



To Finance Editor
[For Immediate Release]



RISECOMM GROUP HOLDINGS LIMITED

(Stock code: 1679)

Risecomm Announces 2017 Interim Results

Benefitting from China's Ever-growing PLC market Risecomm to Devote in R&D and Strengthen in Marketing

August 25, 2017, Hong Kong - **Risecomm Group Holdings Limited** (“**Risecomm**” or the “**Company**” and together with its subsidiaries, the “**Group**”; stock code: 1679) is pleased to announce its first unaudited interim results for the six months ended June 30, 2017 (the “**Period**”).

During the Period, the Group’s revenue amounted to RMB137.2 million (first half of 2016: RMB166.5 million), representing a decrease of 17.6%. Among which, the Auto Meter Reading (“**AMR**”) business segment recorded a revenue of RMB130.0 million (first half of 2016: RMB160.9 million), accounting for 94.7% (first half of 2016: 96.7%). However, revenue of RMB7.2 million from the Smart Energy Management (“**SEM**”) business segment was recognized during the Period (first half of 2016: RMB5.6 million), representing an increase of 29.8%. The increase in revenue from SEM business segment was mainly due to the significant increase in the sales of streetlight control devices and concentrators for streetlight controls during the Period.

Gross profit was RMB72.6 million for the Period (first half of 2016: RMB86.6 million). Gross profit margin stood at 52.9%, a slight improvement from 52.0% for the corresponding period in 2016. Profit attributable to equity shareholders of the Company for the Period decreased to RMB1.5 million (first half of 2016: RMB27.5 million).

China’s power line communications (“**PLC**”) market for the AMR application is expected to continue to grow during the period from years 2017 to 2021 with favorable



governmental policies and industry initiatives. According to a market research, the bidding volume of smart meter conducted by State Grid and Southern Grid is expected to grow at a CAGR of 11.5% from years 2017 to 2021. It estimated that the total sales of China's PLC market will continue its growth at a CAGR of 9.2% during the period from 2017 to 2021, with total sales volume of PLC products increasing from 93.2 million units in 2017 to 132.6 million units in 2021. The future growth of China's PLC market is expected to continue to be driven by governmental support for the IC industry, increasing deployment of smart grids in China and continual advancement in the PLC technology.

In sight of the forthcoming implementation of a new industry standard for broadband PLC which is expected to be formally adopted in 2017, the Group's is committed to strengthening its research and development capability. Research and development efforts have been focusing on enhancing the functionality of products and addressing the technical needs of customers, as well as expanding the product portfolio for different PLC applications. As of June 30, 2017, the Group had successfully developed a significant intellectual property portfolio, comprising 24 patents, 63 computer software copyrights, 7 registered software products and 7 IC layout designs registered, with 26 patents pending registration in the relevant jurisdictions, signifying the Group's achievements in research and development of the PLC technology. Research and development expenses for the Period increased by 83.7% to RMB27.7 million. The significant increment in the research and development expenses was in line with the Group's research and development pace.

The Group plans to expand its AMR business to new geographic markets and further enhance the functionality and competitiveness of our AMR products, Risecomm became a qualified PLC technology company for Southern Grid in 2015 and began to help promote its AMR sales in the Southern Grid market. Risecomm strives to become one of the first-movers to seize business opportunities from this significant new AMR market opening and we believe this new market opening will serve as a key driver for the further growth of our AMR business. Also, the Group will step up its investment in its SEM business to achieve accelerated revenue growth from this business segment in view of the increasing government policies and industry initiatives in support of energy conservation and environmental protection, especially those under the 13th Five- Year Plan of National Economy and Social Development issued by the PRC government.



The listing in Hong Kong is a major milestone in the Group's development history and also presents new opportunities for the future development of the Group. The Group will optimally utilize the proceeds raised from the listing to accelerate its development. With a view to capturing the flourishing outlook in China's PLC market, the Group plans to strengthen the research and development capability of the PLC technology and related products and solutions through cooperation with or acquisition of intellectual property rights from third parties to complement and expedite its R&D in the areas such as broadband OFDM ICs and unified control systems for SEM in view of capturing more market shares as well as products coverage in the PLC market. The Group also intend to progressively expand the sales channels, conducting marketing and promotion activities to enhance brand recognition in both AMR & SEM markets. In addition, the Group will strive to become an advanced PLC technology company in China, eventually in global aspect and develop all aspects of operations by continuously leveraging the Group's competitive advantages in a bid to generate greater values for the shareholders.

– End –

This press release is distributed by Anli Financial Communications Limited on behalf of **Risecomm Group Holdings Limited**.

Media enquiries:

Anli Financial Communications Limited

Crystal Chan 852-3956 1640 crystal.chan@anli.com.hk

Candy Wong 852-3956 1641 candy.wong@anli.com.hk