus Documents) the Rights Shares to the Shareholders in the proportion of one Rights Share for every two Existing Shares provided that no Rights Shares shall be provisionally allotted to the Non-Qualifying Shareholders (the Rights Shares which, but for this proviso, would be provisionally allotted to them being dealt with as provided in Clauses 3.1(d) and (e)) and fractional entitlements shall be disregarded and aggregated together and dealt with as provided in Clause 3.1(f);
- (b) the Company shall offer the Rights Shares to the Qualifying Shareholders at the Subscription Price by posting the Prospectus Documents to the Qualifying Shareholders not later than the Prospectus Posting Date, on the basis that payment for the Rights Shares shall be made in full on acceptance no later than the Latest Time for Acceptance;
- (c) the Company shall on the Prospectus Posting Date post copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only;
- (d) the Company shall provisionally allot the Rights Shares which would have been provisionally allotted to the Non-Qualifying Shareholders (if any) but for the proviso to Clause 3.1(a) to a nominee as the Company may at its sole discretion nominate to deal with such Rights Shares on the basis set out in the Announcement;

- (e) the aggregate net proceeds of sale of the Rights Shares sold pursuant to Clause 3.1(d) shall be distributed by the Company to the Non-Qualifying Shareholders (if any) pro rata to their shareholdings on the Record Date provided that if any of such persons would thereby be entitled to a sum not exceeding HK\$100, such sum shall be retained by the Company for its own benefit;
 - (f) Rights Shares representing fractional entitlements together with any Rights Shares provisionally allotted but not accepted and any Rights Shares representing entitlements of the Non-Qualifying Shareholders (if any), the rights to which cannot be sold as mentioned in Clause 3.1(d) above, shall be allocated to the Qualifying Shareholders on the basis of the EAFs as referred to in Clause 4.2; and
 - (g) the Company shall use its reasonable endeavours to ensure that all applications pursuant to the EAFs are properly processed and dealt with in accordance with the terms of the Prospectus and the EAFs. If the number of Rights Shares applied for pursuant to the EAFs exceeds the number of Rights Shares which have not been taken up by the Shareholders or persons to whom they have renounced their rights under the PALs, the Directors will allocate the excess Rights Shares on a fair and equitable basis in proportion to the number of excess Rights Shares being applied for under each application, but no preference will be given to topping-up odd lots to whole board lots.
- 3.2 The Rights Shares will, when issued and fully-paid, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.
- 3.3 The allotment and issue of the Rights Shares will be made on and subject to the articles of association of the Company and the terms and conditions, and on the basis of the information set out in, the Prospectus Documents.

4. OBLIGATIONS OF THE JOINT UNDERWRITERS

- 4.1 The Joint Underwriters' obligations under this Clause 4 shall terminate if by the Latest Time for Acceptance either:
- (a) PALs in respect of all the Underwritten Shares have been lodged for acceptance (whether by the persons to whom the Underwritten Shares were provisionally allotted or by renounees of the right to accept allotment) in accordance with the terms of the Prospectus Documents, together with cheques, banker's cashier orders or other accepted mode of payment for the full amount payable in respect thereof which have been or are subsequently accepted by the drawee on first presentation (together hereinafter referred to as "**valid payments**") (the Underwritten Shares comprised in the PALs which are so lodged together with valid payments for the full amount in respect thereof (provided as aforesaid) are hereinafter referred to as having been "**accepted**"); or
 - (b) the number of Underwritten Shares applied for under EAFs which shall have been lodged for acceptance in accordance with the terms of the Prospectus

Documents (all of which EAFs the Company hereby undertakes with the Joint Underwriters to accept as provided for by Clause 4.2 before calling on the Joint Underwriters to perform the obligations imposed on the Joint Underwriters as Joint Underwriters by this Clause 4), together with valid payments for the full payment in respect thereof, is equal to or greater than the aggregate of the number of Underwritten Shares which shall not have been accepted.

- 4.2 If the EAFs shall have been lodged for acceptance in accordance with the terms of the Prospectus Documents, together with valid payments for the full payment, then the Company shall accept such applications provided that the Company shall only be obliged to accept applications for the aggregate number of Underwritten Shares which have not been accepted and, if that aggregate number is less than the number of Rights Shares applied for under the relevant EAFs, the Company shall be entitled to determine (in accordance with the requirements of the Stock Exchange) which applications are accepted and which are rejected after consulting with the Joint Underwriters. The Underwritten Shares which have either been accepted or which are the subject of accepted applications under the EAFs are hereinafter referred to as having been **“taken up”**.
- 4.3 The Company will keep the Joint Underwriters regularly informed on a daily basis of the number of Rights Shares accepted on any day, by 12:00 noon on the following day, during the period up to the Latest Time for Acceptance subject to the relevant cheques, banker’s cashier orders or other accepted mode of payment not being refused on presentation. If, however, by the Latest Time for Acceptance any of the Underwritten Shares have not been accepted, the provisional allotment shall be deemed to have been declined and will lapse. The Company will as soon as possible thereafter and in any event not later than 7:00 p.m. on the first business day after the Latest Time for Acceptance (or such later time as agreed between the Company and the Joint Underwriters) notify the Joint Underwriters of the total number of the Underwritten Shares not taken up and Maxa Capital and Sorrento Securities shall as Joint Underwriters subscribe or (as agent for the Company) procure the subscription for such number of the Maxa Underwritten Shares and the Sorrento Underwritten Shares, respectively, on the terms of the Prospectus Documents (except as regards the time for and method of acceptance and payment) on a best-effort basis only. For the avoidance of doubts, the Company agrees and acknowledges that each of the Joint Underwriters does not guarantee the subscription in full of its respective portion of the Underwritten Shares despite its best-effort in underwriting such portion of the Underwritten Shares.
- 4.4 Subject to receipt of information, and the verification, by the Joint Underwriters regarding the total number of the Underwritten Shares not taken up as referred to in Clause 4.3, each of Maxa Capital and Sorrento Securities shall, not later than 4:00 p.m. on the Settlement Date, pay or procure payment to the Company (by crediting such Company’s bank accounts as the Company may notify the Joint Underwriters in writing or such other means of payment as may be agreed with the Company) of the total Subscription Price for the Maxa Best Effort Underwritten Shares and the Sorrento Best Effort Underwritten Shares, respectively, after such deductions as may be permitted in Clause 8.1 provided that if this Agreement fails to become unconditional pursuant to Clause 2 or is terminated pursuant to Clause 10 subsequent to the payment as aforesaid, the Company shall refund such amount to the Joint Underwriters as soon as practicable. Following payment as aforesaid all obligations and liabilities of the Joint Underwriters

under this Agreement (other than antecedent breaches) as Joint Underwriters will cease.

4.5 The Company shall:

- (a) arrange for delivery to each Joint Underwriter (or its nominee(s)) of share certificate(s) for such fully-paid Underwritten Shares (in such names and in such denominations as the relevant Joint Underwriter may reasonably require) after payment is made under Clause 4.4 no later than the time when share certificates are despatched generally to persons who have taken up Rights Shares; or
- (b) in respect of any such Underwritten Shares which a Joint Underwriter requests the Company to deposit into CCASS (the “**CCASS Underwritten Shares**”), the Company shall credit to such Joint Underwriter’s account with CCASS or such other account with CCASS as such Joint Underwriter may direct no later than the time when share certificates are despatched generally to persons who have taken up Rights Shares and the Company shall provide sufficient evidence or confirmation of the same to such Joint Underwriter, within two business days upon written request by such Joint Underwriter after the receipt by the Company of payment of the total Subscription Price as referred to above from the Joint Underwriter. If any of the CCASS Underwritten Shares is not accepted into CCASS (“**non-CCASS Underwritten Shares**”) on the Settlement Date, certificates shall be issued in respect of the non-CCASS Underwritten Shares on the basis of paragraph (a) above,

and, in the absence of directions from any of the Joint Underwriters, the Company shall perform paragraph (a) above in respect of such Underwritten Shares.

5. ALLOTMENT AND ISSUE

The Company shall, as soon as practicable after the Settlement Date, duly allot and issue (or confirm the allotment and issue of) the Rights Shares validly accepted or validly applied for (including any such shares as the Joint Underwriters shall procure to be subscribed for or which it may itself subscribe pursuant to Clause 4.4) and will issue certificates for the Rights Shares to the respective subscribers or their nominees (as the case may be) in accordance with the terms of the Prospectus Documents.

6. APPLICATION OF NET PROCEEDS

The Company shall utilise the net proceeds of the issue of the Rights Shares in the manner set out in the Prospectus Documents (with such modifications as may be agreed between the Company and the Joint Underwriters).

7. ANNOUNCEMENTS

- 7.1 In relation to the issue of the Rights Shares and/or the grant of listing of and permission to deal in the same, the Company shall pay all such fees, supply all such information, give all such undertakings, execute all such documents and do all such things or actions as may reasonably and properly be required by the Stock Exchange or the SFC.
- 7.2 The Company and each Joint Underwriter undertake with each other to provide all such

information known to it and relating to the Group for the purpose of complying with any requirements of law or of the Stock Exchange and the SFC.

- 7.3 The Company undertakes to the Joint Underwriters that no announcements, documents or statements in relation to, or potentially having a material impact on, the Rights Issue or this Agreement will be issued, published or made without prior written consultation with the Joint Underwriters unless the Company is requested or required by any regulatory body or required by laws, rules, regulations, judgement or court order to do so.

8. EXPENSES

- 8.1 In consideration of the Joint Underwriters' services hereunder as Joint Underwriters of the Underwritten Shares to the Company in relation to the Rights Issue, and subject to the due performance by the Joint Underwriters of their respective obligations hereunder (but whether or not the Joint Underwriters is called upon to subscribe or procure subscribers for any of the Underwritten Shares), the Company shall pay to the Joint Underwriters a total underwriting commission of which shall be the higher of (i) HK\$600,000 and (ii) a rate of 1.0% of the Subscription Price of the total of the Maxa Best Effort Underwritten Shares and the Sorrento Best Effort Underwritten Shares, together with all reasonable costs, fees and out-of-pocket expenses (including legal costs) properly incurred by each of them in connection with its underwriting of the Underwritten Shares but excluding sub-underwriting fees and expenses relating to the sub-underwriting (if any). The Joint Underwriters may deduct the full amount of the underwriting commission and such reasonable costs, fees and out-of-pocket expenses properly incurred by it, from the amount of any subscription moneys payable by it pursuant to Clause 4 or, in the event of the Joint Underwriters not being called upon to subscribe or procure subscribers pursuant to Clause 4 and/or the amount of such subscription moneys payable by it being less than the full amount due to it, such costs, fees and expenses, or the balance thereof, shall be due and payable on the business day next following the Settlement Date or on such other date as may be agreed between the Company and the Joint Underwriters. The aforementioned total underwriting commission shall be paid to each Joint Underwriter in proportion to their respective Rights Shares underwritten pursuant to this Agreement (i.e. the number of Maxa Underwritten Shares and the number of Sorrento Underwritten Shares, being the ratio of 295,984,768 : 295,984,767).

- 8.2 The Company will pay all other costs, charges and expenses howsoever of or incidental to the issue of the Rights Shares and the arrangements hereby contemplated (including, but not limited to, printing and translation charges, capital duty, the fees and disbursements of the Company's auditor, its solicitors, financial advisers and registrars and the fees payable to the Stock Exchange and SFC).

9. REPRESENTATIONS AND WARRANTIES

- 9.1 The Company hereby represents and warrants to and undertakes with the Joint Underwriters in the terms of the Schedule 1 subject to the matters disclosed or referred to in this Agreement, the Annual Report, the Accounts and the Announcement.
- 9.2 In addition, the representations, warranties and undertakings referred to in Clause 9.1

shall be deemed to be repeated on, and as at, the Prospectus Posting Date with respect to the Prospectus Documents (as applicable) and the representations, warranties and undertakings shall be deemed to be repeated at the Latest Time for Acceptance by reference to the facts and circumstances then subsisting. The Company accepts that each of the Joint Underwriters is entering into this Agreement as Joint Underwriters in reliance on such representations and warranties. The Company shall not do or omit to do (and shall procure that no subsidiary of the Company shall do or omit to do) any act or thing whereby any of the representations or warranties in the Schedule 1 would be untrue or misleading in any material respect on the Prospectus Posting Date or on the Acceptance Date.

- 9.3 The Company undertakes to notify the Joint Underwriters of any matter or event coming to its attention prior to the Latest Time for Termination which shows any representation, warranty or undertaking referred to in Clause 9.1 to be or to have been untrue, inaccurate or misleading or to have been breached in any material respect.

10. TERMINATION

- 10.1 If any time prior to the Latest Time for Termination:

- (a) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under this Agreement have not been complied with in any material respect; or
- (b) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that (i) any of the representations, warranties or undertakings given by the Company under this Agreement was or is untrue, incorrect, incomplete or misleading in any material respect, or (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date hereof or before the dates or before any time on which the representations, warranties and undertakings are deemed to be given would render any of those representations warranties or undertakings untrue, incorrect, incomplete or misleading in any material respect; or
- (c) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Joint Underwriters is material in the context of the issue of the Rights Shares; or
- (d) there develops, occurs, exists or comes into effect any events, including:
 - (i) the introduction of any new law or regulation or any change in existing

laws or regulations (or any change in the judicial interpretation thereof) in Hong Kong; or

- (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company ; or
- (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or
- (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or
- (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange or the SFC for the publication of the Announcement, the Prospectus or the Prospectus Documents or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Joint Underwriters (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms,

then in any such case the Joint Underwriters may, jointly, by notice in writing to the Company terminate this Agreement.

- 10.2 Upon termination of this Agreement pursuant to Clause 10.1 or otherwise, all liabilities of the parties hereunder will cease and terminate and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with this Agreement save in respect of any antecedent breach of any obligation under this Agreement and the Company shall reimburse on demand to the Joint Underwriters all its reasonable costs, fees and out-of-pocket expenses other than the underwriting commission as referred to in Clause 8.
- 10.3 The provisions of this Clause 10 shall continue in full force and effect notwithstanding this Agreement becoming unconditional.

11. UNDERTAKINGS

The Company hereby undertakes and agrees with the Joint Underwriters:

- (a) duly to do all the things to be done by it pursuant to the Prospectus Documents or otherwise necessary to give effect to the Rights Issue and arrangements contemplated by this Agreement, including (without limitation) the preparation,

execution and delivery of all documents specified or contemplated herein;

- (b) to comply in all respects with the terms and conditions of the Rights Issue contained in the Announcement and the Prospectus Documents, including, without limitation to the generality of the foregoing, ensure that the proceeds of the Rights Issue are used in the manner described in the aforementioned documents;
- (c) as soon as reasonably practicable after the Acceptance Date, to allot the Rights Shares (by resolution of the board of Directors or a duly constituted committee thereof) to, and register the Rights Shares in the names of, the original allottees thereof who have duly taken up their rights and other persons who have duly applied for registration thereof, and duly to send share certificates in the appropriate board lots to such persons in accordance with the terms of the Prospectus Documents;
- (d) to keep all subscription monies (relating to both the PALs and EAFs) pursuant to the Rights Issue in one or more segregated accounts as agreed between the Company and the Joint Underwriters, until the Settlement Date;
- (e) to use all reasonable endeavours to procure that its Hong Kong share registrar will do all such acts and things as may be required to be done in connection with the Rights Issue and transactions associated with it and will promptly supply all information reasonably requested, and will promptly answer all questions reasonably asked, by the Joint Underwriters; and
- (f) that it shall ensure that all applications pursuant to the EAFs are properly processed and dealt with in accordance with the terms of the Prospectus Documents and the EAFs and that the allocation of such Rights Shares (if any) as are available to satisfy the EAFs shall be made in such fair and equitable manner which accords with all statements in respect thereof in the Prospectus Documents and in compliance with the requirements under the Listing Rules (where applicable).

12. AMENDMENTS

No amendment to this Agreement will be effective unless in writing and executed by all the parties hereto.

13. NO WAIVER

The rights and remedies of a party to this Agreement are without prejudice to any other rights and remedies available to such party. Accordingly, no neglect, delay or indulgence on the part of a party to this Agreement in enforcing any term or condition of this Agreement will be construed as a waiver and no single or partial exercise of any rights or remedy under this Agreement will preclude or restrict the further exercise or enforcement of any such right or remedy.

14. SUCCESSORS AND ASSIGNS

- 14.1 This Agreement will be binding on and will enure for the benefit of each party's respective personal representatives, successors and assigns.
- 14.2 No party hereto may assign or transfer any of its rights or obligations under this Agreement save and except that the Joint Underwriters (or any of them) may assign the benefit of the representations and warranties and the undertakings contained herein to any person whether in whole or in part.

15. NOTICES

- 15.1 All notices required to be given under this Agreement shall be in writing and shall be communicated to the following addresses:

To the Company:

Address : 4/F., Yue Thai Commercial Building, 128 Connaught Road Central,
Sheung Wan, Hong Kong
Fax : (852) 3622 1090
Attn : Mr. Yue Jingxing / Mr. Lau Wai Leung, Alfred

To Maxa Capital:

Address : Unit 1908, Harbour Center, 25 Harbour Road, Wanchai, Hong Kong
Fax : (852) 3151 7289
Attn : Mr. Sammy Leung / Mr. Dominic Cheung

To Sorrento Securities:

Address : 11/F The Wellington, 198 Wellington Street, Central, Hong Kong
Fax : (852) 3959 9819
Attn : Francis Cheung

- 15.2 Any such notice shall be served either by hand or by sending it through the post or by fax.
- 15.3 Any notice shall be deemed to have been served as follows:
- (a) if served by hand, upon delivery;
 - (b) if sent by post, three days after the date of posting; and
 - (c) if sent by fax, upon receipt of confirmation of transmission being received by the sender.
- 15.4 A party may notify the other parties to this Agreement of a change to its relevant address, facsimile number or contact person provided that such notification shall only be effective on:
- (a) the date specified in the notification as the date on which the change is to take place; or

- (b) if no date is specified, or the date specified is less than 7 days after the date on which notice is given, the date falling 7 days after notice of any such change has been given.

16. TIME

Time shall be of the essence of this Agreement, both as to times, dates and periods mentioned herein and as to any times, dates or periods which may by agreement in writing be substituted therefor.

17. FURTHER ASSURANCE

The Company shall from time to time, on being required to do so by the Joint Underwriters now or at any time in the future, do or procure the doing of all such acts and/or execute or procure the execution of such documents, in each case to such extent as is reasonably within its power, in a form reasonably satisfactory to the Joint Underwriters which it may reasonably consider necessary for giving full effect to this Agreement and securing to any other party the full benefit of the rights, powers and remedies conferred upon such other party in this Agreement.

18. GOVERNING LAW AND JURISDICTION

- 18.1 This Agreement will be governed by and construed in accordance with the laws of Hong Kong.
- 18.2 The parties submit to the non-exclusive jurisdiction of the Hong Kong courts and each party waives any objection to proceedings in Hong Kong on the grounds of venue or inconvenient forum.
- 18.3 The service of any process connected with proceedings in the Hong Kong courts and relating to this Agreement will be deemed to have been validly served on a party if delivered to its address for the delivery of notice pursuant to Clause 15.1.

19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

20. NO THIRD PARTY RIGHTS

The parties do not intend any term of this Agreement to be enforceable pursuant to the Contracts (Rights of Third Parties) Ordinance (Cap 623).

21. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Company and the Joint Underwriters and supersedes and extinguishes any prior drafts, agreements, undertakings, understanding, representations, warranties and arrangements of any

nature whatsoever, whether or not in writing, relating to such matters as have been regulated by the provisions of this Agreement.

SCHEDULE 1

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Company hereby represents and warrants to and undertakes with each of the Joint Underwriters that:

1. the Company has power under its articles of association and pursuant to resolutions of the Directors to allot, offer and issue the Rights Shares in accordance with the Prospectus Documents, to pay the expenses herein provided (or otherwise in connection with the Rights Issue) and to enter into and perform its obligations under this Agreement without any approval or consent by members of the Company or any class of them or any other person, and all other necessary authorisations, approvals, consents and licences have been unconditionally obtained and are in full force and effect (subject to the satisfaction of the conditions precedent set out in Clause 2.1 of this Agreement);
2. the entry into of this Agreement has been duly approved by the Board and this Agreement is a legal, valid and binding agreement of the Company, enforceable in accordance with its terms;
3. the creation, allotment and issue of the Rights Shares in accordance with the Prospectus Documents, the provisions of this Agreement, the publication and despatch of the Prospectus Documents and/or the Announcement and the transaction as contemplated hereunder will comply with the Companies Ordinance, the Companies (WUMP) Ordinance and the requirements of the Stock Exchange and SFC and all other relevant statutory provisions and other regulations in Hong Kong and elsewhere and will not involve any breach of or default under any agreement or arrangement, trust deed or instrument to which any member of the Group is a party or by which any of them or any of their property is bound and will not have any material effect on any such agreement or arrangement and will not exceed or infringe any borrowing or other limits powers or restrictions or the terms of any contract obligation or commitment of any member of the Group and/or their respective directors;
4. the Company will not allot or issue any Shares or grant any warrants, options or other similar rights which entitle or will entitle the holders to subscribe for Shares, between the date hereof and the Record Date;
5. the Rights Shares, when fully-paid, shall be allotted and issued free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares;

6. each member of the Group is duly incorporated and validly existing under the laws of its place of incorporation with power to own its assets and to conduct its business in the manner presently conducted;
7. the information and statements of facts set out in this Agreement (including the recitals) are true, correct and complete in all respects;
8.
 - (a) the Announcement complies with all statutory and regulatory provisions (including the Companies Ordinance and the Companies (WUMP) Ordinance if applicable) and other regulations so far as applicable and the requirements of the Stock Exchange or the SFC and the information set out in the Announcement is true, correct and complete in all material respects; and there are no facts known or which on reasonable enquiry could have been known to the Company or to the Directors or any of them which are not disclosed in the Announcement and the omission of which could make any statement therein misleading or which in the circumstances of the Rights Issue are material for disclosure therein or material for disclosure to a bona fide Joint Underwriter or which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Group or of the rights attaching to the Rights Shares in the context of a rights issue; and
 - (b) the Prospectus Documents, when issued, will comply with all statutory and regulatory provisions (including the Companies Ordinance and the Companies (WUMP) Ordinance if applicable) and other regulations so far as applicable and the requirements of the Stock Exchange or the SFC and the information to be set out in the Prospectus Documents will be true, correct and complete in all material respects; and there will be no facts as will then be known or which on reasonable enquiry would then have been known to the Company or to the Directors or any of them which will not be disclosed in the Prospectus Documents and the omission of which could make any statement therein misleading or which in the circumstances of the Rights Issue are material for disclosure therein or material for disclosure to a bona fide Joint Underwriter or which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Group or of the rights attaching to the Rights Shares in the context of a rights issue.
9. all information necessary for the purpose of, or the preparation of, the Announcement and the Prospectus Documents or the replies to the Verification Notes, or which ought to have been or to be disclosed or made available by the Company or the Directors was or will be so disclosed or made available to the Joint Underwriters or its legal advisers, prior to despatch of those documents, on a full and fair basis and so far as the replies to the Verification Notes are to be stated to be the responsibility of the Company and/or the Directors, the same will be true, complete and accurate in all material respects and are not misleading, and will contain all material information with regard to the subject matter thereof;

10. all information and statements of fact supplied and to be supplied by the Company or any of the Directors or the Company's legal advisers or its Auditor or the financial advisers for the purposes of the issue of the Rights Shares and/or the preparation of the Prospectus Documents is now and will be, when supplied, true, correct and accurate in all material respects and not misleading in any material respect;
11. all statements, forecasts and expressions of opinion, expectation and intention (including without limitation as to profits, prospects, dividends, working capital, the Group's plans, intentions, beliefs, expectations and predictions for the future) ("**Opinions and Forward-Looking Statements**") supplied or to be supplied by the Company have been and would be made after due and proper consideration, are and will be fair and honest and represent reasonable expectations based on facts known or which ought on reasonable enquiry to have been known to the Company or to the Directors, and any Opinions and Forward-Looking Statements contained in the Announcement and/or the Prospectus Documents have been made and will at the respective dates of issue thereof be made after due and proper consideration, are and will at the respective dates of issue thereof be fair and honest and represent reasonable opinions, expectations and intentions based on facts known or which on reasonable enquiry ought to have been known to the Company or to the Directors or any of them;
12. the Accounts were prepared in accordance with the applicable law on a recognised basis consistently applied and (save as described therein) in accordance with generally accepted accounting principles, standards and practices in Hong Kong consistently applied and show a true and fair view of the state of affairs of the Group at 31 December 2020 and of the profit and changes in financial position of the Group for the year ended on that date and the Accounts make appropriate provision for all established liabilities, make appropriate provision for (or contain a note in accordance with good accounting practice respecting) all deferred or contingent liabilities and whether liquidated at the date thereof. All statements of fact contained in the Annual Report were on the date of issue thereof, not misleading and all statements, forecasts and expressions of opinion, intention and expectation contained in the Annual Report concerning the Group were at that date made on reasonable grounds and honestly held and fairly based;
13. save as disclosed in the Annual Report and will be disclosed in the Prospectus Documents, each member of the Group has since the date of its last audited accounts carried on business in the ordinary and usual course and in the same manner as before such date and since such date there has been no material adverse change in the financial or trading position or prospects of any member of the Group or of the Company and its subsidiaries taken as a whole, and no member of the Group will take any steps which would or may give rise to any such material adverse change during the period prior to the Acceptance Date without the prior approval of the Joint Underwriters;
14. no indebtedness of any member of the Group has been demanded or become payable before its due date for payment which has not been satisfied in full and no circumstance has arisen or, so far as the Company or the Directors (having made all reasonable enquiries) are aware, is likely to arise such that any person is or is likely to become entitled to require payment of any indebtedness of any member of the Group before its due date and that none of the bankers of or other lenders to any member of the Group has given or is likely to give any notice requiring, or indicating that it may require, the repayment of amounts advanced on overdraft;

15. save as disclosed in the Annual Report and will be disclosed in the Prospectus Documents, no litigation, arbitration, prosecution or other legal or regulatory proceedings of material importance against any member of the Group nor any person for whom any member of the Group is or may be vicariously liable is in progress or is threatened or pending and there are no circumstances known to the Directors or any of them which are likely to give rise to any of the foregoing;
16. no Group Company has taken any action, nor to the knowledge of the Directors have any other steps been taken, or any legal proceedings been started or threatened, against any Group Company, for its winding up or dissolution, or for it to enter into any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, trustee, administrator or similar officer of any of them, or any of their respective properties, revenues or assets, and each Group Company can pay its debts as and when they fall due for payment;
17. save as announced by the Company by way of public announcements pursuant to the Listing Rules and as will be disclosed in the Prospectus Documents, since 1 January 2021, (i) no member of the Group is a party or subject to any contract or commitment of a nature which is materially onerous or unusual or which has been entered into other than in the ordinary course of business; and (ii) there has been no amendment, variation or termination of any contract to which any member of the Group is party which has had a material adverse effect on the business or financial position or prospects of the Group taken as a whole;
18. the proceeds of the Rights Issue will be used in the manner set out in the Announcement and the Prospectus;
19. with respect to the rights and interests in property and other assets (including but not limited to land and buildings) owned by the Group which is otherwise material to the principal business of the Group, the relevant Group Company has good and marketable title, or has the right under the applicable law to good and marketable title, to such property and in relation to such land, properties, buildings and land use rights in the PRC (collectively the “**PRC Land**”), the Group possesses granted land use rights or lease rights or all other rights to legally occupy and use any of the PRC Land;
20. each Group Company has carried on and is carrying on its business and operations in accordance with applicable statutory and regulatory requirements in all material respects; and
21. the Interim Results were prepared with all due care and attention and have been properly compiled in accordance with all applicable accounting principles generally accepted in Hong Kong and consistently applied and are on a basis consistent with the accounting policies and principles applied in the preparation of the Accounts, except, in each case, insofar as appropriate in respect of the preparation of interim results.

SCHEDULE 2

AGREED FORM OF THE ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Neither this announcement nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this announcement should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. This announcement is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This announcement does not constitute and is not an offer to sell or the solicitation of an offer to acquire, purchase, subscribe or dispose of securities in the United States. Securities may not be offered or sold in the United States absent registration or an applicable exemption from registration under the U.S. Securities Act of 1933, as amended (the "US Securities Act"). The securities referred to herein have not been registered under the US Securities Act and the Company has no intention to register under the US Securities Act any portion of the Rights Issue referred to herein.



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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE
AND
CLOSURE OF REGISTER OF MEMBERS**

Financial Adviser to the Company



邁時資本

MAXA CAPITAL

Maxa Capital Limited

Joint Underwriters to the Rights Issue



邁時資本

MAXA CAPITAL

Maxa Capital Limited



SORRENTO

SECURITIES LIMITED

樂天證券有限公司

Sorrento Securities Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds (before deducting professional fees and other related expenses) of up to (i) approximately HK\$123.1 million by way of the Rights Issue of 591,969,535 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) or (ii) approximately HK\$143.2 million by way of the Rights Issue of 688,517,997 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds), to the Qualifying Shareholders at a subscription price of HK\$0.208 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue will be underwritten on a best effort basis by the Joint Underwriters on the terms and conditions set out in the Underwriting Agreement. The Rights Issue will not be extended to the Non-Qualifying Shareholders (if any).

Assuming no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Share, a total of 591,969,535 Rights Shares will, upon the completion of the Rights Issue, be allotted and issued, representing:

- (i) approximately 50.0% of the existing Shares in issue of the Company as at the date of this announcement; and
- (ii) approximately 33.3% of the Shares in issue of the Company as enlarged by the allotment and issue of the Rights Shares.

The maximum net proceeds from the Rights Issue after deducting professional fees and other related expenses are estimated to be (i) approximately HK\$121.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$141.2 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds).

Depending on the level of subscription of the Rights Issue, the Company intends to use the net proceeds in the following order of priority:

- (1) for the full settlement of the outstanding principal and accrued interests of the Promissory Notes; and
- (2) for the settlement of other outstanding indebtedness and trade and other payables of the Group.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a best-effort-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

UNDERWRITING ARRANGEMENT

The Board is pleased to announce that on 19 October 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Joint Underwriters. Pursuant to the Underwriting Agreement, each of the Joint Underwriters has agreed to procure, on a best effort basis, the subscription (including subscription by itself) for any unsubscribed Rights Shares subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions contained therein.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

QUALIFYING SHAREHOLDERS

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Wednesday, 17 November 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 November 2021 to Wednesday, 24 November 2021 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

Save for the completion of the Second Amendment to the Convertible Bonds, the Company has not completed any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealings in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it granted any bonus securities, warrants or other convertible securities within such 12-month period as part of such rights issue, open offer or specific mandate placing. Accordingly, based on the terms of the Rights Issue and assuming that the maximum number of Rights Shares is issued, the Rights Issue, on its own or when aggregated with the Second Amendment to the Convertible Bonds, will not result in theoretical dilution effects of 25% or more and thus complies with the requirement under Rule 7.27B of the Listing Rules. As the Rights Issue will not increase the Shares in issue or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to approval of the independent Shareholders under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

GENERAL

The Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.risecomm.com.cn) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options and the Convertible Bonds for their information only but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their respective obligations on the occurrence of certain events. Please refer to the section headed "The Underwriting Arrangement — Termination of the Underwriting Agreement" in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 16 November 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive).

Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form should exercise caution and are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds (before deducting professional fees and other related expenses) of up to (i) approximately HK\$123.1 million by way of the Rights Issue of 591,969,535 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) or (ii) approximately HK\$143.2 million by way of the Rights Issue of 688,517,997 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds), to the Qualifying Shareholders at a subscription price of HK\$0.208 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue will be underwritten on a best effort basis by the Joint Underwriters on the terms and conditions set out in the Underwriting Agreement.

The terms of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Shareholders on the Record Date
Subscription Price	:	HK\$0.208 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,183,939,071 Shares
Number of Rights Shares to be issued under the Rights Issue	:	not less than 591,969,535 Rights Shares (<i>Note 1</i>) and not more than 688,517,997 Rights Shares (<i>Note 2</i>)
Aggregate nominal value of the Rights Shares	:	not less than approximately HK\$59,196.95 (<i>Note 1</i>) and not more than approximately HK\$68,851.80 (<i>Note 2</i>)

Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	not less than 1,775,908,606 Shares (<i>Note 1</i>) and not more than 2,065,553,991 Shares (<i>Note 2</i>)
Joint Underwriters	:	Maxa Capital Limited and Sorrento Securities Limited
Maximum funds to be raised (before expenses)	:	Up to approximately HK\$123.1 million (<i>Note 1</i>) Up to approximately HK\$143.2 million (<i>Note 2</i>)

Notes:

1. Assuming no change in the issued share capital of the Company on or before the Record Date.
2. Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a best-effort-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Under the Rights Issue, the 591,969,535 nil-paid Rights Shares proposed to be provisionally allotted represent approximately 50.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 33.33% of the issued share capital of the Company as enlarged by the Rights Issue (assuming no change in the issued share capital of the Company on or before the Record Date).

As at the date of this announcement, there are 5,596,923 Vested Share Options. There are also outstanding Convertible Bonds in the principal amount of HK\$150 million, which are convertible into 187,500,000 Conversion Shares. Assuming exercise of all Vested Share Options and full conversion of the Convertible Bonds, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme and the Pre-IPO Share Option Scheme and the terms and conditions of the Convertible Bonds on or before the Record Date would be 193,096,923 Shares, which would result in the issue and allotment of 96,548,462 additional Rights Shares.

As at the date of this announcement, save as disclosed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are readily convertible or exchangeable into or confer any right to subscribe for Shares in the

Rights Issue. Other than as a result of the exercise of the Vested Share Options or the conversion of the Convertible Bonds, the Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Best-effort-underwritten basis only

As the Rights Issue will proceed on a best-effort-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or EAF(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.208 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares or when a subscriber procured by the Joint Underwriters or the Joint Underwriters themselves subscribe for the Rights Shares under the Underwriting Agreement.

The Subscription Price represents:

- (i) a discount of approximately 0.5% to the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.0% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.210;
- (iii) a discount of approximately 0.5% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.209;
- (iv) a premium of approximately 1.5% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.205;
- (v) a discount of approximately 0.5% to the theoretical ex-rights price of approximately HK\$0.209 per Share based on the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;

- (vi) there is no cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules), being the aggregate of the Conversion Shares to be issued under the Specific Mandate upon exercise in full of the Convertible Bonds (as amended by the Second Amendments to the Convertible Bonds) and the Rights Issue, given that the cumulative theoretical diluted price of approximately HK\$0.275 per Share is higher than the benchmarked price of approximately HK\$0.213 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on 12 August 2021, being the date immediately before the date of entering into of the agreement to the Second Amendment, of HK\$0.205 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to date of the agreement to the Second Amendment of approximately HK\$0.213 per Share); and
- (vii) a premium of approximately 101.9% to the consolidated net asset value per Share attributable to the Shareholders as at 30 June 2021 of approximately HK\$0.103 per Share calculated based on the unaudited consolidated net assets of the Group of approximately RMB101,141,000 as at 30 June 2021 as set out in the interim report of the Company for the six months ended 30 June 2021 and 1,183,939,071 Shares in issue as at the date of this announcement.

The Subscription Price was determined with reference to, among other things, (i) the recent market prices of the Shares; (ii) the current market conditions; and (iii) the funding and capital needs of the Company as set out in the paragraph headed “Reasons for the Rights Issue and the Use of Proceeds”, and in particular for full settlement of the outstanding principal and accrued interests of the Promissory Notes. The Directors consider that the Subscription Price was set at a level that is close to the current market price of the Shares and premium to the consolidated net asset value per Share with the intention to avoid material value dilution and therefore enhance the share value of the Company.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.205 (assuming no change in the number of Shares in issue on or before the Record Date) and approximately HK\$0.205 (assuming no change in the number of Shares in issue on or before the Record Date other than exercise in full of the Vested Share Options and full conversion of the Convertible Bonds).

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Acceptance Date.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders as well as to the holders of the Share Options and the Convertible Bonds for their information only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Wednesday, 17 November 2021.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Thursday, 25 November 2021.

Holders of Share Options or Convertible Bonds who wish to participate in the Rights Issue should exercise the Share Options or the Convertible Bonds in accordance with the terms and conditions of the Share Option Scheme, the Pre-IPO Share Option Scheme or the Convertible Bonds and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the legality and feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to such Overseas Shareholder(s) and such Overseas Shareholder(s) will be considered as Non-Qualifying Shareholder(s). The basis for excluding Non-Qualifying Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders as well as holders of Share Options and the Convertible Bonds for their information only on the Posting Date, but will not send any PAL and EAF to them.

Arrangements will be made for the nil-paid Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The net proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries to be made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the

applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

Status of the Rights Shares

When allotted and fully paid, each Rights Share will have a par value of HK\$0.0001. The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefit and interests of the Company and more particularly described in the paragraph headed “Application for excess Rights Shares” below. No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for, by way of excess application:

- (i) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders (if any) had they been Qualifying Shareholders;
- (ii) any Rights Shares provisionally allotted to but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Rights Shares in nil-paid form;
- (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form; and
- (iv) any other Rights Shares not being validly taken up (if any) and to be determined by the Board at its discretion.

(i) to (iv) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders and only by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate cheque or banker’s cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar by not later than 4:00 p.m. on Thursday, 9 December 2021 or such other time or date as the Company and the Joint Underwriters may agree in writing.

Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction. Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

- (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application;
- (ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

If the aggregate number of Rights Shares underlying the Untaken Rights is equal to or greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board. Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owners prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For those investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 17 November 2021.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up, on a best-effort basis, by the Joint Underwriters and/or subscribers procured by them pursuant to the terms and conditions of the Underwriting Agreement.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Rights Shares in their nil-paid or fully-paid forms and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 2,500 Shares.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 17 December 2021. Refund cheques in respect of wholly or partially unsuccessful applications

for excess Rights Shares (if any) are expected to be despatched on or before Friday, 17 December 2021 to the applicants without interest at their registered addresses by ordinary post at their own risk.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or applications for excess Rights Shares (if any) will be refunded to the Qualifying Shareholders or such other person to whom the Rights Shares in nil-paid form have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or before Friday, 17 December 2021.

UNDERWRITING ARRANGEMENT

On 19 October 2021 (after trading hours), the Company and the Joint Underwriters entered into the Underwriting Agreement in respect of the underwriting arrangement for the proposed Rights Issue.

The principal terms of the Underwriting Agreement are set out as follows:

Date: 19 October 2021 (after trading hours)

Joint Underwriters:

- (i) Maxa Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 6 regulated activities under the SFO and underwriting is in the ordinary and usual course of its business; and
- (ii) Sorrento Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 4 regulated activities under the SFO and underwriting is in the ordinary and usual course of its business

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Joint Underwriters and their respective ultimate beneficial owners are Independent Third Parties.

Number of Underwritten Shares: Subject to the terms and conditions of the Underwriting Agreement, the Joint Underwriters agreed to, on a best-effort basis, subscribe or procure the subscription for up to 591,969,535 Rights Shares based on the following portion of the Underwritten Shares:

- (i) Maxa Capital Limited of up to 295,984,768 Rights Shares; and
- (ii) Sorrento Securities Limited of up to 295,984,767 Rights Shares.

Total Commission to the Joint Underwriters: the higher of (i) HK\$600,000; and (ii) 1.0% of the aggregate Subscription Price in respect of the Underwritten Shares.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Joint Underwriters by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or through excess applications or not subscribed by other subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves pursuant to the Underwriting Agreement will not be allotted and issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Termination of the Underwriting Agreement

The Joint Underwriters may terminate the arrangements set out in the Underwriting Agreement by jointly issuing a written notice to the Company at any time prior to the Latest Time for Termination if:

- (a) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that any of the undertakings or other obligations expressed to be assumed by or imposed on the Company under the Underwriting Agreement have not been complied with in any material respect; or
- (b) there comes to the notice of the Joint Underwriters or they shall have reasonable cause to believe that (i) any of the representations, warranties or undertakings given by the Company under the Underwriting Agreement was or is untrue, incorrect, incomplete or misleading in any material respect, or (ii) any event has occurred or matter has arisen, which, if it had occurred or arisen before the date hereof or before the dates or before any time on which the representations, warranties and undertakings are deemed to be given would render any of those representations, warranties or undertakings untrue, incorrect, incomplete or misleading in any material respect; or
- (c) (i) the Prospectus Documents, when published, would contain information which would be untrue, inaccurate, incomplete or misleading in any material respect, (ii) matters have arisen or been discovered which would, if the Prospectus Documents were to be

issued at the time, render any information contained therein to be untrue, inaccurate, incomplete or misleading in any material respect, (iii) matters have arisen or been discovered which would, if the Prospectus Documents were to be issued at the time, constitute a material omission therefrom, or (iv) there is any adverse change in the business or in the financial or trading position or prospects of the Group which in the reasonable opinion of the Joint Underwriters is material in the context of the issue of the Rights Shares; or

- (d) there develops, occurs, exists or comes into effect any events, including:
- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or any change in the judicial interpretation thereof) in Hong Kong; or
 - (ii) any adverse change or deterioration (whether or not permanent) in local, national or international economic, financial, political or military conditions or any event beyond the control of the Company; or
 - (iii) any adverse change or deterioration (whether or not permanent) in local, national or international securities market conditions; or
 - (iv) without prejudice to sub-paragraphs (ii) and (iii) above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial or political circumstances or otherwise; or
 - (v) any suspension in the trading of Shares on the Stock Exchange for a continuous period of ten (10) business days (other than any suspension for the purpose of obtaining clearance from the Stock Exchange for the publication of this announcement, the Prospectus or the Prospectus Documents or any other announcements relating to the Rights Issue),

and in the reasonable opinion of the Joint Underwriters (aa) the success of the Rights Issue or the business or financial condition or prospects of the Group would be materially and adversely affected; or (bb) which makes it inadvisable or inexpedient to proceed with the Rights Issue; or (cc) which would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms.

If the Joint Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things, the fulfillment (or waiver, if permitted by the terms of the Underwriting Agreement) of the following conditions:

- (a) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and the registration of one duly signed copy of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (WUMP) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Posting Date;
- (b) each of the Joint Underwriters receiving: (i) a certified copy of the resolution(s) of the Board (certified by a Director, a certified public accountant or a solicitor of Hong Kong) approving and authorising the issue of this announcement and the execution of the Underwriting Agreement, as soon as practicable after the execution of the Underwriting Agreement (but in any event not later than 12:00 noon on the business day following the execution of the Underwriting Agreement); and (ii) the relevant conditions precedent documents required under the Underwriting Agreement, on or before 7:00 p.m. on the day on which the Prospectus Documents are filed with the Registrar of Companies in Hong Kong;
- (c) the posting on the Posting Date of copies of the Prospectus Documents to Qualifying Shareholders;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant, in writing, listing of and permission to deal in the Rights Shares in nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) at or prior to 9:30 a.m. on the Settlement Date or the first trading day of the Rights Shares in nil-paid form if earlier, and such grant or agreement to grant not being withdrawn or revoked prior to the Settlement Date;
- (e) the Underwriting Agreement not having terminated in accordance with its terms.

The conditions (a), (c) and (d) above are incapable of being waived by the Joint Underwriters or the Company. If any of the conditions of the Rights Issue are not fulfilled or waived by the Joint Underwriters by the Latest Time for Termination (or such later date or time as the Joint Underwriters may agree in writing with the Company pursuant to the Underwriting Agreement), the obligations of the parties arising from the Underwriting Agreement shall terminate and cease and no party shall have any claim against any other party (except in respect of any antecedent breach) and the Rights Issue will not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 November 2021 to Wednesday, 24 November 2021 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the obligations of the Joint Underwriters under the Underwriting Agreement becoming unconditional and the Joint Underwriters not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Joint Underwriters. Please refer to the section headed “Underwriting Arrangement” in this announcement for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

Event	Time and Date 2021
Last day of dealing in the Shares on a cum-rights basis.....	Monday, 15 November
First day of dealing in the Shares on an ex-rights basis.....	Tuesday, 16 November
Latest time for lodging transfer of shares for entitlement to the Rights Issue	4:30 p.m. on Wednesday, 17 November
Closure of register of members to determine entitlements to the Rights Issue (both dates inclusive)	Thursday, 18 November to Wednesday, 24 November
Record Date for determining entitlements under Rights Issue.....	Wednesday, 24 November
Register of members of the Company re-opens.....	Thursday, 25 November
Despatch of Prospectus Documents (including the PAL, the EAF and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only).....	Thursday, 25 November
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Monday, 29 November
Latest time for splitting of the PAL	4:30 p.m. on Wednesday, 1 December
Last day of dealing in nil-paid Rights Shares	4:00 p.m. on Monday, 6 December

Event	Time and Date 2021
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 9 December
Latest time for the Rights Issue to become unconditional.....	4:00 p.m. on Friday, 10 December
Announcement of results of the Rights Issue.....	Thursday, 16 December
Despatch of refund cheques for wholly or partially unsuccessful excess applications or if the Rights Issue does not become unconditional.....	Friday, 17 December
Despatch of share certificates for fully-paid Rights Shares	Friday, 17 December
First day of dealings in fully-paid Rights Shares.....	9:00 a.m. on Monday, 20 December

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be announced or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is/are:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warning signal and/or extreme conditions in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 9 December 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the changes in the shareholding structure of the Company arising from the Rights Issue: (i) assuming no change in the issued share capital of the Company on or before the Record Date; and (ii) assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

1. Assuming no change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares and all the unsubscribed Rights Shares were subscribed for through the Joint Underwriters)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Connected persons						
Magical Success Holdings Limited (Note 1)	97,527,845	8.2	146,291,767	8.2	97,527,845	5.5
Seashore Fortune Limited (Note 2)	93,543,624	7.9	140,315,436	7.9	93,543,624	5.3
SB Asia Investment Fund II L.P.	197,340,537	16.7	296,010,805	16.7	197,340,537	11.1
Spitzer Fund VI L.P. (Note 3)	123,763,311	10.5	185,644,966	10.5	—	—
DING Zhigang (Note 3)	133,467,283	11.3	200,200,924	11.3	—	—
YU Lu (Note 6)	115,015,000	9.7	172,522,500	9.7	115,015,000	6.5
Public shareholders						
Spitzer Fund VI L.P. (Note 3)	—	—	—	—	123,763,311	7.0
DING Zhigang (Note 3)	—	—	—	—	133,467,283	7.5
The Joint Underwriters and/or subscriber(s) procured by it	—	—	—	—	591,969,535	33.3
Other public shareholders	<u>423,281,471</u>	<u>35.7</u>	<u>634,922,208</u>	<u>35.7</u>	<u>423,281,471</u>	<u>23.8</u>
Total	<u>1,183,939,071</u>	<u>100.0</u>	<u>1,775,908,606</u>	<u>100.0</u>	<u>1,775,908,606</u>	<u>100.0</u>

2. Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all the Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the date of this announcement		Immediately after exercise of all the Vested Share Options and full conversion of the Convertible Bonds but otherwise no other change in the issued share capital of the Company from the date of this announcement up to the Record Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares and all the unsubscribed Rights Shares were subscribed for through the Joint Underwriters)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Connected persons								
Magical Success Holdings Limited (Note 1)	97,527,845	8.2	97,527,845	7.1	146,291,767	7.1	97,527,845	5.0
Seashore Fortune Limited (Note 2)	93,543,624	7.9	93,543,624	6.8	140,315,436	6.8	93,543,624	4.8
SB Asia Investment Fund II L.P. (Note 3)	197,340,537	16.7	197,340,537	14.3	296,010,805	14.3	197,340,537	10.0
Spitzer Fund VI L.P. (Note 3)	123,763,311	10.5	—	—	—	—	—	—
DING Zhigang (Note 3)	133,467,283	11.3	—	—	—	—	—	—
YU Lu (Note 6)	115,015,000	9.7	115,015,000	8.4	172,522,500	8.4	115,015,000	5.8
Bondholder (Note 3&5)	—	—	187,500,000	13.6	281,250,000	13.6	—	—
Holders of the Vested Share Options (Note 4)								
YUE Jingxing	—	—	863,587	0.1	1,295,381	0.1	863,587	0.0
Other holders of the Vested Share Options	—	—	4,733,336	0.3	7,100,004	0.3	4,733,336	0.2
Public shareholders								
Spitzer Fund VI L.P. (Note 3)	—	—	123,763,311	9.0	185,644,966	9.0	123,763,311	6.3
DING Zhigang (Note 3)	—	—	133,467,283	9.7	200,200,925	9.7	133,467,283	6.8
Bondholder (Note 3&5)	—	—	—	—	—	—	187,500,000	9.5
The Joint Underwriters and/or subscriber(s) procured by it	—	—	—	—	—	—	591,969,535	30.1
Other public shareholders	423,281,471	35.7	423,281,471	30.7	634,922,207	30.7	423,281,471	21.5
Total	1,183,939,071	100.0	1,377,035,994	100.0	2,065,553,991	100.0	1,969,005,529	100.0

Notes:

1. Magical Success Holdings Limited is wholly-owned by Ms. Chen Junling (“Ms. Chen”). Ms. Chen is the spouse of Mr. Wang Shiguang, who was a non-executive Director within the last 12 months of the date of this announcement.

2. Seashore Fortune Limited is wholly owned by Mr. Yue Jingxing (“**Mr. Yue**”). Mr. Yue is the chairman of the Board and an executive Director.
3. Each of them is an Independent Third Party, other than being a substantial shareholder of the Company. As such, any change of their respective shareholding to less than 10% of the issued share capital of the Company would render any of them becoming a public shareholder of the Company within the meaning of Rule 8.24 of the Listing Rules.
4. Holders of such Vested Share Options are Mr. Yue and the employees of the Group. Save for Mr. Yue, the others holders will be considered as public shareholders of the Company within the meaning of Rule 8.24 of the Listing Rules.
5. The Bondholder, 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, will become a substantial shareholder, and therefore a connected person, of the Company upon full conversion of the Convertible Bonds.
6. Mr. Yu Lu is a non-executive Director.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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 products, energy saving and environmental protection products and solutions used in streetlight control, building energy management, photovoltaic power management, etc. and providing maintenance services in connection with the deployment and upgrading of AMR systems by power grid companies in the PRC; and (ii) smart manufacturing and industrial automation business: the Group is principally engaged in sales of software licences, production safety products as well as the provision of software post-contract customer support services in connection with the smart manufacturing and industrial automation system applied in the petroleum and petrochemicals industry.

As disclosed in the Company’s interim report for the six months ended 30 June 2021, the Group recorded revenue of approximately RMB37.7 million and loss attributable to owners of the Company of approximately RMB17.5 million for the six months ended 30 June 2021. The outbreak of the COVID-19 pandemic in early 2020 has affected the business and economic activities around the world and has brought about additional uncertainties to the Group’s operating environment and has to a certain extent impacted the Group’s operations and financial position. The Group has been closely monitoring the impact from the COVID-19 pandemic on the Group’s business. Faced with further hamper and uncertainties on Chinese economy caused by, among others, ad hoc COVID-19 pandemic, the Group has maintained a lean-cost strategy in so as to reduce the operating cost, especially the workforces in the administrative and research & development aspect. As at 30 June 2021, the Group had bank and cash balances of approximately RMB147.1 million and net current

liabilities of approximately RMB80.4 million. In addition, the Group had acquisition consideration payables of approximately RMB123.8 million, which comprises of the outstanding principal amounts and accrued interests of the Promissory Notes and the convertible bonds of approximately RMB124.1 million, which comprises of the outstanding principal amounts and accrued interests of the Convertible Bonds.

On 27 July 2021, the Company completed the subscription of new shares under general mandate with net proceeds of approximately HK\$33.3 million which has been applied for (i) full repayment of the principal amount of the First Promissory Note due on 14 August 2021; (ii) partial repayment of the principal amount of Second Promissory Note and (iii) partial repayment of the accrued interests of the Promissory Notes. After the above repayments, the outstanding principal amount and accrued interests of the Promissory Notes was approximately HK\$120.5 million which will be due on 30 December 2021. In addition, the Company entered into the amendment and extension agreement with the Bondholder on 13 August 2021 to extend the maturity date of the Convertible Bonds by twelve months from 13 August 2021 to 13 August 2022. In light of the imminent funding need to settle the outstanding liabilities and the uncertainty of the COVID-19 pandemic on the business of the Group in the foreseeable future, the Board considers that it is vital for the Group to have access to additional funding and working capital to improve its financial position.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and equity financing. However, debt financing will put further pressure on the financial position of the Group, and will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. The Board considers that the form of equity is better alternative than debt financing as it would not result in additional interest burden and will improve the gearing of the Group. The Board considers that placing or subscription of new Shares or convertible securities will dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate, and places or subscribers might require a higher discount on issue price as a result of the current financial position of the Company.

Having considered the above factors, the Board considers that the Rights Issue is pre-emptive in nature, which allows the Group to improve its liquidity and capital base while mitigate dilution effect to the existing Shareholders. Qualifying Shareholders can maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding in the Company by acquiring additional rights entitlement in the open market (subject to the availability) and through excess applications; or (b) reduce their respective shareholding in the Company by disposing of their rights entitlements in the open market (subject to the market demand). Also, compared to an open offer, the Rights Issue allows the trading of rights entitlements. Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

The maximum net proceeds from the Rights Issue after deducting professional fees and other related expenses are estimated to be (i) approximately HK\$121.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately

HK\$141.2 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options and full conversion of the Convertible Bonds).

The Rights Issue will proceed on a best-effort-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Unsubscribed Rights Shares will be subscribed by subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves, on a best effort basis, pursuant to the Underwriting Agreement. Any Unsubscribed Rights Shares not subscribed by subscribers procured by the Joint Underwriters or by the Joint Underwriters themselves will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

Depending on the level of subscription of the Rights Issue, the Company intends to use the net proceeds in the following order of priority:

- (1) for the full settlement of the outstanding principal and accrued interests of the Promissory Notes; and
- (2) for the settlement of other outstanding indebtedness and trade and other payables of the Group.

Having considered the above, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without increasing debt or incurring financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. The Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME AND THE ADJUSTMENT TO THE CONVERTIBLE BONDS

The Rights Issue may lead to adjustments to (i) the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme and Pre-IPO Share Option Scheme; and/or (ii) the conversion prices and/or number of Shares to be issued upon exercise of the conversion rights under the terms and conditions of the Convertible Bonds.

The Company will notify the holders of such Share Options, the Bondholders and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and Pre-IPO Share Option Scheme and the terms and conditions of the Convertible Bonds, and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company had not completed any equity fund raising activities in the 12 months immediately preceding the date of this announcement:

Date of announcement	Relevant event	Net Proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
12 July 2021	Subscription of 197,320,000 new shares under general mandate	HK\$33.3 million	Repayment of outstanding indebtedness of the Group to lower its gearing ratio	The net proceeds have been fully utilised for repayment of certain outstanding indebtedness of the Group as at the date of this announcement.

LISTING RULES IMPLICATIONS

Save for the completion of the Second Amendment to the Convertible Bonds, the Company has not completed any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealings in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it granted any bonus securities, warrants or other convertible securities within such 12-month period as part of such rights issue, open offer or specific mandate placing. Accordingly, based on the terms of the Rights Issue and assuming that the maximum number of Rights Shares is issued, the Rights Issue, on its own or when aggregated with the Second Amendment to the Convertible Bonds, will not result in theoretical dilution effects of 25% or more and thus complies with the requirement under Rule 7.27B of the Listing Rules. As the Rights Issue will not increase the Shares in issue or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to approval of the independent Shareholders under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

GENERAL

The Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.risecomm.com.cn) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent

reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options and the Convertible Bonds for their information only but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Joint Underwriters the right to terminate their respective obligations on the occurrence of certain events. Please refer to the section headed “The Underwriting Arrangement — Termination of the Underwriting Agreement” in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 16 November 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 29 November 2021 to Monday, 6 December 2021 (both dates inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form should exercise caution and are recommended to consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Bondholder”	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
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is 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 licensed banks are open for general banking business in Hong Kong throughout their normal business hours

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Law”	the Companies Law (Revised) of the Cayman Islands
“Company”	Risecomm Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1679)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Shares”	the Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds, as amended and supplemented by the Second Supplemental Deed
“Convertible Bonds”	the fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum issued by the Company on 13 August 2018 as constituted by the Instrument
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person (as defined in the Listing Rules) of the Company
“Instrument”	the instrument constituting the Convertible Bonds, as amended and supplemented from time to time

“Joint Underwriters”	(i) Maxa Capital Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 6 regulated activities under the SFO; and (ii) Sorrento Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 and Type 4 regulated activities under the SFO
“Last Trading Day”	18 October 2021, being the last full trading day for the Shares immediately prior to the date of this announcement
“Latest Acceptance Date”	4:00 p.m. on Thursday, 9 December 2021, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Joint Underwriters may determine
“Latest Time for Termination”	4:00 p.m. on Friday, 10 December 2021 or such later time or date as may be agreed between the Company and the Joint Underwriters in writing, being the next Business Day after the Latest Acceptance Date, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company as at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Thursday, 25 November 2021 or such other date as the Company and the Joint Underwriters may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on 25 August 2016
“Promissory Notes”	the promissory notes (as amended and replaced) issued by the Company to Sailen IOT as part of the consideration for the acquisition of Green Harmony Limited as disclosed in the announcements of the Company dated 28 December 2017, 3 January 2018, 10 January 2018, 12 February 2018, 15 August 2018, 15 March 2019 and 25 November 2019, comprising (i) the first promissory note dated 25 November 2019 for the principal amount of HK\$20 million carrying 4% coupon rate per annum from 25 November 2019 and due on 14 August 2021 (the “ First Promissory Note ”); and (ii) the second promissory note dated 25 November 2019 for the principal amount of approximately HK\$122.9 million carrying 4% coupon rate per annum from 25 November 2019 and due on 30 December 2021 (the “ Second Promissory Note ”)
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) to be issued by the Company
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 24 November 2021 or on such other date as the Company and the Joint Underwriters may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of one (1) Rights Shares for every two (2) existing Shares held by the Shareholders on the Record Date and subject to the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement

“Rights Shares”	the new Share(s) to be allotted and issued under the Rights Issue, being not less than 591,969,535 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date) and not more than 688,517,997 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options and full conversion of the Convertible Bonds, but otherwise no other change in the issued share capital of the Company on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“Sailen IOT”	Sailen International IOT Limited (formerly known as Tiger Resort, Leisure and Entertainment, Inc.), a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding
“Second Amendment”	the second amendment to the conditions of the Convertible Bonds, which among others, further extend the relevant maturity date by 12 months, and in ancillary to such amendment, Specific Mandate has been sought and approved by the Shareholders
“Second Supplemental Deed”	the second supplemental deed of Instrument executed by the Company on 6 October 2021 in connection with the Second Amendment
“Settlement Date”	Friday, 10 December 2021 or such later date as may be agreed between the Company and the Joint Underwriters in writing
“Specific Mandate”	the specific mandate for the issuance of the Conversion Shares under the amended terms of the Convertible Bonds
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.0001 each in the share capital of the Company
“Share Options”	a right to subscribe for Shares pursuant to the Share Option Scheme, the Pre-IPO Share Option Scheme or any share option
“Share Option Scheme”	the share option scheme adopted by the Company on 16 May 2017
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.208 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Underwriting Agreement”	the underwriting agreement dated 19 October 2021 entered into between the Company and the Joint Underwriters and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	such number of Unsubscribed Rights Shares (up to 591,969,535 Rights Shares) to be underwritten by the Joint Underwriters on a best effort basis subject to the terms and conditions of the Underwriting Agreement
“Unsubscribed Rights Shares”	such number of Rights Shares for which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid by the Latest Acceptance Date, including any Rights Shares to which the Non-Qualifying Shareholders would have otherwise been entitled to under the Rights Issue
“Vested Share Options”	outstanding and vested Share Options granted to subscribe for 5,596,923 Shares pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme that are exercisable on or before the Record Date
“%”	per cent.

By order of the Board
Risecomm Group Holdings Limited
Yue Jingxing
Chairman and Executive Director

Hong Kong, 19 October 2021

As at the date of this announcement, the executive Directors are Mr. Yue Jingxing, Mr. Lau Wai Leung, Alfred and Mr. Jiang Feng, the non-executive Directors are Mr. Cheung Fan and Mr. Yu Lu, and the independent non-executive Directors are Mr. Ong King Keung, Ms. Lo Wan Man and Mr. Zou Heqiang.

IN WITNESS whereof this Agreement has been duly executed on the day and year first above written.

EXECUTED by the parties

For and on behalf of
**RISECOMM GROUP
HOLDINGS LIMITED**
by **Lau Wai Leung Alfred**

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Witnessed/Verified by



Name: *Wong Man Chan*
Title: *Finance Manager*

For and on behalf of
MAXA CAPITAL LIMITED
by **Cheung Siu Kai**

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Witnessed/Verified by



Name: Leung Chu Tung
Title: Managing Director

For and on behalf of
SORRENTO SECURITIES LIMITED
by **Cheung Wing Yiu**

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Francis

Witnessed/Verified by



Name: Wong Po Yin
Title: Officer