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**RISECOMM**

**瑞斯康**

**RISECOMM GROUP HOLDINGS LIMITED**

**瑞斯康集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1679)**

## **PROPOSED AMENDMENT TO TERMS AND CONDITIONS OF CONVERTIBLE BONDS**

On 24 June 2020 (after trading hours), the Company entered into the Amendment Agreement with the Bondholder, pursuant to which, the Company and the Bondholder conditionally agreed to amend the conversion price under the Convertible Bonds from the Initial Conversion Price of HK\$2.50 per Conversion Share to the Adjusted Conversion Price of HK\$0.80 per Conversion Share.

As at the date of this announcement, no Conversion Shares have been issued upon exercise of the Convertible Bonds. Assuming the Convertible Bonds is exercised in full at the Adjusted Conversion Price of HK\$0.80, the Convertible Bonds will be convertible into 187,500,000 Conversion Shares, representing approximately 19.00% of the issued share capital of the Company as at the date of this announcement and approximately 15.97% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, respectively.

Upon exercise of the Convertible Bonds, the Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 15 June 2020 and will rank pari passu in all respects with the existing Shares in issue.

### **LISTING RULES IMPLICATIONS**

Under Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Proposed Amendment pursuant to the requirements under the Listing Rules.

### **GENERAL**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

**The Proposed Amendment is subject to the satisfaction of the conditions precedent under the Amendment Agreement, which may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.**

## **BACKGROUND**

Reference is made to the announcement of the Company dated 31 July 2018 in respect of, among other things, the issue of the Convertible Bonds under a general mandate pursuant to the Subscription Agreement. The Convertible Bonds in the principal amount of HK\$150,000,000 was issued on 13 August 2018 with the Maturity Date (as defined in the Conditions) on 13 August 2020, being a date falling on 24 months from the issue date.

On 18 December 2019, the Company delivered an extension notice to the Bondholder in accordance with the Conditions to extend the Maturity Date from 13 August 2020 to a date falling on 36 months from the issue date. Based on the extension notice and the Instrument, the Convertible Bonds will mature on 13 August 2021 and the Maturity Date shall not be extended further without written approval of the majority holders of the Convertible Bonds and the Company.

On 24 June 2020 (after trading hours), the Company entered into the Amendment Agreement with the Bondholder, pursuant to which, the Company and the Bondholder conditionally agreed to amend the conversion price under the Convertible Bonds from the Initial Conversion Price of HK\$2.50 per Conversion Share to the Adjusted Conversion Price of HK\$0.80 per Conversion Share.

Details of the Amendment Agreement are set out below:

## **THE AMENDMENT AGREEMENT**

### **Date**

24 June 2020

### **Parties**

Issuer : The Company

Bondholder : Software Research Associates, Inc. (株式会社SRA)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Bondholder and its ultimate beneficial owners are Independent Third Parties.

## **Proposed Amendment**

Pursuant to the Amendment Agreement, the Company and the Bondholder conditionally agreed to amend the conversion price under the Convertible Bonds from the Initial Conversion Price of HK\$2.50 per Conversion Share to the Adjusted Conversion Price of HK\$0.80 per Conversion Share (the “**Proposed Amendment**”) commencing from the Effective Date.

Save and except for the Proposed Amendment, all the terms and conditions of the Instrument shall remain unchanged.

The Adjusted Conversion Price of HK\$0.80 represents:

- (a) a discount of approximately 68.00% over the Initial Conversion Price of HK\$2.50 per Conversion Share;
- (b) a premium of approximately 6.67% over the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 8.11% over the average closing price of HK\$0.74 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 11.11% over the average closing price of HK\$0.72 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day.

## **Conditions Precedent**

The Proposed Amendment is subject to the fulfillment of the following conditions:

- (a) the Company has obtained the approval from the Stock Exchange in relation to the Proposed Amendment under the Amendment Agreement pursuant to the Listing Rules;
- (b) the Company has obtained the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the Convertible Bonds in accordance with the Instrument, as amended and supplemented by the Supplemental Deed;
- (c) the Company has obtained all other necessary consents, authorisations and approvals in respect of the Proposed Amendment and the transactions contemplated by the Amendment Agreement and the Supplemental Deed;

- (d) each of the Company and the Bondholder shall have passed all the necessary resolutions of the board of directors or obtained necessary internal approval approving, inter alia, the terms of, and the transactions contemplated by, the Amendment Agreement and the Supplemental Deed and resolving that it executes the documents to which it is a party and such resolutions or approval shall remain in full force and effect and shall not have been revoked or amended;
- (e) on the Effective Date, there shall not be an event existing or having occurred or a condition in existence which would constitute an Event of Default (as defined in the Conditions), and no event or act shall have occurred which (with the giving of notices, or the lapse of time, or both) would constitute an Event of Default; and
- (f) on the Effective Date, the representations, warranties and undertakings set out in the Amendment Agreement shall be true, accurate and correct at, and as if made on, such date.

### **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES UPON CONVERSION OF THE CONVERTIBLE BONDS**

As at the date of this announcement, no Conversion Shares have been issued upon exercise of the Convertible Bonds. Assuming the Convertible Bonds is exercised in full at the Adjusted Conversion Price of HK\$0.80, the Convertible Bonds will be convertible into 187,500,000 Conversion Shares, representing approximately 19.00% of the issued share capital of the Company as at the date of this announcement and approximately 15.97% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, respectively.

At the annual general meeting of the Company held on 15 June 2020, the Directors were granted authority to issue up to 197,323,814 Shares, representing 20% of the total number of the Shares in issue as at the date of the annual general meeting. As at the date of this announcement, no Share has been issued by the Company pursuant to such authority. As the total number of 187,500,000 Conversion Shares that may fall to be issued upon exercise in full of the Convertible Bonds will fall within the limit of the authority, no Shareholders' approval will be required to approve the issue of Conversion Shares upon exercise of the Convertible Bonds.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS

Save as disclosed below, the Company has not carried out any other equity fund raising exercise in the 12 months immediately preceding the date of this announcement.

Date of announcements	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
15 October 2019 and 31 October 2019	Issue of 147,500,000 Shares to not less than six places at a price of HK\$0.40 per Share pursuant to the terms and conditions of the relevant placing agreement on 31 October 2019. The Shares were allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 23 May 2019.	HK\$58.5 million	The net proceeds are intended to be fully used for partial settlement of the outstanding principal of two promissory notes issued by the Company with aggregate principal amount of approximately HK\$223 million.	As at the date of this announcement, the net proceeds have been fully utilised according to the intended use as announced.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (i) the existing shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company immediately after the Amendment Agreement becoming unconditional and assuming no conversion of the Convertible Bonds into Conversion Shares; and (iii) the shareholding structure of the Company immediately after the Amendment Agreement becoming unconditional and assuming exercise in full of the Convertible Bonds into Conversion Shares at the Adjusted Conversion Price of HK\$0.80:

	Existing (as at the date of this announcement)		Immediately after the Amendment Agreement becoming unconditional and assuming no conversion of any Convertible Bonds		Immediately after the Amendment Agreement becoming unconditional and assuming exercise in full of the Convertible Bonds into Conversion Shares at the Adjusted Conversion Price of HK\$0.80	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged issued share capital of the Company
<b>Substantial Shareholder</b>						
Seashore Fortune Limited <sup>(Note 5)</sup>	93,543,624	9.48%	93,543,624	9.48%	93,543,624	7.97%
Ms. Chen Junling <sup>(Note 1)</sup>	97,527,845	9.89%	97,527,845	9.89%	97,527,845	8.31%
Magical Success Holdings Limited <sup>(Note 1)</sup>	97,527,845	9.89%	97,527,845	9.89%	97,527,845	8.31%
SB Asia Investment Fund II L.P. <sup>(Note 2)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
SAIF II GP L.P. <sup>(Note 2)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
SAIF Partners II L.P. <sup>(Note 2)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
SAIF II GP Capital Ltd. <sup>(Note 2)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
Mr. Andrew Y. Yan <sup>(Note 2)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
Cisco Systems, Inc. <sup>(Note 3)</sup>	197,340,537	20.00%	197,340,537	20.00%	197,340,537	16.81%
Spitzer Fund VI L.P. <sup>(Note 4)</sup>	155,575,000	15.77%	155,575,000	15.77%	155,575,000	13.25%
The Bondholder	—	—	—	—	187,500,000	15.97%
<b>Directors</b>						
Mr. Yue Jingxing <sup>(Note 5)</sup>	93,543,624	9.48%	93,543,624	9.48%	93,543,624	7.97%
Mr. Wang Shiguang <sup>(Note 6)</sup>	97,527,845	9.89%	97,527,845	9.89%	97,527,845	8.31%
Mr. Tang Andong <sup>(Note 7)</sup>	31,302,500	3.17%	31,302,500	3.17%	31,302,500	2.67%
<b>Public Shareholders</b>	<u>411,329,565</u>	<u>41.69%</u>	<u>411,329,565</u>	<u>41.69%</u>	<u>411,329,565</u>	<u>35.03%</u>
<b>Total</b> <sup>(Note 8)</sup>	<u>986,619,071</u>	<u>100.00%</u>	<u>986,619,071</u>	<u>100.00%</u>	<u>1,174,119,071</u>	<u>100.00%</u>

Notes:

- (1) *Ms. Chen Junling (“Ms. Chen”) is the sole shareholder of Magical Success Holdings Limited (“Magical Success”) which holds 97,527,845 Shares. By virtue of the SFO, Ms. Chen is deemed to be interested in the Shares in which Magical Success is interested.*
- (2) *SB Asia Investment Fund II L.P. (“SAIF”) is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of SAIF is SAIF II GP L.P., a limited partnership established in the Cayman Islands, whose general partner is SAIF Partners II L.P., a limited partnership established in the Cayman Islands. The general partner of SAIF Partners II L.P. is SAIF II GP Capital Ltd., an exempted limited liability company incorporated in the Cayman Islands wholly owned by Mr. Andrew Y. Yan. By virtue of the SFO, SAIF II GP L.P., SAIF Partners II L.P., SAIF II GP Capital Ltd. and Mr. Andrew Y. Yan are deemed to be interested in the Shares in which SAIF is interested.*
- (3) *Cisco Systems, Inc., being a limited partner of SAIF, holds 38.9% of equity interest in SAIF. By virtue of the SFO, Cisco Systems, Inc. is deemed to be interested in the Shares in which SAIF is interested.*
- (4) *Based on the disclosure of interests form submitted by Spitzer Fund VI L.P. as at the date of this announcement.*
- (5) *Mr. Yue Jingxing (“Mr. Yue”), an executive Director, is the sole shareholder of Seashore Fortune Limited (“Seashore Fortune”) which holds 93,543,624 Shares. By virtue of the SFO, Mr. Yue is deemed to be interested in the Shares in which Seashore Fortune is interested.*
- (6) *Mr. Wang Shiguang, a non-executive Director and the spouse of Ms. Chen, is deemed to be interested in Ms. Chen’s interest in the Company by virtue of the SFO.*
- (7) *Mr. Tang Andong (“Mr. Tang”), an executive Director, owns 50% interest in Sailen International IOT Limited (“Sailen International”), which holds 31,302,500 Shares. By virtue of the SFO, Mr. Tang is deemed to be interested in the Shares in which Sailen International is interested.*
- (8) *The percentages of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not add up to 100% due to rounding.*

## **REASONS FOR THE PROPOSED AMENDMENT**

With reference to the prevailing market price of the Shares, the Proposed Amendment was determined after arm’s length negotiations between the Company and the Bondholder and the Directors (including the independent non-executive Directors) consider that the Proposed Amendment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Adjusted Conversion Price of HK\$0.80 represents a less premium to the prevailing market price of the Shares when compared to the Initial Conversion Price of HK\$2.50, the chance of conversion of the Convertible Bonds is less remote and if the Convertible Bonds are converted into Shares, the financial position of the Group will be strengthened with the conversion of debt into equity capital and the pressure on the Company’s liquidity and cash flow can be reduced.

The Board expects that there will be a fair value loss arising from the Proposed Amendment upon it becoming unconditional. The exact amount of fair value loss arising from the Proposed Amendment will be ascertained in accordance with the relevant accounting rules and principles and will be reflected in the annual results of the Company for the year ending 31 December 2020.

## LISTING RULES IMPLICATIONS

Under Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval of the Proposed Amendment pursuant to the requirements under the Listing Rules.

## GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

**The Proposed Amendment is subject to the satisfaction of the conditions precedent under the Amendment Agreement, which may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Adjusted Conversion Price”	HK\$0.80, being the adjusted price for conversion of the Convertible Bonds pursuant to the Supplemental Deed, which is subject to adjustment pursuant to the Conditions
“Amendment Agreement”	the amendment agreement dated 24 June 2020 and entered into between the Company and the Bondholder to effect the Proposed Amendment by way of executing the Supplemental Deed
“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
“Company”	Risecomm Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the main board of the Stock Exchange (stock code: 1679)
“Conditions”	terms and conditions of the Convertible Bonds as set out in the Instrument
“connected person”	has the meaning ascribed to it 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 Supplemental Deed
“Convertible Bonds”	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
“Effective Date”	a date on or before 13 August 2020 as mutually agreed by the Company and the Bondholder, subject to satisfaction of the conditions precedent set out in the Amendment Agreement
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 15 June 2020 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at 15 June 2020, being 197,323,814 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	person or company which is not a connected person of the Company, and is independent of and not connected with any connected person of the Company
“Initial Conversion Price”	HK\$2.50, being the initial price for conversion of the Convertible Bonds, which is subject to adjustment pursuant to the Conditions
“Instrument”	the instrument constituting the Convertible Bonds, as amended and supplemented from time to time
“Last Trading Day”	24 June 2020, being the date of the Amendment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Amendment”	the proposed amendment to the Conditions of the Convertible Bonds as contemplated under the Amendment Agreement and the Supplemental Deed as defined under the section headed “ <i>The Amendment Agreement — Proposed Amendment</i> ” of this announcement

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 31 July 2018 and entered into between the Company and the Bondholder relating to the subscription of the Convertible Bonds
“Supplemental Deed”	the supplemental deed of Instrument to be executed by the Company on the Effective Date in connection with the Proposed Amendment
“%”	per cent.

By Order of the Board  
**Risecomm Group Holdings Limited**  
**Cheung Fan**  
*Chairman and Non-Executive Director*

Hong Kong, 24 June 2020

*As at the date of this announcement, the executive Directors are Mr. Yue Jingxing and Mr. Tang Andong, the non-executive Directors are Mr. Wang Shiguang, Mr. Cheung Fan, Mr. Zhou, Francis Bingrong and Ms. Pan Hong and the independent non-executive Directors are Ms. Lo Wan Man, Mr. Ong King Keung and Mr. Zou Heqiang.*