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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 eleven months ended 30 November 2019 and other information currently available to the Board, the Group may incur a net loss for the year ended 31 December 2019 as compared to a net profit for the year ended 31 December 2018.

Based on the information currently available to the Board, the potential net loss for year ended 31 December 2019 is mainly attributable to the following factors:

- (i) as disclosed in 2019 interim report, the Group experienced a decrease in demand for the Group’s power line communication (“**PLC**”) based narrowband automated meter reading (“**AMR**”) products by State Grid Corporation of China (“**State Grid**”) and an unexpected further delay in debut of the Group’s broadband AMR products in 2019. Such unexpected further delay in debut of broadband AMR products is expected to led to a significant decrease in revenue to be generated from the Group’s AMR products under the centralized biddings conducted by State Grid and customers under State Grid local biddings and trading sales for the year ended 31 December 2019 as compared to that of the corresponding period in 2018. Therefore, the Group is expected to record a significant decrease in revenue and gross profit in the AMR and other business segment of the Group for the year ended 31 December 2019 as compared to that of the corresponding period in 2018.

As of the date of the announcement, the Group's PLC based broadband AMR product is still under the final testing and 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. Based on the Directors' best estimate, these products may pass the final approval process in the first half of 2020 and that the Directors expect an official launch of these products in the market in the second half of 2020.

- (ii) the expected significant decrease in the Group's revenue and gross profit from smart manufacturing & industrial automation ("SMIA") business segment for the year ended 31 December 2019 as compared to that of the corresponding period in 2018 which is primarily attributable to an unexpected delay in delivery/implementation of certain major contracts held as of 31 December 2019. Such delay is mainly attributable to the revision of corporate resources planning and implementation schedule conducted by the customers under SMIA business segment and hence has led to delay in revenue recognition by the Group; and
- (iii) the expected increase in general and administrative expenses for the year ended 31 December 2019 as compared to that of the corresponding period in 2018 which is primarily attributable to (a) an significant increase in amortisation expenses; and (b) potential impairment loss on trade receivables:
  - (a) amortisation expenses for the year ended 31 December 2019 are incurred largely on the intangible assets arising from the acquisition of Green Harmony Limited by the Group in August 2018. The commencement date of the amortisation of related intangible assets was August 2018 and therefore a proportional difference in such amortisation expenses will be resulted between the year ended 31 December 2019 and the corresponding period in 2018; and
  - (b) potential impairment loss on trade receivables which are long aged and considered impaired.

The Group is still in the process of finalizing its consolidated annual results for the year ended 31 December 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 annual results of the Company for the year ended 31 December 2019 which is expected to be announced by the end of March 2020 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, 3 January 2020

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