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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 2018 and other information currently available to the Board, the Group is expected to record a loss attributable to the equity Shareholders as compared to a net profit recorded for the six months ended 30 June 2017.

Based on the information currently available to the Board, the expected loss for the six months ended 30 June 2018 was mainly attributable to the following factors:

- (i) a decrease in gross profit of the Group, particularly in the automated meter reading (“AMR”) business segment, for the six months ended 30 June 2018 as compared to that of the corresponding period in 2017 which was primarily attributable to:
  - (a) a significant decrease in revenue from sales of power line communication (“PLC”) products to customers under State Grid centralized biddings (which earned a relatively higher gross profit margin in general) for the six months ended 30 June 2018 as compared to that of the corresponding period in 2017. The decrease in such revenue was attributable to industrial cyclical variability given that the penetration of smart meters under State Grid’s first-round commercial deployment was reaching saturation, while both the number of biddings and bidding volume of smart meters being conducted by State Grid under centralized biddings had experienced a temporary slowdown since 2017 in anticipation of a new industry standard for broadband PLC which was formally adopted in 2017; and

- (b) a significant increase in revenue from sales of PLC products to customers through direct sales and local biddings under State Grid and Southern Grid (which earned a relatively lower gross profit margin in general due to intense market and keen price competition during the industrial cyclical variability) for the six months ended 30 June 2018 as compared to that of the corresponding period in 2017. Such increase, however, had only partially compensated the significant decrease in the gross profit attributable to the decrease in revenue as mentioned in (i)(a).

As a combined result of the above two factors, a lower gross profit was earned under AMR business segment despite an increase in overall revenue attributable to this segment.

- (ii) income tax credit was recorded for the six months ended 30 June 2017, primarily with regard to change in applicable withholding tax rate in respect of the distributable profits of the PRC subsidiaries of the Company from 10% to 5% during the six months ended 30 June 2017. Such tax credit was not recurred during the six months ended 30 June 2018 as the Group remained eligible to charge the respective withholding tax at a tax rate of 5% for the period ended 30 June 2018.

Although the Group had encountered the temporary headwind over the demand in the AMR business sector, it still aims to be a leading PLC technology company and turnkey solutions provider in China by offering a full range of products and solutions across its AMR business and its strategically selected areas of smart energy management applications. The bidding volume of smart meters conducted by State Grid is expected to recover in a medium-to-long term as a result of a new phase of upgrade. The Group is confident that the demand will be soon recovered once the deployment of broadband PLC products is confirmed. Leveraging with the capabilities in PLC technology and research and development, the Group will use its best endeavors to continue in expanding the market share.

The Group is still in the process of finalizing its consolidated interim results for the six months ended 30 June 2018. 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 2018 which is expected to be announced by the end of August 2018 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**  
**Yue Jingxing**  
*Executive Director and  
Chief Executive Officer*

Hong Kong, 13 July 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Yue Jingxing, and Mr. Zhang Youyun, the non-executive directors of the Company are Mr. Wang Shiguang and Mr. Lau Wai Leung, Alfred and the independent non-executive directors of the Company are Mr. Pan Song, Mr. Chen Yong and Mr. Ong King Keung.*