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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)**

### **PROFIT WARNING**

This announcement is made by Risecomm Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (“**Shareholders**”) of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019 and other information currently available to the Board, the Group is expected to record a significant increase in loss attributable to the equity Shareholders as compared to that for the six months ended 30 June 2018.

Based on the information currently available to the Board, the expected increase in loss for the six months ended 30 June 2019 was mainly attributable to the following factors:

- (i) a significant decrease in revenue and gross profit in the automated meter reading (“**AMR**”) and other business segment of the Group for the six months ended 30 June 2019 as compared to that of the corresponding period in 2018 which was primarily attributable to a significant decrease in revenue from sales of power line communication (“**PLC**”) products to customers under the centralized biddings conducted by State Grid Corporation of China (“**State Grid**”) for the six months ended 30 June 2019 as compared to that of the corresponding period in 2018. The decrease in revenue derived from State Grid was due to (a) a significant decrease in demand for the Group’s PLC based narrowband AMR products under State Grid due to the deployment of upgraded AMR system by State Grid; and, (b) a delay in debut of the Group’s PLC based broadband AMR products as the Group’s PLC based broadband AMR product is still under the final approval stage run by the respective departments of State Grid for approving the design and development of the Group’s broadband system-on-chip

integrated circuits and related AMR products. The approval by respective departments of State Grid is critical to the business development of our Group and that it will affect the Group's overall business strategy and position in the short and long run; and

- (ii) a significant increase in general and administrative expenses for the six months ended 30 June 2019 as compared to that of the corresponding period in 2018 which was primarily attributable to significant increase in amortisation expenses. The amortisation expenses for the six months ended 30 June 2019 were incurred largely on the amortisation of intangible assets arising from the acquisition of Green Harmony Limited by the Group in August 2018 where the Group did not incur respective amortisation expenses for the corresponding period in 2018.

Although the Group had encountered a significant decrease in revenue from AMR and other business segment during the six months ended 30 June 2019 as compared to that of the corresponding period in 2018, the Group believed that the revenue from AMR and other business segment will increase gradually when our PLC based broadband products passes the testing processes conducted by respective departments of State Grid. The timing of the approval by respective departments of State Grid may significantly affect the Group's short term strategy including business development, revenue generating activities and related procurement, marketing and sales activities and research and development activities.

On the other hand, the smart manufacturing & industrial automation (“SMIA”) business segment of the Group maintained long term co-operation with state-owned petroleum conglomerates in China and that based on current business development of SMIA business as well as the backlog sales contracts entered in the SMIA business segment, the Group expects the revenue from SMIA will contribute a significant portion of the consolidated revenue of the Group for the full year of 2019. The Group will try its best endeavor to improve its business performance and financial position by leveraging its research and development in PLC technology together with prospective business expansion of its SMIA business segment.

The Group is still in the process of finalizing its consolidated interim results for the six months ended 30 June 2019. As such, this announcement is made solely on the basis of a preliminary assessment by the Board with reference to the information currently available to it, including the unaudited consolidated management accounts of the Group available for the time being and is not based on any figure or information audited or reviewed by the Company's independent auditors, and may be subject to changes. Shareholders and potential investors are advised to refer to details in the interim results of the Company for the six months ended 30 June 2019 which is expected to be announced by the end of August 2019 in compliance with the Listing Rules.

**Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 16 July 2019

*As at the date of this announcement, the executive Directors are Mr. Yue Jingxing, Mr. Zhang Youyun and Mr. Lau Wai Leung, Alfred, the non-executive Directors are Mr. Wang Shiguang, Mr. Cheung Fan and Mr. Yang Luokui and the independent non-executive Directors are Mr. Ong King Keung, Ms. Lo Wan Man and Mr. Zou Heqiang.*