



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)

Executive Directors:

Ms. Zhao Luyi
Mr. Tsang Wah Tak, Brian
Mr. Jiang Feng

Non-executive Directors:

Mr. Yu Lu
Mr. Ding Zhigang
Ms. Guo Lei

Independent Non-executive Directors:

Mr. Victor Yang
Ms. Lo Wan Man
Mr. Zou Heqiang

Registered office:

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Cayman Islands

*Headquarters, head office and principal
place of business in Hong Kong:*

Units 4004-5, 40th Floor
Cosco Tower
183 Queen's Road Central
Hong Kong

23 July 2025

To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders (if any)

Dear Sir or Madam,

- (I) PROPOSED SHARE CONSOLIDATION;**
- (II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (III) PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS
SHARES OF EVERY ONE (1) CONSOLIDATED SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND**
- (IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further information on the Rights Issue and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights

Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) a notice convening the EGM.

1. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.001 each be consolidated into one (1) Consolidated Share of HK\$0.005 each.

Effects of the Share Consolidation

As of the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000 divided into 1,000,000,000 Shares with par value of HK\$0.001 each, of which 255,728,860 Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Shares will be issued or repurchased from the date hereof until the date of the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$1,000,000 divided into 200,000,000 Consolidated Shares with par value of HK\$0.005 each, of which 51,145,772 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

As of the Latest Practicable Date, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 170,496 Shares under the Share Option Scheme. Save for the Share Options, the Company does not have any other derivatives, options, warrants, other securities, conversion rights, or similar rights that are convertible or exchangeable into Shares or Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and

- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on 18 August 2025.

As of the Latest Practicable Date, none of the conditions above have been fulfilled.

Application for listing of the Consolidated Shares

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures, which are in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS, which was established and operated by HKSCC.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Orient Securities Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full

board lot, or to dispose of their holding of odd lots of the Consolidated Shares, during the period from 9:00 a.m. on Monday, 1 September 2025 to 4:00 p.m. on Friday, 19 September 2025 (both dates inclusive). Shareholders who wish to take advantage of this facility should contact Dealing Department of Orient Securities Limited at Room 2203-04, 22/F, New World Tower 1, 16-18 Queen's Road Central, Hong Kong or at telephone number: (852) 2180 9292 during office hours (i.e. 9:00 a.m. to 4:30 p.m.) of such period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who have any doubt about the odd lots matching arrangement are advised to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from Monday, 18 August 2025 to Tuesday, 23 September 2025 (both days inclusive), submit share certificates for the Shares (in beige colour) to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in purple colour). Thereafter, share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading, and settlement purposes for the period up to 4:10 p.m. on Friday, 19 September 2025, and thereafter will not be accepted for delivery, trading, and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of five (5) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in purple colour to distinguish them from the share certificates for the Shares, which are in beige colour.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in September 2024 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as

trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Since 17 February 2025, the share price of the Company has been trading below HK\$0.15, and the closing price of the Shares as at the Latest Practicable Date was HK\$0.159 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the closing price of HK\$0.159 per Share as at the Latest Practicable Date and the existing board lot size of 5,000 Shares, the Board resolved to propose the Share Consolidation, resulting in HK\$0.795 per Consolidated Share and HK\$3,975 per board lot of 5,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules.

The Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

As of the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

Given the above reasons, the Board considers that the Share Consolidation is justifiable, notwithstanding the potential costs and impact arising from creating odd lots to Shareholders. Accordingly, the Board believes that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Board believes that the Share Consolidation will not have any material adverse effect on the Group's financial position or result in a change in the relative rights of the Shareholders.

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed "Conditions of the Share Consolidation". Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As of the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000 divided into 1,000,000,000 Shares with par value of HK\$0.001 each, of which 255,728,860 Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change to the total issued share capital of the Company between the Latest Practicable Date and the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$1,000,000 divided into 200,000,000 Consolidated Shares with par value of HK\$0.005 each, of which 51,145,772 Consolidated Shares have been issued and are fully paid or credited as fully paid.

To facilitate the Rights Issue and enable the future expansion and growth of the Group while also providing the Company with increased flexibility to raise funds, the Board proposes to increase the authorised share capital of the Company from HK\$1,000,000 divided into 200,000,000 Consolidated Shares to HK\$5,000,000 divided into 1,000,000,000 Consolidated Shares by the creation of an additional 800,000,000 new Consolidated Shares.

The Board believes the Increase in Authorised Share Capital will give the Company more flexibility for future fundraising. Therefore, the Board considers this decision to be in the interests of the Company and the Shareholders.

The Increase in Authorised Share Capital is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital; and (ii) the Share Consolidation has become effective.

3. PROPOSED RIGHTS ISSUE

Subject to the Share Consolidation and the Increase in Authorised Share Capital becoming effective, the Board proposes to raise gross proceeds of up to approximately HK\$127.86 million, net of expenses, through a Rights Issue of 255,728,860 Rights Shares at the Subscription Price of HK\$0.5 per Rights Share based on five (5) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue: five (5) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date

Subscription Price:	HK\$0.5 per Rights Share
Net Subscription Price (after expenses):	HK\$0.49 per Rights Share
Number of Shares in issue as of the Latest Practicable Date:	255,728,860 Shares
Number of Consolidated Shares upon the Share Consolidation becoming effective:	51,145,772 Consolidated Shares (assuming that there is no further issue or repurchase of new Shares between the Latest Practicable Date and the effective date of the Share Consolidation)
Number of Rights Shares:	Up to 255,728,860 Rights Shares (assuming there is no further issue or repurchase of new Shares between the Latest Practicable Date and the Record Date)
Gross proceeds from the Rights Issue:	Up to approximately HK\$127.86 million before expenses (assuming there is no further issue or repurchase of new Shares between the Latest Practicable Date and the Record Date and all Rights Shares are taken up by the Qualifying Shareholders or the Unsubscribed Rights Shares are successfully placed by the Placing Agent under the Placing)

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 255,728,860 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date; and (ii) 83.33% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

Undertakings

The Company has not received any information or irrevocable undertaking from any Substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Non-Qualifying Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Wednesday, 20 August 2025.

Closure of register of members

The register of members of the Company will be closed from Friday, 8 August 2025 to Thursday, 14 August 2025 (both days inclusive) to determine whether the Shareholders are eligible to attend and vote at the EGM, the period during which no transfer of shares will be registered.

The register of members will be closed from Thursday, 21 August 2025 to Wednesday, 27 August 2025 (both days inclusive) to determine the entitlements to the Rights Issue, the period during which no transfer of Shares will be registered.

Subscription Price

The Subscription Price of HK\$0.5 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.48% to the theoretical closing price of HK\$0.645 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.63% to the average theoretical closing price of approximately HK\$0.63 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the Last Trading Day;
- (iii) a discount of approximately 22.12% to the average theoretical closing price of approximately HK\$0.642 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the late ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 4.62% to the theoretical ex-rights price of approximately HK\$0.5242 per Consolidated Share as adjusted for the effect of the Rights Issue, based on the theoretical closing price of HK\$0.645 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;

- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 18.73%, which is calculated based on the theoretical diluted price of approximately HK\$0.5242 per Consolidated Share to the benchmarked price of approximately HK\$0.645 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the theoretical closing prices of the Consolidated Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day);
- (vi) a premium of approximately HK\$2.82 over the audited net liability value per Consolidated Share of approximately HK\$2.32 based on the latest audited consolidated net liabilities of the Group of approximately RMB111.35 million (equivalent to approximately HK\$118.51 million) as at 31 December 2024 and the theoretical number of Consolidated Shares (after taking into account the effect of the Share Consolidation) in issue as at the Last Trading Day (i.e. $255,728,860 \text{ Shares} / 5 = 51,145,772 \text{ Consolidated Shares}$); and
- (vii) a discount of approximately 37.11% to the theoretical closing price of HK\$0.795 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date.

The theoretical diluted price, the benchmarked price, and theoretical dilution effect for the Rights Issue are approximately HK\$0.5242 per Consolidated Share, HK\$0.645 per Consolidated Share, and 18.73%, respectively. Despite the theoretical dilution effect of 18.73%, it is the combined effect of achieving the fund raising requirement and the determination of the Subscription Price to attract Shareholders in participating in the Rights Issue (as detailed below), the Rights Issue represents the Group's ability to raise new capital, to improve its gearing and financial performance by lowering the level of debt and financing costs of the Group. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was arrived at after an arm's length negotiation, based on, among other things, the prevailing market price of the Shares and the Group's financial conditions.

In determining the Subscription Price, the Directors have considered, among other thing as mentioned above, the closing price in the past three months prior to and including the Last Trading Day (the "**Relevant Period**"), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK\$0.64 per Consolidated Share (after taking into account the effect of the Share Consolidation). The Subscription Price represents a discount of approximately 21.88% to the average closing price of the Shares of HK\$0.64 per Consolidated Share (after taking into account the effect of the Share Consolidation) under the Relevant Period. In addition,

the average daily trading volume was approximately 228,750 Shares, representing approximately 0.09% of the total number of issued Shares as at the Last Trading Day. Such relatively low average daily trading volume indicating a lack of liquidity and demand for the Shares.

In consideration of the above factors, in particular the weak market sentiment in the capital market in Hong Kong as a whole and in the Shares of the Company, and the anticipated market response to the Rights Issue, the Board is of the view that the Subscription Price should act as a market catalyst to attract Shareholders and investors to participate in the Rights Issue.

On the basis of the lack of liquidity and demand for the Shares, and in view of the funding needs of the Company, as discussed in the section headed "Reasons for the Rights Issue and the intended use of proceeds" in this circular, the Subscription Price was set at a discount to the benchmarked price of the Shares as described above to lower the further investment costs of the Shareholders so as to encourage Shareholders in taking up their entitlements to maintain their shareholdings in the Company, thereby minimizing dilution impact.

The Directors (excluding the independent non-executive 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.

Status of the Rights Shares

The Rights Shares (when allotted, issued, and fully paid) will rank *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made, or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be five (5) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and 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 the Latest Time for Acceptance.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be, have not been, and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to participate in the Rights Issue.

According to the register of members of the Company as of the Latest Practicable Date, the Company had a total of 3 Overseas Shareholders holding an aggregate of 61,004,896 Shares, representing approximately 23.86% of the total number of the issued Shares, all of which have his/her addresses registered in the PRC, Republic of Seychelles, and Canada.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors have conducted inquiries into the feasibility of extending the Rights Issue to Overseas Shareholders with registered addresses in the listed jurisdictions. Shareholders having an address outside Hong Kong as shown on the register of members of the Company on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Company reserves the right to treat as invalid any acceptance of or application 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.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Non-Qualifying Shareholders. Given administrative costs, the Company will retain individual amounts of HK\$100 or less for its benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing with the Company's securities.

No fractional entitlement

Based on the entitlement to subscribe five (5) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

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 to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought on any other stock exchanges.

Dealing in the Rights Shares in their nil-paid and fully paid forms will be in the board lots of 5,000 Rights Shares.

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 nilpaid 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.

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 (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy, and (iv) any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

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 Tuesday, 21 October 2025.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Tuesday, 21 October 2025 at the respective Shareholders' own risk.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Unsubscribed Arrangements. Any Unsubscribed Rights Shares that remain not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code and/or potentially result in the Company's non-compliance of the Public Float Requirement of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down by the Company to a level which (i) 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; and/or (ii) does not result in the non-compliance of the Public Float Requirement. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

The scaling-down of applications for Rights Shares will be conducted in a fair and equitable manner, guided by the following principles:

- (a) if the scale-down is necessary due to an exceeding of shareholding by a group of Qualifying Shareholders acting in concert (referred to as the “**Affected Group(s) of Shareholders**”) rather than an individual Qualifying Shareholder, the allocations of PAL(s) to members of the Affected Group(s) of Shareholders will be determined based on the number of Shares held by the affected applicants on the Record Date; and
- (b) the allocations of PAL(s) to different Affected Group(s) of Shareholders and/or affected individual Qualifying Shareholders will be made on a pro rata basis, based on the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

Procedures in respect of the Unsubscribed Rights Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

On 17 June 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best-effort basis. According to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best-effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best-effort basis, procure, by not later than 4:00 p.m. on Friday, 19 September 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares that are not placed will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Consolidated Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

The Placing Agreement

The principal terms of the Placing Agreement are summarised below.

Date : 17 June 2025 (after trading hours)

Issuer : The Company

Placing Agent : Orient Securities Limited

As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period : The period from 19 September 2025 up to 4:00 p.m. on 9 October 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements.

Placing Price : The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.

Placing commission : Subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 0.5% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.

Placees : Depending on placees' subscription situations, placees may not be substantial shareholders in order to ensure that the Public Float Requirements are complied. The Unsubscribed Rights Shares are expected to be placed to placees, who are third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

Ranking of the Unsubscribed Rights Shares : The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Placing.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
- (ii) the Rights Issue having been approved by the Shareholders at the EGM by an ordinary resolution;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

None of the above conditions precedent are capable of being waived by the parties to the Placing Agreement. For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to its attention and indicates that any of such conditions are unable to be fulfilled. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

Termination

: If any of the following events occur at any time prior to the Placing Long Stop Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 7.21(1)(b) under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the placing commission, were determined after an arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Independent Shareholders, and be fair and reasonable, in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (1) the Share Consolidation and the Increase in Authorised Share Capital becoming effective;
- (2) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong, the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding-Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;

- (3) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (5) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (6) all other necessary waivers, consents, and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Tuesday, 14 October 2025 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Reasons for the Rights Issue and the intended use of proceeds

Assuming that the Rights Issue is fully accepted and no new shares will be allotted or issued on or before the Record Date, the net proceeds of the Rights Issue (the “**Net Proceeds**”) to be received by the Company, after deducting all estimated expenses payable for the Rights Issue, are estimated to be up to approximately HK\$125.73 million. The Directors plan to use such proceeds as to (i) approximately HK\$100.58 million, which represents approximately 80% of the Net Proceeds, for repayment of the Group’s current liabilities, specifically those debts, liabilities, or other payables that are expected to be due and payable within twelve months upon Completion, and (ii) approximately HK\$25.15 million, which represents approximately 20% of the Net Proceeds, for the Group’s general corporate and administration working capital purposes, which primarily includes (a) staff salaries expenses of approximately HK\$22.90 million; (b) rental expenses of approximately HK\$0.56 million; and (c) business development expenses of approximately HK\$0.43 million. These funds of HK\$0.43 million will support the Company’s efforts in smart manufacturing and industrial automation, particularly in upgrading legacy systems and optimizing integrity management within petroleum and petrochemical operations, thereby supporting the Group’s ongoing business activities.

As disclosed in the Company’s annual report for the year ended 31 December 2024, the Group experienced a net loss of approximately RMB73.54 million during the year ended 31 December 2024. As of the same date, the Group reported net current and total liabilities amounting to approximately RMB181.00 million and RMB111.35 million, respectively, with the Group’s bank and cash balances as at 31 May 2025 amounted to approximately RMB15.08 million. These circumstances indicate a material uncertainty that may seriously affect the Group’s ability to continue as a going concern.

Specifically, according to the Group’s unaudited financial position as at 31 May 2025, the Group’s total outstanding bank and other borrowings, including both principal and interest, amount to approximately RMB202.45 million, which are due for repayment within the next twelve (12) months from the date of the Announcement.

As at the Latest Practicable Date, the composition of these outstanding borrowings includes (i) approximately RMB6.07 million in bank loans; and (ii) approximately RMB196.38 million in other borrowings.

(1) The key terms of bank loans are presented below:

	Lender	Total outstanding borrowings Approximately	Interest rate	Maturity date
(i)	Bank of China	RMB4.30 million	3.60% per annum	March 2024 to March 2026
(ii)	Bank of China	RMB0.76 million	3.60% per annum	March 2025 to March 2026
(iii)	Industrial and Commercial Bank of China	RMB1.01 million	2.80% per annum	July 2024 to July 2025
	Total	RMB6.07 million		

(2) The key terms of the outstanding other borrowings are presented below:

	Lender	Identity	Total outstanding borrowings Approximately	Interest rate	Maturity date
(i)	Ms. Guo Lei	Non-executive Director	RMB65.51 million	2.5% to 3.5% per annum	November 2025 to March 2026
(ii)	Mr. Ding Zhigang	Non-executive Director	RMB0.93 million	2.5% per annum	December 2025
(iii)	Mr. Ning Jun	Shareholder	RMB11.75 million	3.5% per annum	March 2026
(iv)	Zhongjia Xinda Investment Co., Ltd.* (中嘉信達投資有限公司), a corporation that is ultimately and beneficially owned by more than 50% by Mr. Ding Zhigang (Note)	Associate of the Company's connected person	RMB3.00 million	2.5% per annum	December 2025
(v)	An independent third-party corporation (Note)	Independent third party	RMB110.68 million	3.5% per annum	August 2025
(vi)	An independent third-party (individual) (Note)	Independent third party	RMB0.92 million	Nil	31 December 2025

Lender	Identity	Total outstanding borrowings <i>Approximately</i>	Interest rate	Maturity date
(vii) An independent third-party corporation (Note)	Independent third party	RMB3.59 million	3.5% per annum	31 December 2025
	Total	RMB196.38 million		

Note: As of the Latest Practicable Date, Zhongjia Xinda Investment Co., Ltd.* (中嘉信達投資有限公司), the independent third-party (including corporations and individual) do not hold any Share.

The Group plans to use the Net Proceeds to repay the above bank loans first, followed by the above outstanding other borrowings, in accordance with their respective maturity dates, unless the involved parties mutually agree to an extension.

To strengthen the Group's financial position, the Board plans to allocate 80% of the net proceeds to partially reduce outstanding borrowings, thereby improving the overall debt balance. The Group is committed to systematically repaying its remaining borrowings through operating cash flow primarily generated from its core business activities. These activities include but are not limited to the sale of power line communication products, energy-saving and environmental protection solutions, as well as the provision of essential maintenance services for the deployment and upgrades of automated meter reading systems utilized by power grid companies in the PRC.

Further, the Group must maintain sufficient cash reserves for essential expenditures to support ongoing operations and meet compliance obligations. These expenditures include, but are not limited to, legal and professional fees, Directors' remuneration, and staff costs, which amount to a total of not less than HK\$6 million. However, according to the latest financial information available to the Board, the Group possesses idle cash reserves of approximately RMB1.4 million. Consequently, the Group must seek to raise additional capital to address its immediate financial commitments and working capital needs.

The Directors believe that the Rights Issue will raise the Group's corporate profile and enhance its capital base, enabling it to expand the scale and scope of its operations further.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without allowing them to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in

the market. The Rights Issue will allow the Qualifying Shareholders to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Considering the abovementioned alternatives, the Directors consider raising funds through a Rights Issue more attractive in the current market conditions. The Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

Furthermore, as at the Latest Practicable Date, the Company has no intention, understanding, negotiation, or arrangement to downsize, discontinue, or divest any part of its existing business.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.

Conclusion

If the proceeds raised by the Rights Issue is less than the aforesaid estimated net proceeds of approximately HK\$125.73 million, the Company will allocate the use of proceeds proportionately and will further evaluate options including, amongst others, reducing the proposed investment amount or exploring other financing, and/or fundraising alternatives. The Group is focused on improving its profitability.

4. POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there were 170,496 outstanding Share Options under the Share Option Scheme. No Share Option was granted to a Director, chief executive (as defined in the Listing Rule) or substantial shareholder of the Company or an associate of any of them under the Share Option Scheme since the adoption of the Share Option Scheme. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options 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 such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

For illustrative purposes only, set out below is the preliminary adjustment in relation to the outstanding Share Options upon the effective of the Share Consolidation and the completion of Rights Issue, using the market price of the Share as at the Latest Practicable Date:

As at the Latest Practicable Date		For illustrative purposes only			
		Immediately upon the effectiveness of the Share Consolidation		Immediately upon the completion of the Rights Issue	
Number of Outstanding Share Options	Exercise price per Share (HK\$)	Adjusted exercise price per Share (HK\$)	Adjusted number of Shares issuable on the exercise in full of the outstanding Share Options	Adjusted exercise price per Share (HK\$)	Adjusted number of Shares issuable on the exercise in full of the outstanding Share Options
170,496	1.724	8.62* <i>Note 1</i>	34,099* <i>Note 1</i>	5.816* <i>Note 2</i>	50,532* <i>Note 2</i>

Notes:

1. The method of adjustment of the exercise price per Share and the number of Shares on the exercise in full of the outstanding Share Options upon the effectiveness of the Share Consolidation:

$$\text{Adjusted Exercise Price} = \text{Existing Exercise Price} \times F$$

$$\text{Adjusted Number of Share Options} = \text{Existing Share Options} \times F$$

Where

$$F = \text{Consolidation Factor}$$

2. The method of adjustment of the exercise price per Share and the number of Shares on the exercise in full of the outstanding Share Options upon the completion of the Rights Issue:

$$\text{Adjusted Exercise Price} = \text{Existing Share Options (after taking into account the effect of the Share Consolidation)} \times (1/F)$$

$$\text{Adjusted number of Share Options} = \text{Existing Options} \times F$$

Where

$$F = \text{CUM/TEEP}$$

CUM = Closing price as shown in the Daily Quotation Sheet of the Exchange on the last day of trading before going Ex-Entitlement

$$TEEP \text{ (Theoretical Ex Entitlement Price)} = (CUM + (M \times R)) / (1 + M)$$

M = Entitlement per Consolidated Share

R = Subscription Price

As at the Latest Practicable Date, the Company's current outstanding mandate for the grant of new share options is 6,885,003 Shares, representing 2.69% of the issued share capital of the Company.

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. Save for the Rights Issue, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

5. FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date.

6. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the Company's shareholding structure arising from the Rights Issue, which are for illustrative purposes only. Below is the illustration of the Company's shareholding structure, including

- (i) as of the Latest Practicable Date;
- (ii) immediately upon completion of the Share Consolidation, assuming there is no change to the total issued share capital of the Company on or before the EGM ("**Scenario 1**");
- (iii) immediately after Completion, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full; and (b) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 2**");
- (iv) immediately after Completion, assuming (a) except for Ms. Liu Beibei, Ms. Fu Xiaoqin, Mr. Ding Zhigang, Mr. Yu Lu, and Mr. Tsang Wah Tak Brian, no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue; (b) none of the Unsubscribed Rights Shares are taken up by independent placee(s) under the Unsubscribed Arrangements; (c) there is no change to the total issued share capital of the Company on or before the Record Date; and (d) the application of Mr. Ding Zhigang, Mr. Yu Lu, and Mr. Tsang Wah Tak Brian for their assured entitlement under the Rights Issue has been scaled down to a level that does not result in the non-compliance of the Public Float Requirement ("**Scenario 3**"); and

- (v) immediately after Completion, assuming (a) none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares; (b) the Placing Agent will successfully place all the Unsubscribed Rights Shares under the Placing, and (c) there is no change to the total issued share capital of the Company on or before the Record Date (“**Scenario 4**”).

	As of the Latest Practicable Date		Scenario 1		Scenario 2		Scenario 3 (Note 4)		Scenario 4 (Notes 3, 5)	
	Approximate Number of Shareholding Shares	percentage	Approximate Number of Shareholding Shares	percentage	Approximate Number of Shareholding Shares	percentage	Approximate Number of Shareholding Shares	percentage	Approximate Number of Shareholding Shares	percentage
Substantial Shareholders										
Liu Beibei	33,772,112	13.21%	6,754,423	13.21%	40,526,538	13.21%	29,083,742	24.12%	6,754,423	2.20%
Fu Xiaoqin	33,000,000	12.90%	6,600,000	12.90%	39,600,000	12.90%	28,418,816	23.57%	6,600,000	2.15%
Directors										
Ding Zhigang (Note 2)	19,670,092	7.69%	3,934,018	7.69%	23,604,108	7.69%	16,939,413	14.05%	3,934,018	1.28%
Yu Lu (Note 2)	17,252,250	6.75%	3,450,450	6.75%	20,702,700	6.75%	14,857,227	12.32%	3,450,450	1.12%
Tsang Wah Tak Brian (Note 1)	1,315,000	0.51%	263,000	0.51%	1,578,000	0.51%	1,132,447	0.94%	263,000	0.09%
Public Shareholders										
Ning Jun (Note 7)	20,280,000	7.93%	4,056,000	7.93%	24,336,000	7.93%	4,056,000	3.36%	4,056,000	1.32%
The Placees (Note 6)	—	—	—	—	—	—	—	—	255,728,860	83.33%
Other public Shareholders	130,439,406	51.01%	26,087,881	51.01%	156,527,286	51.01%	26,087,881	21.64%	26,087,881	8.50%
	<u>255,728,860</u>	<u>100.00%</u>	<u>51,145,772</u>	<u>100.00%</u>	<u>306,874,632</u>	<u>100.00%</u>	<u>120,575,526</u>	<u>100.00%</u>	<u>306,874,632</u>	<u>100.00%</u>

Notes:

1. Mr. Tsang Wah Tak Brian is an executive Director.
2. Both Mr. Ding Zhigang and Mr. Yu Lu are non-executive Directors.
3. This scenario is for illustrative purposes only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares.
4. Assuming (a) except for Ms. Liu Beibei, Ms. Fu Xiaoqin, Mr. Ding Zhigang, Mr. Yu Lu, and Mr. Tsang Wah Tak Brian, no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue; (b) none of the Unsubscribed Rights Shares are taken up by independent placee(s) under the Unsubscribed Arrangements; and (c) there is no change to the total issued share capital of the Company on or before the Record Date; upon Completion, there will be 30,143,881 Shares held by public Shareholders, representing approximately 19.30% of the total issued Shares as enlarged by the allotment of the Rights Shares, which will be below the Public Float Requirement. In that case, the application of Mr. Ding Zhigang, Mr. Yu Lu, Mr. Tsang Wah Tak Brian, Ms. Liu Beibei and Ms. Fu Xiaoqin for their assured entitlement under the Rights Issue will be adjusted and scaled down to a level that does not result in the non-compliance of the Public Float Requirement.

As a result, the total number of shares held by Ms. Liu Beibei, Ms. Fu Xiaoqin, Mr. Ding Zhigang, Mr. Yu Lu, and Mr. Tsang Wah Tak Brian will be reduced to the number of shares as presented in Scenario 3 above. The Company is committed to maintaining compliance with the Public Float Requirement at all times.

5. In the extreme case as illustrated in Scenario 4 above, assuming that (a) none of the Qualifying Shareholders take up their respective entitlements of the Rights Shares; (b) the Placing Agent successfully places all the Unsubscribed Rights Shares to a single placee under the Placing; and (c) there is no change to the total issued share capital of the Company on or before the Record Date, upon Completion, only 26,087,881 Shares will be held by public Shareholders, representing approximately 8.50% of the total issued Shares as enlarged by the allotment of the Rights Shares, which falls below the minimum public float requirement under Rule 8.08(1). In such case, placing agent will determine to allocate such number of Unsubscribed Rights Shares to the single placee in order to ensure the compliance with the Public Float Requirements.

In other situation, when there is more than one placee, depending on placees' subscription situation, if the Public Float Requirements may not be met, the restriction that placees shall not be substantial shareholders may apply.

Upon receipt of subscription applications from placees under the Placing, the placing agent shall be obliged to thoroughly review such applications to ensure that the Public Float Requirements are complied.

6. Pursuant to the Placing Agreement, depending on placees' subscription situations, placees may not be substantial shareholders in order to ensure that the Public Float Requirements are complied. The Unsubscribed Rights Shares are expected to be placed to placees, who are third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.
7. Mr. Ning Jun holds 20,280,000 Shares, representing 7.93% of the issued Shares of the Company as at the Latest Practicable Date, thus is not a Substantial Shareholder and not a core connected person of the Company. In addition, Ning Jun does not fall within any of the categories specified under Rule 8.24 of the Listing Rules and is therefore regarded as a public Shareholder.

7. LISTING RULES IMPLICATIONS

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12 months immediately preceding the Latest Practicable Date, the Rights Issue is conditional on minority Shareholders' approval at the EGM under the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders' approval is required for a rights issue under rule 7.19A, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall from voting in favour of the Rights Issue.

As of the Latest Practicable Date, the Company does not have any controlling shareholder as defined under the Listing Rules. However, each of Mr. Tsang Wah Tak, Brian (executive Director), Mr. Yu Lu, and Mr. Ding Zhigang (both non-executive Directors) holds a beneficial interest in 1,315,000 Shares, 17,252,250 Shares, and 19,670,092 Shares, respectively. As part of the intended use of the Net Proceeds, a portion of the Net Proceeds will be used to partially settle the Group's outstanding borrowings. Mr. Ning Jun, a public Shareholder who does not fall within any of the categories under Rule 8.24 of the Listing Rules, has been identified as one of the Group's creditors whose debt is to be repaid by the Company. To avoid any conflict of interest, Mr. Ning Jun, together with Mr. Tsang Wah Tak, Brian, Mr. Yu Lu, and Mr. Ding Zhi Gang, will be required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue and the transaction contemplated thereunder at the EGM. Save as the above disclosure, no Shareholders and Directors are required to abstain from voting in favour of the proposed resolution approving the Rights Issue and the transaction contemplated thereunder at the EGM.

8. EGM

The EGM will be held at Units 5906-12, 59/F, The Center, 99 Queen's Road Central, Hong Kong, on Thursday, 14 August 2025 at 10:00 a.m. for the purpose of approving, the Share Consolidation, Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder. A notice convening the EGM is set out on page EGM-1 to page EGM-4 of this circular. A form of proxy for use at the EGM is enclosed herewith.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

The register of members of the Company will be closed from Friday, 8 August 2025 to Thursday, 14 August 2025 (both days inclusive) for determine the eligibility of the Shareholders to attend and vote at the EGM. In order to qualify for attendance and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar at Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 August 2025.

In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue (including information on acceptances of the Rights Shares), PAL(s) are expected to be despatched to the Qualifying Shareholders on Thursday, 28 August 2025.

9. TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 7:30 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.risecomm.com.cn) and designated website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.

10. FURTHER INFORMATION

Your attention is drawn to (i) letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

11. RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

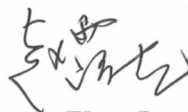
The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this circular.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the Latest Practicable Date up to the date on which 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.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

By Order of the Board
Risecomm Group Holdings Limited



Zhao Luyi

Chairman and executive Director