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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)

SECOND PROPOSED AMENDMENT TO TERMS AND CONDITIONS OF CONVERTIBLE BONDS

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On 13 August 2021 (after trading hours), the Company and the Bondholder entered into the Second Amendment and Extension Agreement, pursuant to which, the Company and the Bondholder conditionally agreed to further extend the Extended Maturity Date of the Convertible Bonds by 12 months from 13 August 2021 to the New Maturity Date of 13 August 2022 (i.e. 48 months from the issue date) by way of executing the Second Supplemental Deed.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration 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. In accordance with Rule 28.05 of the Listing Rules, application will be made by the Company to the Stock Exchange for (i) approval of the Second Proposed Amendment; and (ii) granting of the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of the conversion rights attached to the Convertible Bonds.

The Company will seek Shareholders' approval at the EGM for the grant of the Specific Mandate to the Directors for the allotment and issue of the Conversion Shares and will submit the relevant listing application to the Stock Exchange. A circular containing, among other things, details of the Second Proposed Amendment and a notice convening the EGM is expected to be despatched to the Shareholders on or before 3 September 2021.

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

BACKGROUND

References are made to the announcements of the Company dated 31 July 2018, 13 August 2018, 24 June 2020 and 13 August 2020, respectively, in respect of, among other things, the issue of the Convertible Bonds under a general mandate pursuant to the Subscription Agreement and a subsequent amendment of the terms of the Convertible Bonds. The Convertible Bonds in the principal amount of HK\$150,000,000 were issued on 13 August 2018, maturing in 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 of 13 August 2020 (i.e. 24 months from the issue date) to the Extended Maturity Date of 13 August 2021 (i.e. 36 months from the issue date). Based on the Instrument, the Extended Maturity Date shall not then be extended any further without written approval of the majority holders of the Convertible Bonds and the Company.

On 24 June 2020, the Company entered into an 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 HK\$2.50 per Conversion Share to HK\$0.80 per Conversion Share. This amendment took effect upon execution of a supplemental deed by the Company on 13 August 2020.

SECOND PROPOSED AMENDMENT

After arm's length negotiations, the Company and the Bondholder entered into the Second Amendment and Extension Agreement on 13 August 2021, pursuant to which, the Company and the Bondholder conditionally agreed to further extend the Extended Maturity Date by 12 months from 13 August 2021 to the New Maturity Date of 13 August 2022 (i.e. 48 months from the issue date) (the "**Second Proposed Amendment**").

The Second Proposed Amendment will be effected by way of execution of the Second Supplemental Deed. Save for the Second Proposed Amendment, all other terms and conditions of the Convertible Bonds remain unchanged. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Bondholder and its ultimate beneficial owners are Independent Third Parties.

As at the date of this announcement, no Conversion Shares have been issued pursuant to the Convertible Bonds. In the event that the conversion rights under the Convertible Bonds are exercised in full at the conversion price of HK\$0.80 per Conversion Share, the Convertible Bonds will be convertible into 187,500,000 Conversion Shares, representing approximately 15.8% of the issued share capital of the Company as at the date of this announcement and approximately 13.7% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

CONDITIONS PRECEDENTS

The Second Proposed Amendment is subject to the fulfillment (or waiver, other than conditions (a), (b) and (c) below) of the following conditions on or before the Longstop Date:

- (a) the Stock Exchange granting the approval in relation to the Second Proposed Amendment in accordance with the Listing Rules;
- (b) the passing by the Shareholders of all necessary resolution(s) at the EGM to approve the Second Proposed Amendment and the transactions contemplated by the Second Amendment and Extension Agreement and the Second Supplemental Deed (including but not limited to the allotment and issue of Conversion Shares under the Specific Mandate);
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Conversion Shares;
- (d) all necessary consents and approvals in respect of the Second Proposed Amendment and the transactions contemplated by the Second Amendment and Extension Agreement and the Second Supplemental Deed (including but not limited to the necessary approvals to be obtained under the Listing Rules) having been obtained;
- (e) the Company and the Bondholder shall have passed all the necessary resolutions of the board of directors or obtained necessary internal approval approving, among other things, the terms of, and the transactions contemplated by, the Second Amendment and Extension Agreement and the Second 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;
- (f) 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
- (g) on the Effective Date, the representations, warranties and undertakings set out in the Second Amendment and Extension Agreement shall be true, accurate and correct at, and as if made on, such date.

REASONS FOR THE SECOND PROPOSED AMENDMENT

The Second Proposed Amendment will allow the Company to enjoy more flexibility when planning its financial resources, as it enables the Company to apply its financial resources to fund its operation and/or business development, especially when facing the challenges of the COVID-19 outbreak, instead of repayment of the Convertible Bonds by 13 August 2021, so as to maximise returns to the Shareholders. As such, the Directors consider that the terms and conditions of the Second Proposed Amendment are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to 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 make an application to the Stock Exchange for the approval of the Second Proposed Amendment as soon as practicable.

The Company will seek Shareholders' approval at the EGM for the grant of the Specific Mandate to the Directors for the allotment and issue of the Conversion Shares and will submit the relevant listing application to the Stock Exchange. A circular containing, among other things, details of the Second Proposed Amendment and a notice convening the EGM is expected to be despatched to the Shareholders on or before 3 September 2021.

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

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“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 Second Supplemental Deed
“Convertible Bonds”	the fixed rate senior convertible bonds in the aggregate principal amount of HK\$150,000,000 at a rate of 4% per annum issued by the Company on 13 August 2018 as constituted by the Instrument
“COVID-19”	Coronavirus disease 2019

“Director(s)”	the director(s) of the Company
“Effective Date”	a date determined in accordance with the Second Amendment and Extension Agreement, subject to satisfaction of the conditions precedent set out therein
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the ordinary resolutions in respect of the Second Proposed Amendment and the grant of the Specific Mandate
“Extended Maturity Date”	a date falling on 36 months from the issue date of the Convertible Bonds, i.e. 13 August 2021
“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
“Instrument”	the instrument constituting the Convertible Bonds, as amended and supplemented from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 December 2021
“Maturity Date”	a date falling on 24 months from the issue date of the Convertible Bonds, i.e. 13 August 2020
“New Maturity Date”	a date falling on 48 months from the issue date of the Convertible Bonds, i.e. 13 August 2022
“Second Amendment and Extension Agreement”	the second amendment and extension agreement dated 13 August 2021 entered into between the Company and the Bondholder to effect the Second Proposed Amendment by way of executing the Second Supplemental Deed
“Second Proposed Amendment”	the second proposed amendment to the Conditions of the Convertible Bonds as contemplated under the Second Amendment and Extension Agreement and the Second Supplemental Deed

“Second Supplemental Deed”	the second supplemental deed of Instrument to be executed by the Company on the Effective Date in connection with the Second Proposed Amendment
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate for the issuance of the Conversion Shares under the amended terms of the Convertible Bonds
“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
“%”	per cent.

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

Hong Kong, 13 August 2021

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