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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB122.3 million (2023: approximately RMB94.9 million), representing an increase of approximately 28.9%.
- Revenue from Automated Meter Reading ("**AMR**") and other business segment increased by approximately 58% to approximately RMB67.1 million (2023: approximately RMB42.3 million) as compared with that in 2023.
- Revenue from Smart Manufacturing & Industrial Automation ("**SMIA**") business segment decreased by approximately 43% to approximately RMB29.8 million (2023: approximately RMB52.5 million) as compared with that in 2023.
- Revenue from Wind Farm Operation and Maintenance ("**WFOM**") business segment amounted to approximately RMB25.4 million for the year under review.
- Net loss for the year under review attributable to equity shareholders of the Company amounted to approximately RMB73.5 million (2023: net loss attributable to equity shareholders of the Company approximately RMB138.5 million).
- Basic loss per share for the year under review amounted to approximately RMB28.76 cents (2023: basic loss per share approximately RMB62.65 cents).
- The Board resolved not to recommend the payment of a final dividend for the year under review (2023: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Risecomm Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**year under review**"), together with the comparative figures for the year ended 31 December 2023 or other dates/periods as set out in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**122,298**	94,868
Cost of sales		**(85,204)**	(79,300)
Gross profit		**37,094**	15,568
Other income, gains and losses, net	*5*	**(12,220)**	4,516
Allowance for impairment losses on financial assets and contract assets, net		**(1,933)**	(22,043)
Selling and marketing expenses		**(20,098)**	(11,836)
General and administrative expenses		**(41,379)**	(46,758)
Research and development expenses		**(22,613)**	(20,406)
Loss from operations		**(61,149)**	(80,959)
Impairment losses of intangible assets		**–**	(27,654)
Finance costs	*7*	**(11,086)**	(11,823)
Loss before tax		**(72,235)**	(120,436)
Income tax expense	*8*	**(1,308)**	(23,212)
Loss for the year	*9*	**(73,543)**	(143,648)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Loss for the year	*9*	**(73,543)**	(143,648)
Other comprehensive expenses			
Item that will not be reclassified subsequently to profit or loss:			
Fair value changes of equity investment at fair value through other comprehensive income ("**FVTOCI**")		**–**	2,246
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(3,270)**	(5,169)
Other comprehensive expenses for the year		**(3,270)**	(2,923)
Total comprehensive loss for the year		**(76,813)**	(146,571)
Loss for the year attributable to:			
Owners of the Company		**(73,543)**	(138,514)
Non-controlling interests		**–**	(5,134)
		(73,543)	(143,648)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(76,813)**	(141,437)
Non-controlling interests		**–**	(5,134)
		(76,813)	(146,571)
Loss per share attributable to owners of the Company			
Basic and diluted *(RMB cents)*	*11*	**(28.76)**	(62.65)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**14,570**	16,917
Right-of-use assets		**–**	8,458
Goodwill	*12*	**–**	–
Deposit paid for acquisition		**–**	60,000
Intangible assets		**113,039**	11,754
Deferred tax assets		**835**	846
Total non-current assets		**128,444**	97,975
Current assets			
Inventories		**11,335**	22,290
Trade and other receivables	*13*	**77,777**	91,686
Restricted bank deposits		**3,834**	2,618
Bank and cash balances		**15,183**	35,919
Total current assets		**108,129**	152,513
TOTAL ASSETS		**236,573**	250,488
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**222**	222
Reserves		**(105,923)**	(29,110)
		(105,701)	(28,888)
Non-controlling interests		**(5,645)**	(5,645)
Total deficit		**(111,346)**	(34,533)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**627**	751
Lease liabilities		**–**	4,237
Deferred tax liabilities		**615**	929
Contingent consideration		**603**	–
Borrowings		**56,940**	108,705
Total non-current liabilities		**58,785**	114,622
Current liabilities			
Trade and other payables	*14*	**83,114**	74,530
Contract liabilities		**10,964**	12,184
Borrowings		**190,204**	76,587
Lease liabilities		**–**	4,455
Income tax payables		**4,852**	2,643
Total current liabilities		**289,134**	170,399
TOTAL EQUITY AND LIABILITIES		**236,573**	250,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Risecomm Group Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 August 2015 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is 41/F, Block A, Building 8, Shenzhen International Innovation Valley, Xili Street, Nanshan District, Shenzhen, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. The principal activities of its subsidiaries are (i) Manufacturing and sales of AMR products in the PRC; (ii) SMIA business and construction in the PRC; and (iii) wind farm operation and maintenance services in the PRC.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a net loss of approximately RMB73,543,000 during the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately RMB181,005,000 and RMB111,346,000, respectively. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company (the "Directors(s)") have taken the following measures:

(a) The Group continues to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations. These actions include cost control measures, and timely collection of outstanding receivables;

(b) The Group obtained additional borrowing facility of approximately RMB10,000,000 from its shareholder on 22 March 2025, with the facility maturing in 2026;

(c) The Group has been actively negotiating with various lenders on the extension of other borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contractual arrangements with certain lenders to extend the maturity of existing financing arrangements, including other borrowings of approximately RMB146 million which would not be repayable within the next 12 months; and

(d) The Group has been actively exploring potential asset disposal opportunities to create liquidity for, inter alia, repayment of the borrowings.

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projection cover a period of not less than twelve months from 31 December 2024. Having taken into account the above-mentioned plans and measures, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due within the next twelve months from the date of the consolidated statement of financial position. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above.

Should the Group fail to achieve the above-mentioned plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Amendments to the Classification and Measurement of Financial Instruments	1 January 2025
Amendments to HKFRS Accounting Standards — Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 9 and HKFRS 7 — Contracts Referencing Nature — dependent Electricity	1 January 2026

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

The Group is principally engaged in the design, development and sale of power line communication ("**PLC**") products as well as the provision of relevant maintenance services in connection with the deployment and upgrades of AMR systems by power grid companies in the PRC and for a wide range of applications related to energy saving and environmental protection.

The Group is also engaged in the sales of software license, production safety products, construction contracts as well as the provision of software post-contract customer support services in connection with the SMIA applied in the area of maintenance and safety integrity system in the petroleum and petrochemicals industry.

The Group is providing WFOM services in the PRC, ensuring efficient and compliant operations of wind power facilities. The services cover technical support equipment inspection, performance optimisation, and regulatory compliance management to enhance the reliability and efficiency of wind farms operations.

(a) Disaggregation of revenue

An analysis of the Group's revenue for the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time		
Disaggregated by major products or service lines:		
AMR and other business		
— PLC Integrated circuits ("**ICs**")	**4,443**	7,977
— PLC Modules	**30,755**	11,167
— Other products	**29,271**	14,434
— AMR maintenance services	**2,606**	8,759
Sub-total of AMR and other business	**67,075**	42,337
SMIA business		
— Software license	**23,749**	36,023
— Production safety products	**2,079**	8,639
Sub-total of SMIA business	**25,828**	44,662
Revenue from contracts with customers within the scope of HKFRS 15 and recognised over time		
Disaggregated by major products or service lines:		
SMIA business		
— Post-contract customer support service	**221**	3,541
— Construction contracts	**3,790**	4,328
Sub-total of SMIA business	**4,011**	7,869
WFOM business		
— Wind farm operation and maintenance services	**25,384**	–
Total	**122,298**	94,868

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Interest income from bank deposits	**253**	595
Government grant		
— Unconditional subsidies *(note (a))*	**1,950**	2,161
— Conditional subsidies *(note (b))*	**123**	204
Loss on disposals of property, plant and equipment	**(88)**	(23)
Net foreign exchange gain	**1,884**	979
Rental income	**702**	514
Loss on early termination of leases	**(587)**	–
Impairment loss on prepayment	**(15,234)**	–
Penalty	**(1,319)**	–
Others	**96**	86
	(12,220)	4,516

Notes:

(a) Unconditional government grants mainly represent value-added tax ("**VAT**") refund on self-developed software embedded in AMR and smart energy management products in accordance with the relevant tax law in the PRC.

(b) During the year ended 31 December 2024, the Group recognised an amount of approximately RMB123,000 (2023: RMB204,000) of government grants in respect of the acquisition of plant and equipments for supporting research and development activities.

6. SEGMENT INFORMATION

The Group manages its businesses by business lines. Segmental information has been presented in a manner consistent with the way in which information is reported internally to the Group's executive directors, being the chief operating decision, for the purposes of resources allocation and performance assessment.

The Group has three reportable segments, which are (a) AMR and other business; (b) SMIA business and (c) WFOM business.

The Group's reportable segments are as follows:

AMR and other business	This segment includes design, development and sale of power-line communication products, energy saving and environmental protection products and solutions used in streetlight control, building energy management, photovoltaic power management, etc. and providing maintenance services in connection with the deployment and upgrading of AMR systems by power grid companies in the PRC.
SMIA business	This segment includes sales of software license, production safety products, construction contracts as well as the provision of software post-contract customer support services in connection with the smart manufacturing and industrial automation system applied in the petroleum and petrochemicals industry.
WFOM business	This segment includes the provision of WFOM services, ensuring the efficient and compliant operation of wind power facilities. The services cover technical support, equipment inspection, performance optimisation, and regulatory compliance management to enhance the reliability and efficiency of wind farm operations.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated finance costs, impairment losses of intangible assets, allowance for impairment losses of financial assets and contract assets, net and income tax expense.

No segment assets or liabilities information or other segment information is provided as the Group's chief operating decision maker does not review this information for the purpose of resource allocation and assessment of segment performance.

(a) Information about operating segment profit or loss

The segment information provided to the Group's most senior executive management for the reportable segments for the years ended 31 December 2024 and 2023 is as follows:

Year ended 31 December 2024	**AMR and other business** *RMB'000*	**SMIA business** *RMB'000*	**WFOM business** *RMB'000*	**Total** *RMB'000*
Revenue	**67,075**	**29,839**	**25,384**	**122,298**
Reportable segment results	**(47,526)**	**(21,823)**	**10,133**	**(59,216)**
Amortisation of intangible assets	**3,311**	**–**	**4,172**	**7,483**

Year ended 31 December 2023	AMR and other business *RMB'000*	SMIA business *RMB'000*	Total *RMB'000*
Revenue	42,337	52,531	94,868
Reportable segment results	(57,154)	(1,762)	(58,916)
Amortisation of intangible assets	2,760	9,809	12,569

(b) Reconciliations of segment revenue and profit or loss

	2024 *RMB'000*	2023 *RMB'000*
Reportable segment results	**(59,216)**	(58,916)
Finance costs	**(11,086)**	(11,823)
Allowance for impairment losses on financial assets and contract assets, net	**(1,933)**	(22,043)
Impairment losses of intangible assets	**–**	(27,654)
Loss before tax	**(72,235)**	(120,436)

All the revenue of the Group is derived within the PRC and the non-current assets (excluding deferred tax assets) of the Group are located in the PRC including Hong Kong.

(c) Revenue from major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A[1]	**–[3]**	36,409
Customer B[2]	**20,325**	–[3]

1 Revenue from segment of SMIA business
2 Revenue from segment of AMR and other business
3 The corresponding revenue did not contribute over 10% of the total revenue of the group.

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**276**	388
Interest expenses on bank and other borrowings	**10,810**	11,435
	11,086	11,823

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**2,196**	484
Over-provision in prior years	**(585)**	(1,218)
	1,611	(734)
Deferred tax	**(303)**	23,946
	1,308	23,212

9. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging (crediting) the following:

	2024	2023
	RMB'000	*RMB'000*
Amortisation of intangible assets	**7,483**	12,569
Cost of inventories sold	**53,599**	30,545
Depreciation of property, plant and equipment	**2,484**	2,431
Depreciation of right-of-use asset	**3,679**	4,285
Staff costs		
— Salaries, bonuses and allowances	**39,014**	32,778
— Retirement benefit scheme contributions	**2,878**	3,395
	41,892	36,173
Research and development expenses	**22,613**	20,406
Provision for impairment loss on inventories	**5,289**	5,998
Impairment loss on financial assets	**1,933**	25,464
Reversal of impairment loss on contract assets	**–**	(3,421)

Cost of inventories sold includes staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets of approximately RMB1,490,000 (2023: RMB1,824,000).

Research and development expenses includes staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and materials consumed of approximately RMB18,271,000 (2023: RMB14,601,000).

10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 2024 (2023: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss for the year for the purpose of calculating basis and diluted loss per share	**(73,543)**	(138,514)

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**255,729**	221,082

As a result of the Group's net loss for the years ended 31 December 2024 and 2023, share options were excluded from the calculation of diluted loss per share as their inclusion would has been anti-dilutive.

For the year ended 31 December 2023, the weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share have been adjusted for the share consolidation on 29 June 2023.

12. GOODWILL

	2024	2023
	RMB'000	*RMB'000*
Cost		
At 1 January and 31 December	**215,147**	215,147
Accumulated impairment loss		
At 1 January and 31 December	**(215,147)**	(215,147)
Carrying amount		
At 31 December	**–**	–

13. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**123,264**	114,969
Allowance for impairment losses	**(58,399)**	(58,391)
	64,865	56,578
Prepayments	**23,893**	20,897
Other receivables	**17,648**	18,181
Loan receivables *(note (a))*	**3,850**	11,350
Allowance for impairment losses	**(32,479)**	(15,320)
	12,912	35,108
Total trade and other receivables	**77,777**	91,686

Note:

(a) The amount receivables under the loan agreements are unsecured and arranged at fixed interest rates of 0% to 5% per annum.

The Group generally allows an average credit period of 180 days (2023: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice dates is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**53,362**	21,098
After 6 months but within 1 year	**3,097**	23,417
Over 1 year	**8,406**	12,063
	64,865	56,578

The carrying amounts of the Group's trade receivables are mainly denominated in RMB.

14. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**58,930**	56,765
Product warranty provision	**738**	747
Other payables and accruals	**19,126**	17,018
Serverance payment payable	**4,320**	–
	83,114	74,530

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and the average credit period on purchases is 30 to 180 days. The aging analysis of trade payables based on the invoice dates is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**30,935**	17,113
After 3 months but within 6 months	**1,386**	8,396
After 6 months but within 1 year	**2,864**	300
Over 1 year but within 2 years	**10,058**	17,378
Over 2 years	**13,687**	13,578
	58,930	56,765

The carrying amounts of the Group's trade payables are mainly denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

With the intelligentization, informatization, and digitization of power grids, broadband power line communication ("**PLC**") technology has seen significant development and application. Since 2018, the State Grid Corporation of China ("**State Grid**") has initiated large-scale construction of a residential electricity information collection system based on high-speed power line communication ("**HPLC**") technology.

China is vigorously advancing the development of a new power system dominated by renewable energy. In 2024, the National Energy Administration issued the "2024 Energy Work Guidance Opinions", aiming to promote sustainable and healthy development in the energy sector. The document emphasizes coordinated development between renewable and traditional energy sources, balancing holistic and localized approaches, as well as energy development with efficient utilization. These measures seek to provide safer and more reliable energy security for China's modernization. Key future goals include improving energy efficiency, implementing green development strategies for the power industry, deepening power sector reforms, building a sustainable modern power system, and advancing smart grid technologies in transmission, generation, and power supply services.

Currently, within State Grid's operations, PLC technology is widely used in distribution automation, smart grids, home networks, and multimedia communication. These applications demand higher performance in communication speed, real-time responsiveness, data capacity, and transmission distance. As smart grid multi-scenario integration requirements grow, State Grid has introduced a dual-channel technology combining PLC and wireless communication (HPLC+HRF). This dual-mode approach enables automatic complementary networking between communication and wireless channels. By 2024, State Grid has completed standardization, field trials, and lab verification for dual-mode technology. Over the next 3-5 years starting in 2024, all bidding for electricity information collection systems will require broadband dual-mode communication products.

China Southern Power Grid is accelerating its digital transformation, enhancing smart transmission, distribution, and consumption infrastructure, and promoting multi-energy complementary smart energy systems. Since the second bidding round in November 2024, its smart grid electricity information collection systems have fully transitioned from broadband communication technology to dual-mode communication standards.

In 2024, State Grid requires approximately 89 million broadband dual-mode communication modules for electricity information collection systems, low-voltage distribution networks, and measurement switches, while China Southern Power Grid demands over 10 million modules for low-voltage meter reading systems, both figures remaining stable compared to those of 2023.

According to the 2025 Tender and Procurement Programme for Electricity Meters (Including Electricity Consumption Information Gathering) for Marketing Projects announced by the State Grid, there are three batches of public bidding in April, July and October respectively, and it is predicted that the demand for State Grid broadband dual-mode communication modules will exceed 80 million.

Under China's "14th Five-Year Plan", energy system reforms, and dual-carbon policy framework, the large-scale integration of renewable energy (e.g., distributed photovoltaic power), rapid growth of EV charging infrastructure, and energy storage demands will further drive industry development.

On the other hand, during the year, the Group's Smart Manufacturing & Industrial Automation ("**SMIA**") business segment has been continuing in exploring the field of industrial automation systems by leveraging its core technology competency, particularly in the area of maintenance and safety integrity system ("**MSI**") for the petroleum and petrochemicals industry.

In the face of the current global manufacturing industry's transformation towards digitalization, networking and intelligence, there has been a continuous increase in policy support for the intelligent manufacturing industry by the PRC government. The "14th Five-Year Plan for Development of Smart Manufacturing" ("十四五" 智慧製造發展規劃) puts forward a number of development targets for 2025, including achieving fundamental digitization and network transformation of 70% of large-scale manufacturing enterprises, the establishment of more than 500 smart manufacturing demonstration factories, and the creation of more than 200 national industry standards. In 2035, the plan envisages the "comprehensive and general digitization and network transformation of large-scale manufacturing enterprises" as well as the "fundamental smart conversion of key industry backbone enterprises." In the future, rapid industrial development will promote the continuous expansion of the market scale of the intelligent manufacturing industry, bringing abundant opportunities to the Group.

In March 2024, the Group completed the acquisition of Zhongyi (BVI) International Limited, which allowed the Group to enter into the wind farm operation and maintenance ("**WFOM**") business segment, where the Group provided operation and maintenance services to owners of wind farms in the PRC.

China's wind turbines were mainly provided with a two-year warranty before 2010 and a three-to-five-year warranty thereafter. During the period from 2006 to 2010, with the rapid development of the domestic wind power industry, a large number of wind turbines were put into operation, and most of these wind turbines are now in post-warranty stage. There has been a large number of post-warranty equipment which require maintenance, repair or upgrade of operating environment in wind farms such needs have given rise to the emergence of the wind farm operation and maintenance services industry. In recent years, there has been a relatively rapid development of the WFOM services market in the PRC, with compound annual growth rate of 16.42% in demand from 2016 to 2023.

The main competitors in China's WFOM services market include wind power equipment manufacturers, wind farm owners (developers) and operation and maintenance services companies. The wind power equipment manufacturers hold the core technology of wind power equipment. In recent years, manufacturers have also paid more attention to operation and maintenance services, and are committed to providing overall solutions to strengthen its competitive advantage. Wind farm owners (developers) mainly invest in wind farms and continuously expand the scale of installed capacity, with strong advantages in aspects such as capital, resources, and scale. The operation and maintenance services companies focus on maintenance and status analysis of wind turbine equipment, with advantages such as flexible service models. However, there are also areas of improvement, such as inconsistent technical levels and service quality.

The projects of the Group's WFOM business segment are performing well. It will be tuning its operation and maintenance services according to market trends, as well as maintaining close communication with the wind farm owners to ensure the proper functioning of the wind farm owners' assets to the greatest extent possible.

Business Review

During the year under review, the Group operated in two major business segments. Firstly, the Group operated in AMR and other business, where the Group sold PLC products such as PLC integrated circuits ("**IC**"), modules and devices such as connectors and concentrators, which have been mainly used in the deployment and upgrade of AMR systems for smart meters by power grid companies in China as a key part of the smart grid infrastructure. The Group had been developing PLC IC with proprietary IC designs and advanced PLC technologies for the deployment of AMR systems by the State Grid. In addition, the Group also provided maintenance services on AMR systems on a project-by-project basis. Furthermore, the Group's PLC products also apply to several smart energy business in China, mainly in the area of streetlight controls, building energy management and photovoltaic power management.

Secondly, the Group expanded its business in late 2018 and engages in SMIA business where the Group offered software licenses, production safety products as well as the provision of software post-contract customer support services applied in the area of MSI for the petroleum and petrochemicals industry.

During the year under review, the Group recorded revenue of approximately RMB122.3 million (2023: approximately RMB94.9 million), representing an increase of approximately 28.9%.

The Group's AMR and other business segment recorded a revenue of approximately RMB67.1 million (2023: approximately RMB42.3 million), representing an increase of approximately 58.4%. Revenue from AMR and other business segment for the year under review accounted for approximately 54.8% (2023: 44.6%) of the Group's total revenue. The increase in revenue from AMR and other business segment for the year under review was mainly due to the Group focus on the broadband dual-mode communication market, actively participating in the development and marketing of broadband duel-mode products by State Grid, China Southern Power Grid and other provincial network companies.

In January 2024, the broadband dual-mode HPLC chips and modules developed by the Group have satisfied the requirements of Electric Energy Data Acquisition Standards (電力用電資訊採集系列標準) of State Grid and have passed the inspection and testing thereof by the State Grid Measurement Center (國家電網計量中心). Such accreditation indicates that the broadband dual-mode HPLC chips and modules of the Group meet the market entry requirements promulgated by the State Grid Measurement Center and therefore are eligible for participation in the centralized biddings conducted by State Grid. The broadband dual-mode HPLC chips and modules developed by the Group will better meet the application needs of State Grid and accelerate the Group's development in smart energy applications market. The Group has won certain major biddings for sales of its broadband dual-mode products to two customers located in two provinces in China. Such sales are expected to contribute to the Group's revenue in the future.

During the year under review, the Group's SMIA business segment recorded a revenue of approximately RMB29.8 million (2023: approximately RMB52.5 million), representing a decrease of approximately 43.2%. Revenue from SMIA business segment for the year under review accounted for approximately 24.4% (2023: 55.4%) of the Group's total revenue.

The decrease in revenue from SMIA business segment for the year under review was mainly due to the shortage of working capital for acceptance of larger scale projects as mainly resulted from the prolonged late settlement of trade receivables from certain major customers since early 2022, whereas the Group was able to accept and deliver a relatively larger scale production safety products project for the corresponding period in 2022 which contributed revenue of approximately RMB17.5 million.

The Group's WFOM business was acquired since March 2024. It contributed RMB25.4 million for the year of 2024, representing approximately 20.8% of the Group's revenue (2023: nil). The Group recorded a decrease in loss attributable to the equity shareholders of the Company from approximately RMB138.5 million in the corresponding period in 2023 to approximately RMB73.5 million for the year under review. The decrease of loss attributable to the equity shareholders was due to no one-off impairment of financial and contact assets which happened in 2023.

Research and Development

The Group has been committed to PLC IC design and its applications tailored to China's market environment since the inception in the industry in 2006 by establishing its core competency in designing advanced application-specific IC, or application-specific integrated circuits ("**ASICs**"), and using these proprietary ASICs to develop the PLC products. As a high-tech company driven by research and development, the Group's research and development efforts focus on enhancing the functionality of its products and addressing the technical needs of its customers, as well as expanding the Group's product portfolio for different PLC applications.

As at 31 December 2024, the research and development team of the Group consisted of 10 employees (as at 31 December 2023: 51 employees), representing approximately 19% (as at 31 December 2023: approximately 35%) of the Group's total workforce, specializing in PLC IC design and product development for AMR and other applications as well as software development and application for the MSI for the petroleum and petrochemicals industry.

As at 31 December 2024, the Group held a significant intellectual property portfolio, comprising 23 patents, 137 computer software copyrights and 9 IC layout designs registered, signifying the Group's achievements in research and development in PLC technology and MSI for the petroleum and petrochemicals industry. The Group's AMR obtained its new ISO14001:2015 Environmental Management System Cerification.

Financial Review

Revenue

Revenue increased from approximately RMB94.9 million for the corresponding period in 2023 to approximately RMB122.3 million for the year under review, or by approximately 28.9%. The increase was attributable to the increase in revenue of approximately 58.4% from the AMR and other business segment and contribution of revenue of approximately 20.8% from the WFOM business segment.

Revenue from the AMR and other related business segment increased by approximately 58.4% to RMB67.1 million (2023: approximately RMB42.3 million) as compared with that in 2023. The increase was mainly due to the increased trading business of new products in Southern Power Grid. The revenue of trading business amounted to RMB 22.7 millions in 2024. Such business does not happen in the corresponding period in 2023.

In January 2024, the broadband dual-mode HPLC chips and modules developed by the Group have satisfied the requirements of Electric Energy Data Acquisition Standards (電力用電資訊採集系列標準) of State Grid and have passed the inspection and testing thereof by the State Grid Measurement Center (國家電網計量中心). Such accreditation indicates that the broadband dual-mode HPLC chips and modules of the Group meet the market entry requirements promulgated by the State Grid Measurement Center and therefore are eligible for participation in the centralized biddings conducted by State Grid. The broadband dual-mode HPLC chips and modules developed by the Group will better meet the application needs of State Grid and accelerate the Group's development in smart energy applications market. The Group has won certain major biddings for sales of its broadband dual-mode products to two customers located in two provinces in China. Such sales are expected to contribute to the Group's revenue in the future.

The revenue of the SMIA business segment decreased as the Group is currently in the process of testing new technologies. New contracts with customers can only be signed upon the successful development and validation of these technologies.

The Group is now offering WFOM services in China, which was about RMB 25.4 million in 2024. WFOM services could contribute to the Group about 20% revenue and this will become a new business turbine in the future.

Gross profit

Gross profit increased by approximately 138.3% to approximately RMB37.1 million for the year under review from approximately RMB15.6 million for the corresponding period in 2023.

Gross profit margin was approximately 30.3% for the year under review and increased by approximately 13.9% as compared with approximately 16.4% for the corresponding period in 2023. The increase in gross profit margin was mainly attributable to the increase in gross profit margin by approximately 8% of the AMR and contribution of WFOM services by RMB 18.2 million.

Gross profit margin of the AMR was approximately 16.2% for the year under review as compared with approximately 8% for the corresponding period in 2023. The increase in gross profit margin was mainly attributable to the rise of the smart grid business revenue by 49%, and the increased trading business as compare to the corresponding period of last year.

Gross profit margin of the SMIA business segment was approximately 29.5% for the year under review as compared with approximately 23.2% for the corresponding period in 2023. The increase in gross profit margin was mainly attributable to the increase in proportion of revenue from software license products which earned a relatively higher gross profit margin than that of other products or service lines.

Other income, gains & losses, net

Other losses of approximately RMB12.2 million was recognized during the year under review (for the corresponding period in 2023: other gains of approximately RMB4.5 million). The increase in other income was mainly attributable to the impairment of prepayment of the SMIA business segment was approximately RMB15.2 million.

Allowance for impairment loss on financial assets and contract assets, net

Allowance for impairment losses on financial assets and contact assets of approximately RMB1.9 million was recognized during the year under review (for the corresponding period in 2023: approximately RMB22.0 million). The decrease was mainly due to the further impairment of other loan receivables happened in 2023.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 70.3% to approximately RMB20.1 million for the year under review from approximately RMB11.8 million for the corresponding period in 2023. The increase was mainly attribute to signing contract of opening sales channel to distribute the circuits and modules which costs approximately RMB 3.2 million. Additional plan of marketing expenses of building up sales channel which creates additional marketing fees.

General and administrative expenses

General and administrative expenses decreased by approximately 11.5% to RMB41.4 million for the year under review from approximately RMB46.8 million for the corresponding period in 2023. The AMR and other business segment decreased by approximately 31% from approximately RMB38.0 million for the corresponding period in 2023 to approximately RMB 14.4 million. The slightly decrease was primary attribute to the one-off impairment of trade receivable of approximately RMB11.0 million happened in the car rental business in Ningbo division happened in 2023 only. Those variance was net off by the RMB9.96 million severance compensation to the staff in Shenzhen Risecomm division in 2024. The restructure schedule aimed to focus on the broadband dual-mode communication market and related products.

Research and development expenses

Research and development expenses increased by approximately 10.8% to approximately RMB22.6 million for the year under review from approximately RMB20.4 million for the corresponding period in 2023. The increase was mainly attributable to the contracted development expenses, R&D material costs and inspection costs related to the Group's new broadband dual-mode products as a higher volume of research activities were focused in 2022 in order to develop the new broadband dual-mode products.

Finance costs

Finance costs decreased by approximately 6.2% to approximately RMB11.1 million for the year under review from approximately RMB11.8 million for the corresponding period in 2023. The decrease was mainly attributable to full year effect of the interest expenses, from bank and other borrowings.

Income tax expense/credit

Income tax expense of approximately RMB1.3 million was recorded during the year under review (for the corresponding year in 2023: income tax credit of approximately RMB23.2 million). The income tax expense for the year under review mainly comprised of deferred tax expense which was mainly attributable to the derecognition of deferred tax assets to which future taxable profits were deemed insufficient for offsetting, as the financial performance of the Group continued to record loss in the year under review and projection of future financial performance had been tuned down accordingly.

Impairment of goodwill and intangible assets

During the year under review, in accordance with the relevant requirements under "Hong Kong Accounting Standard 36 — Impairment of Assets" ("**HKAS 36**") and "Hong Kong Accounting Standard 38 — Intangible Assets", the Group performed impairment test with assistance of an external valuation firm for the goodwill and intangible assets arising from the acquisitions of Green Harmony (the "**Valuation**").

After conducting impairment tests, the Group recognized (i)impairment loss of prepayments of RMB15.2 million for the year under review (for the corresponding year in 2023: nil).

Loss Attributable to Equity Shareholders of the Company

As a result of the above factors, the Company recorded a loss attributable to equity shareholders of the Company for the year under review of approximately RMB73.5 million (2023: loss attributable to equity shareholders of the Company of approximately RMB138.5 million).

Liquidity and Financial Resources

During the year under review, the Group's operations were mainly financed by (i) internal resources, including but not limited to existing cash and cash equivalents, cash flow generated from operating activities; (ii) net proceeds generated from the listing of shares ("**Shares**") of the Company (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 9 June 2017; (iii) net proceeds generated from the Subscriptions (as defined below) of new shares under general mandate completed in June 2023 and July 2023; and (iv) borrowings. The Board believes that the Group's liquidity needs will be satisfied.

As of 31 December 2024, the Group's current assets amounted to approximately RMB108.1 million (as of 31 December 2023: approximately RMB152.5 million), with cash and cash equivalents totaling approximately RMB15.2 million (as of 31 December 2023: approximately RMB35.9 million). The cash and cash equivalents of the Group are principally held in RMB, HKD and USD.

As of 31 December 2024, the Group's total interest-bearing liabilities amounted to RMB247.1 million (as of 31 December 2023: RMB194.0 million), representing borrowings and lease liabilities. The Group had interest-bearing liabilities of RMB247.1 million (as of 31 December 2023: RMB185.3 million), out of which RMB190.2 million (as of 31 December 2023: RMB76.6 million) which will be due repayable within one year and after one year respectively with coupon rates ranging from 0% to 5% per annum. The interest-bearing liabilities were principally denominated in RMB, HKD and USD. The net debt-to-equity ratio (referred as to the gearing ratio: which is calculated by interest-bearing liabilities less cash and cash equivalents divided by total equity) was approximately -208% as of 31 December 2024 (as of 31 December 2023: -458%).

The Directors are actively seeking new way of development and opportunities, and will make further investments, rights issues or equity financing arrangement in the future to reduce the current debt of the Company and explore business opportunities.

Exchange Rate Risk

Most of the businesses of the Group are settled in RMB while businesses in foreign currencies are mainly settled in HKD or USD. The fluctuation of exchange rate of the currencies will have certain impact on the Group's business which are settled in foreign currencies. During the year under review, the Group did not enter into any foreign exchange forward contracts or other hedging instruments to hedge against fluctuations. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

Capital Commitments

As of 31 December 2024, the Group had no capital commitment contracted for but not yet incurred (as of 31 December 2023: RMB1.83 million). Such capital commitments are expected to be funded by the Group's internal resources and/or borrowings.

Contingent Liabilities

As at 31 December 2024, the Group had no contingent liabilities (as at 31 December 2023: nil).

Charge on assets

As at 31 December 2024 and 2023, the entire issued shares of two subsidiaries of the Company, namely Risecomm Co. Ltd., and Risecomm (HK) Technology Co. Limited, have been pledged as security for other borrowings of approximately RMB111.1 million (as at 31 December 2023: RMB108.7 million).

As at 31 December 2024, trade receivables of approximately RMB2.2 million was pledged to secure bank loans amounting to approximately RMB1.1 million (as at 31 December 2023: RMB3.2 million).

As at 31 December 2024, pursuant to a loan agreement entered into by the Company and the lender on 18 August 2023 which was drawn down for payment of consideration in relation to the Acquisition, 30% of the issued shares of Zhongyi (BVI) International Limited shall be pledged to the lender as security for borrowings of approximately RMB29.9 million upon completion of the Acquisition and the further execution of a formal share pledge agreement with the lender.

Saved as disclosed, the Group had no other charge on assets as at 31 December 2024 (as at 31 December 2023: nil).

Significant investments

During the year under review, the Group did not hold any material investments.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

The Company, as the purchaser, a vendor (the "**Vendor**"), being an independent third party, and Zhongyi (BVI), as the target company, entered into a sale and purchase agreement on 25 August 2023 (the "**SPA**") and a supplemental agreement on 12 December 2023, pursuant to which (i) the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire equity interest of Zhongyi (BVI) (the "**Acquisition**"), for a total consideration of RMB110,000,000, subject to additional payment under the adjustment mechanism as stipulated in the SPA . Details of the Acquisition have been disclosed by the Company in its announcement dated 25 August 2023, supplemental announcement and circular dated 12 December 2023.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. An extraordinary general meeting of the Company has been convened on 29 December 2023, and was passed by ordinary resolution.

On 27 March 2024, all the conditions precedent to completion under the SPA had been fulfilled, and completion of the Acquisition took place on that day, Zhongyi (BVI) became an indirect wholly-owned subsidiary of the Company and its financial results are consolidated into the Group's financial statements.

Saved as disclosed above, during the year under review, there was no other material acquisition or disposal of subsidiaries or associated companies.

Prospects

As reform of electric power system takes place, along with the construction of a new electric power system basing on new energy, it becomes necessary to increase investment in the entire chain of electric energy from electricity production to transmission and consumption. From power grid side, to ensure reliable power supply and safe operation, it is necessary to significantly improve the power system's peak shaving, frequency regulation and voltage regulation capabilities, and to configure relevant technical equipment. Against the background of the dual-carbon policy and the construction of a new electric power system basing on new energy, the development of the power Internet of Things is expected to accelerate. With the emergence of a large number of distributed wind and solar power generators, electric vehicle charging piles, energy storage equipment and other two-way loads, the local quantitative IoT operating environment is becoming increasingly complex. As network scale increases and requirement for realtime transmission increases, there also puts forward a higher requirement on equipment communication speed, delay and reliability. In order to meet the needs of new power systems, State Grid has been accelerating the formulation of new technology standards. The new generation of smart meters will continue to be promoted, the older generation will continue to be updated, and the construction of new power systems will lead to the replacement of more energy meters. The number of smart meter tenders is expected to maintain a steady growth momentum in the future, which will in turn drive the growth in demand for PLC modules.

With the further advancement of carbon peaking and carbon neutrality strategies, the development of renewable energy such as photovoltaic and wind power will accelerate. Energy transformation requires the reshaping of the power grid, and the distribution network also needs to be transformed and upgraded.

Distribution network will become a key part of power grid construction in the "14th Five-Year Plan". State Grid issued the "Action Plan for Building a New Power System with New Energy as the Main Body (2021–2030)" (構建以新能源為主體的新型電力系統行動方案(2021–2030年)) and proposed investment in distribution network construction will exceed RMB1.2 trillion, accounting for more than 60% of the total investment in power grid construction. China Southern Power Grid issued the "14th Five-Year Plan" power grid development plan, proposing a planned investment of approximately RMB670 billion yuan in power grid construction to accelerate the construction of digital power grids and the modernization of the power grid. Among them, the planned investment in distribution network construction reached RMB320 billion, accounting for 48% of the total. Historically, the investments of State Grid and China Southern Power Grid have mainly been concentrated in power transmission and transformation. The proportion of investment on the distribution network is expected to increase significantly in the future.

In 2025, State Grid and China Southern Power Grid will still be committed to the application of broadband dual-mode technology in power information collection systems and terminal products such as low-voltage distribution networks and measurement switches. The Group is promoting its broadband dual-mode products (including chips and modules) to more network provincial markets to further expand the competitiveness of the Group's broadband dual-mode products in the domestic market. The Group will focus on the broadband dual-mode communication market, keeping its technologies updated, and actively participating in the development and marketing of broadband dual-mode products by State Grid, China Southern Power Grid and other provincial network companies. At the same time, founding on the research and development of its broadband or broadband dual-mode communication technology, the Group is actively promoting itself in more application markets including power grid low-voltage distribution network, measurement switch, and power Internet of Things market.

The application of the Group's broadband and broadband dual-mode communication chips and communication modules will be set around smart power distribution, smart power consumption, smart microgrids and comprehensive power application requirement, and will also cover collection and application of power consumption information, photovoltaic or energy storage, industrial enterprises and parks and other energy management fields. The Group adopts broadband or broadband dual-mode integrated communication solutions, combined with edge computing technology, to develop a series of intelligent products adapted to the energy internet, and provides a variety of intelligent energy internet solutions for integrated energy and smart grids.

In addition, the Group is expanding its market in smart city lighting, smart air conditioning and integrated energy management systems and terminal products. With the national government's promotion of smart grid and smart city construction, support for energy conservation and emission reduction, promotion of new energy, and the expanding overseas smart meter market under the development of the "Belt and Road Initiative", the market for PLC technology is expected to maintain a good development trend in the next few years, which is expected to promote the sales of various products of the Group, especially in the field of maintenance and safety integrity systems in the petroleum and petrochemical industries which continue to expand its market scope, bringing more opportunities to the Group.

For the Group's SMIA business, the Group believes that the growth of China industrial automation market would continue to be healthy given its current relatively low penetration rate and the rising cost of labour. As petrochemical enterprises are the pioneers of the manufacturing sector in China, major market participants have started to build smart oil fields, smart pipelines and smart factories.

The Group will continue to capture opportunities in the design and implementation of industrial automation systems, particularly in the area of MSI for the petroleum and petrochemicals industry, other manufacturing and construction businesses by leveraging the Group's own technologies and intellectual property rights.

The Group aims to enhance the expertise in smart factory integrated solutions for petroleum refining and pipeline construction. At the same time, the Group will utilise its own research and development resources to cooperate with external companies to further develop its own intellectual property rights on the smart factory application interface and visual integrated management platform as well as the integration of the online and core applications on the big data collaboration platform. Such intellectual property will strengthen the Group's core competitiveness while leveraging the Group's PLC technology. By exploring these new profit-driven business opportunities, the Group believes that it will persist a more diversified growth in the market in the long run.

For the Group's WFOM business, the domestic wind power industry has been developing on a large scale for nearly a decade. With the passage of time, wind turbines wear out, and the maintenance of wind turbines has become the key to ensuring the proper functioning of wind farms. The industry believes that with the gradual reduction of highquality wind power resource areas and new installed capacity in PRC, wind farm operation and maintenance services will provide huge potential for wind power equipment manufacturers to expand their business in the fiercely competitive new installed capacity market. The key points are as follows:

1. *Wind turbines are out of warranty, and demand for operation and maintenance services market is released*

   Over the past fifteen years, PRC has gradually formed the world's largest wind power market. The rapid growth of wind power installed capacity has led to a significant increase in equipment maintenance. Domestic wind turbines had a twoyear warranty before 2010 and a three to five year warranty thereafter. During the period from 2006 to 2010, with the rapid development of the domestic wind power industry, a large number of wind turbines were put into operation. Most of the wind turbines of this period are now in post-warranty stage . With the end of the warranty period, a huge wind farm operation and maintenance services market is gradually emerging. According to a research report by Bloomberg New Energy Finance on PRC's wind farm operation and maintenance services market, the total expenditure of wind farm operation and maintenance services in PRC reached US$16 billion during the period between 2015 and 2022.

2. *The market potential has been greatly increased due to replacement of old turbines*

   As high-quality wind resources are becoming increasingly scarce, in order to efficiently utilize those territories with high-quality wind resources, it will become inevitable to replace old wind turbines with new ones. In addition, as the service life of those wind turbines approaches their 20-year limit, there will be a large number of retired wind turbines in PRC. This means that there are new growth points in the highly competitive market for new installed capacity.

The warranty period of the Group's operation and maintenance contracts will expire in 2026-2029. The management team is also vigorously expanding new wind farm operation and maintenance services projects, including but not limited to business such maintenance services, trade in business, and other businesses.

OTHER INFORMATION

Final Dividend

The Board resolved not to recommend the payment of a final dividend for the year under review.

Compliance with the Corporate Governance Code of the Listing Rules

The Company is committed to maintaining a solid, transparent and sensible framework of corporate governance for the Company and its subsidiaries and will continue to review its effectiveness.

The Company has adopted the Code Provisions (the "**Code Provisions**") as stated in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the Directors consider it is applicable and practical to the Company.

During the year under review, the Company has complied with all the applicable Code Provisions in the CG Code.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. After specific enquiry made by the Company, all the Directors confirmed and the Board considers that they have complied with the required standards set out in the Model Code and the Company's Code during the year under review.

Closure of Register of Members for the 2025 AGM

The register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 20 June 2025 (the "**2025 AGM**") or any adjournment thereof. The record date for entitlement to attend and vote at the 2025 AGM is Friday, 20 June 2025. In order to be qualified for attending and voting at the 2025 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 16 June 2025.

Purchase, Redemption or Sale of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year under review.

Use of Proceeds

(i) Use of proceeds from Initial Global Offering

References are made to the announcements of the Company dated 8 June 2017, 21 June 2017, 3 July 2019 and 29 March 2022. The aggregated net proceeds from the global offering of the shares of the Company in connection with the Listing and exercise of the over-allotment option by China Galaxy International Securities (Hong Kong) Co., Limited (on behalf of the International Underwriters (as defined in the Prospectus of the Company (the "**IPO Prospectus**")) was approximately HK$158.2 million. Proposed application of net proceeds as stated in the IPO Prospectus had been adjusted according to the principles as specified in the section headed "Future Plans and Use of Proceeds" of the IPO Prospectus.

On 3 July 2019, the Board resolved to change the use of the unutilised net proceeds (the "**2019 Re-allocation**"). For details of the 2019 Re-allocation, please refer to the announcement of the Company dated 3 July 2019.

On 29 March 2022, the Board resolved to further change the use of the unutilised net proceeds (the "**2022 Re-allocation**"). For details of the 2022 Re-allocation, please refer to the announcement of the Company dated 29 March 2022.

The opening balance of the net proceeds brought forward from 31 December 2023 as at the beginning of the year under review was approximately HK$13.9 million. The following table presented the utilisation of the net proceeds during the year under review after the 2019 Re-allocation made as of 3 July 2019 and the 2022 Re-allocation made as of 29 March 2022:

	Original planned use of net proceeds as stated in the IPO Prospectus	**2019 Re-allocation on 3 July 2019**	**2022 Re-allocation on 29 March 2022**	**Amount utilised as at 31 December 2024**	**Unutilised net proceeds as at 31 December 2024**	**Unutilised net proceeds as at 31 December 2024**
	approximate HKD' million	*approximate HKD' million*	*approximate HKD' million*	*approximate HKD' million*	*approximate HKD' million*	*approximate HKD' million*
Research and development of the PLC technology	95.7	(37.8)	–	57.9	–	–
Sales and marketing	32.0	(6.9)	–	25.1	–	–
Repayment of an entrusted bank loan	14.7	–	–	14.7	–	–
Working capital and general corporate purposes	15.8	–	14.0	29.8	–	–
Repayment of interest expenses	–	44.7	(14.0)	30.7	–	–
	158.2	–	–	158.2	–	–

As of the date of this announcement, the Company does not anticipate any change to the above plan of use of proceeds. The remaining unutilised net proceeds as at 31 December 2024 are fully utilised.

(ii) Use of proceeds from the June 2023 Subscriptions

References are made to the announcement ("**June 2023 GM Subscription Announcement**") of the Company dated 28 June 2023 in relation to the subscriptions ("**June 2023 Subscriptions**") of new ordinary shares of HK$0.001 each in the share capital of the Company under the general mandate and the announcement of the Company dated 19 July 2023 in relation to the completion of the June 2023 Subscriptions.

On 28 June 2023, the Company entered into subscription agreements (the "**June 2023 Subscription Agreements**") with three subscribers, all being independent third parties, whereby the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of not more than 42,620,000 subscription Shares at the subscription price of HK$0.56 each. The subscription price of HK$0.56 represents a discount of approximately 8.2% to the theoretical closing price of HK$0.61 per consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK$0.061 per Share as quoted on the Stock Exchange on 28 June 2023. The subscribers under the June 2023 Subscription Agreements were XinDaXin Group Company Limited, Mr. Ning Jun and Ms. Liu Beibei.

Completion of the June 2023 Subscriptions took place on 19 July 2023. A total of 42,620,000 Shares have been successfully allotted and issued under the general mandate. The aggregate nominal value of the subscription Shares is HK$42,620. The net proceeds from the June 2023 Subscriptions, after deduction of the related expenses, were approximately HKD23,817,000, representing a net subscription price of approximately HK$0.559 per subscription share.

The aggregated net proceeds derived from the June 2023 Subscriptions were approximately HKD23.8 million. The balance of the net proceeds was used up by the end of 31 December 2024.

The following table presented the utilisation of the net proceeds from the June 2023 Subscriptions:

	Original planned use of net proceeds *(Note)* *approximate HKD' million*	Updated planned use of net proceeds *approximate HKD' million*	Amount utilised as at 31 December 2024 *approximate HKD' million*	Unutilised net proceeds as at 31 December 2024 *approximate HKD' million*
Repayment of outstanding indebtedness	21.3	21.3	21.3	–
General working capital purposes:	10.0	20.0	20.0	–
i) staff costs	4.0	8.0	8.0	–
ii) contracted development expenses, R&D material costs and inspection costs	3.0	6.0	6.0	–
iii) professional fees	3.0	6.0	6.0	–
Business development funds	10.0	–	–	–
	41.3	41.3	41.3	–

Note:

According to the announcement of the Company dated 19 July 2023, approximately HKD10.0 million of the net proceeds was intended to be reserved as business development funds for the Group. Any updates regarding the utilisations of the business development funds should be duly disclosed in the Company's financial reports.

As at the date of this announcement, the intended utilisations of the business development funds have been updated as above.

With the Board's endeavor for a brighter prospect of the Group, the Board has been reviewing the business status of the Group as well as opportunities for enhancement. To boost the business development of the Group, (i) approximately HKD8.0 million is allocated to staff cost, which is intended for recruitment and proper motivation of talents who are determined and capable of bringing changes to the Group; (ii) approximately HKD6.0 million is allocated to contracted development expenses, R&D material costs and inspection costs as involved in the research and development activities of the Group's products, which is intended for continued upgrade of performance of the Group's products in a bid to boost sales and market competitiveness and (iii) approximately HKD6.0 million is allocated to professional fees, which is intended for facilitating the completion of the Acquisition in a bid to instill new business hope and revenue and cash flow stream in the Group.

As of the date of this announcement, the Company does not anticipate any change to the above plan of use of proceeds.

Employee Information

The emolument policy of the employees of the Group is set up by the management on the basis of their merits, qualifications and competence.

As at 31 December 2024, the Group had an aggregate of 56 employees (as at 31 December 2023: 155 employees). During the year under review, staff costs, including Directors' remuneration, was approximately RMB41.9 million (2023: approximately RMB36.2 million). The Group recruited and promoted individual persons according to their capabilities and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and prevailing market salary scale.

The Group is dedicated to the training and development of its employees by providing regular and induction trainings to employees. The Group leverages its research and development capabilities and other resources to ensure that each employee maintains a current skill-set through continuous training. The Group provides introductory training and orientation for all new employees, as well as on-the- job training to continually improve its employees' technical, professional and management skills. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations. The remuneration package of employees include salary, pension contributions, discretionary bonus and options to be granted under the share option scheme.

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL RESULTS

The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as set out in its terms of reference or as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the audited annual financial results of the Group for the year under review, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The consolidated financial statements of the Group for the year under review have been audited by the auditor of the Group, SHINEWING (HK) CPA Limited. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong

Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

Extract from independent auditor's report prepared by the independent auditor

The Group would like to provide an extract from the independent auditor's report prepared by SHINEWING (HK) CPA Limited (the independent auditor) on the Group's annual consolidated financial statements for the year ended 31 December 2024 as set out below:

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB73,543,000 during the year ended 31 December 2024 and, as of that date, the Group had net liabilities of approximately RMB111,346,000. As stated in note 2, these conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at **www.hkex.com.hk** and on the website of the Company at **www.risecomm.com.cn**. The annual report for the year under review containing all the information required by Appendix D2 to the Listing Rules will be issued on the aforesaid websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules, and will be despatched to the Shareholders in accordance with the arrangement of the Company's corporate communications.

By order of the Board
Risecomm Group Holdings Limited
Zhao Luyi
Chairman and Executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the executive Directors are Ms. Zhao Luyi, Mr. Tsang Wah Tak, Brian and Mr. Jiang Feng, the non-executive Directors are Mr. Yu Lu, Mr. Ding Zhigang, and Ms. Guo Lei, and the independent non-executive Directors are Mr. Victor Yang, Ms. Lo Wan Man and Mr. Zou Heqiang.