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InvesTech Holdings Limited
威訊控股有限公司

(Stock Code: 1087)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CONTINUING OPERATIONS		
Revenue	**162,715**	659,454
Gross profit	**9,599**	77,051
(Loss)/profit before tax from continuing operations	**(33,455)**	31,497
(Loss)/profit for the period from continuing operations	**(32,799)**	21,204
DISCONTINUED OPERATION		
Loss for the period from a discontinued operation	**–**	(12,537)
(Loss)/profit for the period	**(32,799)**	8,667
(Loss)/profit attributable to:		
— Owners of the parent	**(28,462)**	10,434
— Non-controlling interests	**(4,337)**	(1,767)
	(32,799)	8,667
(Loss)/earnings per share		
— Basic and diluted (RMB cents)	**(3.65)**	1.45

Selected Financial Ratios

	Six months ended 30 June	
	2016	2015
	(Approximate)	*(Approximate)*
Gross profit margin	**5.9%**	11.7%
Net (loss)/profit margin	**(20.2%)**	3.2%
	As at 30 June 2016	As at 31 December 2015
	(Approximate)	*(Approximate)*
Current ratio (times)	**2.5**	1.9
Gearing ratio [(1)]	**2.9%**	2.4%
Return on total assets [(2)]	**(2.1%)**	2.2%
Return on total equity [(2)]	**(3.2%)**	3.9%

(1) Calculated by using short term borrowings divided by total assets.
(2) Calculated by using average balances of total assets and total equity.

Note: All ratios were calculated using data from continuing operations.

PERFORMANCE REVIEW

The environment of global economy has remained unstable in the first half of 2016. Europe, which is one of the major economic systems in the world, faces complicated political and economic turmoil with the United Kingdom exiting from the European Union by a referendum held on 23 June 2016. Besides, several countries in Europe currently undergo continuing terrorist threats. Due to these uncertainties, the global outlook is tilted to the downside with the International Monetary Fund adjusting the projection of global growth from 3.4% to 3.2% in April 2016. In such economic outlook, investors have become conservative in the capital market, with some enterprises deferring or reducing their business development plans in the first half of 2016.

With these uncertainties in global economy, the performance of InvesTech Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") is greatly affected. Coupled with the continuous intense competition in the telecommunications industry, it has resulted in a significant decrease in the revenue and recorded a loss of the Group for the six months ended 30 June 2016.

Since last year, the People's Republic of China ("PRC") government has been aggressively promoting "Internet Plus" plan and this leads to an increasing demand for mobile internet software platforms. Business to Business ("B2B") market segment is emerging and the demand with a vertical integrated solution of network system and the mobile internet software of enterprise office automation ("OA") is growing. In order to fulfill this huge demand, the Company plans to expand the research and development department and the sales department of our subsidiary, Fortune Grace Management Limited ("Fortune Grace"), by increasing the number of headcount in the PRC (the "Expansion Plan"). Fortune Grace owns interests in Wafer Systems Limited, which is principally engaged in the business of network system integration, including provision of network infrastructure solutions, network professional services and mobile internet software of OA as well as integrated solutions such as smart office suite.

With the Expansion Plan, the Company is able to enrich its portfolio and also enlarge its customer base, leading to potential revenue growth in the near future. At present, the product lines and services of the Group are in the provision of network system integration including provision of network infrastructure solutions, network professional services (the "Network Communication Business") and mobile internet software of OA (the "Mobile OA Software Business"), and provision of services for construction of base stations for telecommunication networks, trading of telecommunications equipment and mobile phone handsets (the "Traditional Telecommunications Products and Services").

During the six months ended 30 June 2016, the Company made its efforts in (i) making strategic transition by allocating more resources on the Network Communication Business and the Mobile OA Software Business; (ii) expanding the existing product portfolio and services to improve the overall sustainable profit; (iii) penetrating more industrial market segments and broadening our customer base; and (iv) raising fund by issuance of new shares and options to facilitate the Expansion Plan and financial leasing business initiative of the Group.

On 4 and 31 December 2015, 沈陽新郵通信設備有限有公司 (Shenyang New Postcom Co., Ltd.*, "Shenyang New Postcom"), a wholly-owned subsidiary of the Company, entered into separate sale and purchase agreements with two independent third parties, to dispose of its (i) motor vehicles, equipment and properties at a total cash consideration of RMB100.0 million; and (ii) technology know-how of the third generation mobile telecommunications multi-media technology and certain patents relating to wireless mobile communication terminals and systems (the "Intangible Assets") at a total cash consideration of RMB150.0 million. By disposing of the above assets, the Group is able to improve its liquidity and reallocate its resources on research and development as well as sales and marketing of the Network Communication Business and the Mobile OA Software Business so that the Group is able to strategically transit to the business with better prospects and profitability.

On 20 May 2016, the Company entered into a subscription agreement (as amended by the supplemental agreement on 27 May 2016) (the "Subscription Agreement") with Sinotak Limited (the "Subscriber"). The Subscriber is an investment holding company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Zhang Wei ("Mr. Zhang"). Mr. Zhang has extensive business experience and knowledge in finance and capital markets, as well as in the internet industry. Taking into account that the Group is planning to develop business relating to the concepts of "Internet Plus software platform strategy" and "smart city development" in the PRC, the Group wishes to leverage on the business network and connection of the Subscriber to seek for business opportunities from those large-scale technology enterprises in the PRC and aims to access a wider investor community.

* *The English name is for identification purpose only*

The Group recorded a total revenue from its continuing operations of approximately RMB162.7 million for the six months ended 30 June 2016, representing a significant decrease of approximately RMB496.8 million, or approximately 75.3% as compared with that of approximately RMB659.5 million for the six months ended 30 June 2015. The significant decrease of revenue was primarily attributable to the fact that the sales of the Traditional Telecommunications Products and Services was reduced during the six months ended 30 June 2016, which was partially offset by the revenue generated from the Network Communication Business and the Mobile OA Software Business.

The impact was resulting from (i) the uncertainty of worldwide economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the Traditional Telecommunications Products and Services due to the shifting of its focus towards the development of the Network Communication Business and the Mobile OA Software Business.

The Group's gross profit from its continuing operations for the six months ended 30 June 2016 amounted to approximately RMB9.6 million, representing a significant decrease of approximately RMB67.5 million, or approximately 87.5% as compared with that of approximately RMB77.1 million for the six months ended 30 June 2015. The significant decrease was primarily attributable to the decrease of sales of the Traditional Telecommunications Products and Services which was partially offset by the gross profit generated from the Network Communication Business and the Mobile OA Software Business.

The gross profit margin from the Group's continuing operations dropped to approximately 5.9% for the six months ended 30 June 2016 from approximately 11.7% for the six months ended 30 June 2015.

As a matter of fact, the gross profit generated from the Network Communication Business and the Mobile OA Software Business positively improved the gross profit margin of the Group to approximately 17.7% as compared with that of approximately 11.7% for the six months ended 30 June 2015. However, the adjustment of cost of sales including amortisation of technology and unfinished backlog orders of Fortune Grace, in which 75% equity interest in the issued share capital was acquired by the Group on 13 November 2015 (the "Acquisition of Fortune Grace"), of approximately RMB19.2 million impacted the overall gross profit margin down to approximately 5.9%.

The Group's net loss from its continuing operations amounted to approximately RMB32.8 million for the six months ended 30 June 2016 as compared with net profit of approximately RMB21.2 million for the six months ended 30 June 2015. The net loss from its continuing operations was mainly attributable to (i) the significant decrease of gross profit of approximately RMB67.5 million which included the amortisation of technology and unfinished backlog orders of Fortune Grace amounted to approximately RMB19.2 million; (ii) the increase of selling and distribution expenses and administrative expenses amounted to approximately RMB9.6 million and RMB14.3 million respectively. The net loss was partially offset by the decrease in other expenses with approximately RMB24.0 million.

Outlook

Overall, the network communication market will remain robust with continuous growth in following years.

Continued momentum around the Network Communication Business as well as internet-driven software business such as the Mobile OA Software Business will present both new challenges and growth opportunities for the Group.

In the segment of B2B market, the Company believes that mobile internet software of OA will be adopted by more and more medium-sized and large-sized companies. With the software, employees of the enterprises are able to communicate seamlessly with instant messages, share documents in cloud space with security and host online meetings anytime and anywhere which can better improve the efficiency and effectiveness of enterprises.

The Group will accordingly keep increasing its investments in the Network Communication Business and the Mobile OA Software Business, seeking for more strong partners and working closely with them to develop new products and solutions. The Group will also keep exploring new technologies to be applied in the current products and services. Furthermore, the Group will keep monitoring its business scale and portfolio closely and putting more resources into the business with stronger profitability and better prospects to ensure a sustainable development of the Group and bring long-term contributions to the shareholders of the Company (the "Shareholders").

UNAUDITED INTERIM CONSOLIDATED RESULTS

The board (the "Board") of directors (the "Directors") of the Company announces the unaudited interim consolidated financial results of the Group for the six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding period in 2015. The interim consolidated financial results have not been audited, but have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	*4*	**162,715**	659,454
Cost of sales		**(153,116)**	(582,403)
Gross profit		**9,599**	77,051
Other income and gains	*4*	**3,037**	4,399
Selling and distribution expenses		**(13,610)**	(4,015)
Administrative expenses		**(29,423)**	(15,117)
Other expenses		**(2,012)**	(26,027)
Finance costs	*5*	**(1,046)**	(4,794)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(33,455)**	31,497
Income tax credit/(expense)	*7*	**656**	(10,293)
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(32,799)**	21,204
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	*8*	**–**	(12,537)
(LOSS)/PROFIT FOR THE PERIOD		**(32,799)**	8,667
Attributable to:			
Owners of the parent		**(28,462)**	10,434
Non-controlling interests		**(4,337)**	(1,767)
		(32,799)	8,667
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
— For (loss)/profit for the period		**RMB(3.65 cents)**	RMB1.45 cents
— For (loss)/profit from continuing operations		**RMB(3.65 cents)**	RMB2.95 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(32,799)**	8,667
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(167)**	(771)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(32,966)**	7,896
Attributable to:		
Owners of the parent	**(28,593)**	9,663
Non-controlling interests	**(4,373)**	(1,767)
	(32,966)	7,896

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,277**	1,497
Goodwill		**268,726**	268,726
Other intangible assets		**190,497**	209,656
Available-for-sale investment		**15,000**	15,000
Deferred tax assets		**5,472**	5,362
Total non-current assets		**480,972**	500,241
CURRENT ASSETS			
Inventories		**13,743**	13,975
Trade and bills receivables	*11*	**156,410**	585,120
Prepayments, deposits and other receivables		**346,859**	224,665
Pledged deposits		**7,792**	8,130
Cash and cash equivalents		**238,236**	192,120
		763,040	1,024,010
Assets classified as held for sale		**195,228**	196,140
Total current assets		**958,268**	1,220,150
CURRENT LIABILITIES			
Trade and bills payables	*12*	**97,692**	390,229
Other payables and accruals		**217,064**	152,777
Interest-bearing bank and other borrowings		**41,128**	41,276
Tax payable		**32,271**	47,634
Total current liabilities		**388,155**	631,916

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
NET CURRENT ASSETS	**570,113**	588,234
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,051,085**	1,088,475
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**32,689**	33,962
Government grants	**6,588**	6,588
Total non-current liabilities	**39,277**	40,550
Net assets	**1,011,808**	1,047,925
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**104,732**	104,732
Reserves	**845,752**	874,345
	950,484	979,077
Non-controlling interests	**61,324**	68,848
Total equity	**1,011,808**	1,047,925

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(43,243)**	(53,608)
Net cash flows from investing activities	**90,173**	131,101
Net cash flows used in financing activities	**(252)**	(19,947)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**46,678**	57,546
Cash and cash equivalents at beginning of period	**192,120**	169,950
Effect of foreign exchange rate changes, net	**(562)**	(633)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**238,236**	226,863

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 16 November 2007 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Group is mainly engaged in the Network Communication Business, the Mobile OA Software Business and the Traditional Telecommunications Products and Services.

2.1 BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of the Listing of Securities on The Stock Exchange (the "Listing Rules") and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. These condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new and revised International Financial Reporting Standards ("IFRSs") (which also include International Accounting Standards ("IASs") and Interpretations).

These condensed consolidated financial statements do not include all the information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the amendments effective as of 1 January 2016, noted below:

IFRS 14	*Regulatory Deferral Accounts*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*

The adoption of the above new or revised standards, interpretation and amendments has had no material financial effect on the accounting policies of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

After the disposal of the entire equity interest in 威海市裕博線纜科技有限公司 (Weihaishi Yubo Wire & Cable Technology Co., Ltd.*, "Weihai Yubo") which was managed in the "others" segment by management in the year ended 31 December 2015, the Group has only one reportable operating segment during the six months ended 30 June 2016, and consequently, the Group does not present segment reporting data for the current period.

For management purposes, the Group was organised into business units based on their products and services and had two reportable operating segments during the six months ended 30 June 2015 as follows:

(a) the communication system segment, which engaged in providing private network solutions, construction of base stations for telecommunication networks including TD-LTE, TD-SCDMA and GSM networks, trading of telecommunication equipment, such as IPRAN, xPON and microwave telecommunication equipment, and the manufacture and sale of mobile phone handsets, related accessories and related software, mobile internet terminals; and

(b) the "others" segment, which leased plants and properties owned by the Group.

Management monitored the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment during the six months ended 30 June 2015. Segment performance was evaluated based on reportable segment profit, which was a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations was measured consistently with the Group's profit before tax from continuing operations except that interest income, unallocated income and gains, finance costs, as well as corporate and other unallocated expenses were excluded from such measurement.

* *The English name is for identification purpose only.*

3. **OPERATING SEGMENT INFORMATION (CONTINUED)**

	Six months ended 30 June 2015 (Unaudited)		
	Communication system *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	659,454	–	659,454
Sales to a discontinued operation	–	1,626	1,626
	659,454	1,626	661,080
Reconciliation:			
Elimination of sales to a discontinued operation			(1,626)
Revenue from continuing operations			659,454
Segment results	53,396	(15,551)	37,845
Reconciliation:			
Elimination of sales to a discontinued operation			(1,626)
Interest income			318
Unallocated income and gains			3,817
Finance costs			(4,794)
Corporate and other unallocated expenses			(4,063)
Profit before tax from continuing operations			31,497

4. **REVENUE, OTHER INCOME AND GAINS**

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the period.

An analysis of revenue, other income and gains from continuing operations is as follows:

	Six months ended 30 June	
	2016 ***RMB'000*** **(Unaudited)**	2015 *RMB'000* (Unaudited)
Revenue		
Sales of goods and software products	**122,341**	521,169
Rendering of services	**40,374**	138,285
	162,715	659,454

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	**333**	318
Government grants released	**110**	264
Gain on disposal of assets classified as held for sale	**433**	–
Gain on disposal of a subsidiary	**–**	3,817
Foreign exchange differences, net	**62**	–
Gain on collection of impaired trade receivables acquired on acquisition*	**1,661**	–
Others	**438**	–
	3,037	4,399

* The gains represented the cash collection for the trade receivables whose fair value was impaired to nil when they were acquired by the Group through the business combination in the previous year.

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**1,046**	3,749
Guarantee fee	**–**	1,045
	1,046	4,794

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**150,513**	581,064
Depreciation	**464**	4,090
Recognition of prepaid land lease payments	**–**	910
Amortisation of other intangible assets**	**19,159**	8,274
Impairment of property, plant and equipment	**–**	5,102
Impairment of prepaid land lease payments	**–**	9,317
Impairment of other intangible assets	**–**	14,647
Impairment/(reversal of impairment) of trade receivables	**2,277**	(3,211)
(Reversal of impairment)/impairment of other receivables and prepayments	**(265)**	115
Minimum lease payments under operating leases	**3,549**	509
Auditors' remuneration	**600**	600
Research and development expenses	**4,823**	928
Government grants released	**(110)**	(264)
Employee benefit expenses (including directors' and a chief executive's remuneration)		
— Wages and salaries	**23,067**	6,744
— Pension scheme contributions	**2,496**	228
— True up of termination benefit	**–**	(1,493)
	25,563	5,479
Foreign exchange differences, net	**(62)**	55
Write-down of inventories to net realisable value	**382**	–
Interest income	**(333)**	(318)
Gain on disposals of a subsidiary	**–**	(3,817)
Gain on disposal of assets classified as held for sale	**(433)**	–

* Inclusive of write-down of inventories to net realisable value.

** Amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses" in the condensed consolidated statement of profit or loss.

7. INCOME TAX

No material provision for Hong Kong profits tax has been made as the Group did not have material assessable profits arising in Hong Kong during the six months ended 30 June 2016. Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2015 arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Under the income tax law of the PRC, companies with operations in Mainland China are subject to corporate income tax ("CIT") at a statutory tax rate of 25% (six months ended 30 June 2015: 25%) on taxable income.

Except for the following companies, the subsidiaries of the Company established in Mainland China are subject to CIT at the statutory tax rate of 25% in the following periods:

	Six months ended 30 June	
Name of the subsidiaries	**2016**	2015
沈陽新郵通信設備有限公司 Shenyang New Postcom Co., Ltd. *	**15.0%**	25.0%#
北京威發新世紀信息技術有限公司 Beijing Wafer New Century Information Technology Co., Ltd. *	**15.0%**	N/A
威 發（西 安）軟 件 有 限 公 司 Wafer (Xi'an) Software Co., Ltd. ^	**–**	N/A

\# The entity was recognised as a high-tech enterprise by the PRC tax authority in 2009 and was entitled to a 15% CIT rate for the years ended 31 December 2009 to 2014. For the six months ended 30 June 2015, as the high-tech enterprise accreditation expired and the entity was in the process of applying for renewal of the accreditation, management had determined to use the 25% CIT rate for tax computation until the completion of renewal process. The renewed high-tech enterprise accreditation was issued in October 2015.

^ The entity has been recognised as a software enterprise and is exempted from CIT for the year ended 31 December 2015 and the year ending 31 December 2016, and is entitled to a 50% reduction in the applicable tax rate for CIT for the subsequent three years ending 31 December 2019.

* The English names are for identification purposes only.

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**–**	3,215
Current – Mainland China	**727**	12,004
Deferred	**(1,383)**	(4,926)
Total tax (credit)/charge for the period	**(656)**	10,293

8. DISCONTINUED OPERATION

On 28 April 2015, the Company entered into a sale and purchase agreement with a company owned by Mr. Chi Shaolin, a director and substantial shareholder of the Company by then, for the disposal of the entire equity interest of Honglin International Limited (together with its subsidiaries referred to as "Honglin International") at a cash consideration of HK$232,805,000 (equivalent to RMB187,059,000). Honglin International was engaged in manufacture and sale of traditional signal transmission and connectivity products. The Board decided to cease its signal transmission and connectivity business for the purpose of restructuring and Honglin International was classified as a discontinued operation. With Honglin International classified as a discontinued operation, the signal transmission and connectivity business was no longer included in the note for operating segment information. The transaction was completed on 30 June 2015.

The consolidated results of Honglin International for the period ended 30 June 2015 are presented below:

	Six months ended 30 June 2015 *RMB'000* (Unaudited)
Revenue	305,983
Other income and gains	6,911
Expenses and costs	(327,057)
Finance costs	(16,160)
Loss for the period	(30,323)
Gain on disposal of the discontinued operation	17,786
Loss for the period from the discontinued operation	(12,537)
Attributable to:	
Owners of the parent	(10,770)
Non-controlling interests	(1,767)
	(12,537)

The net cash flows incurred by Honglin International for the period ended 30 June 2015 are as follows:

	Six months ended 30 June 2015 *RMB'000* (Unaudited)
Operating activities	46,938
Investing activities	125,938
Financing activities	(19,925)
Net cash inflow	152,951
Loss per share:	
Basic and diluted from the discontinued operation	RMB(1.50 cents)

8. DISCONTINUED OPERATION (CONTINUED)

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	Six months ended 30 June 2015 *RMB'000* (Unaudited)
Loss attributable to ordinary equity holders of the parent from the discontinued operation	(10,770)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation ('000)	720,000

9. DIVIDENDS

No dividend has been paid or proposed by the Company during the six months ended 30 June 2016 and subsequent to the end of the reporting period (six months ended 30 June 2015: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the consolidated loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 780,000,000 (six months ended 30 June 2015: 720,000,000) in issue during the period.

The calculations of the basic (loss)/earnings per share are based on:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation:		
From continuing operations	**(28,462)**	21,204
From a discontinued operation	**–**	(10,770)
	(28,462)	10,434
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation ('000)	**780,000**	720,000
(Loss)/earnings per share:		
Basic		
For continuing operations	**RMB(3.65 cents)**	RMB2.95 cents
For a discontinued operation	**–**	RMB(1.50 cents)

Diluted (loss)/earnings per share amounts were the same as the basic (loss)/earnings per share amounts as there were no potential dilutive ordinary shares in existence during the six months ended 30 June 2016 and 30 June 2015.

11. TRADE AND BILLS RECEIVABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade receivables	**163,693**	586,115
Impairment	**(9,233)**	(6,957)
Trade receivables, net	**154,460**	579,158
Bills receivable	**1,950**	5,962
	156,410	585,120

An aged analysis of the trade receivables of the Group as at the end of the reporting period, based on the transaction date and net of provision, is as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 3 months	**71,930**	79,602
3 to 6 months	**33,198**	261,472
6 to 12 months	**25,966**	114,180
1 to 2 years	**10,368**	110,470
Over 2 years	**12,998**	13,434
	154,460	579,158

The movements in provision for impairment of trade receivables are as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
At beginning of period/year	**6,957**	6,945
Provided in the current period/year	**5,732**	6,534
Impairment losses reversed	**(3,455)**	(3,909)
Disposal of a subsidiary	**–**	(2,583)
Exchange realignment	**(1)**	(30)
	9,233	6,957

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 3 months	**1,950**	–
Over 3 months but within 6 months	**–**	5,962
	1,950	5,962

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables of the Group, based on the transaction date, as at the end of the reporting period is as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 3 months	**51,288**	55,343
3 to 12 months	**17,298**	209,853
1 to 2 years	**9,133**	105,225
Over 2 years	**19,778**	19,808
	97,497	390,229

An aged analysis of the bills payable of the Group, based on the issuance date, as at the end of the reporting period is as follows:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within 3 months	**195**	–
	195	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

The Group recorded a total revenue from its continuing operations of approximately RMB162.7 million for the six months ended 30 June 2016, representing a significant decrease of approximately RMB496.8 million, or approximately 75.3% as compared with that of approximately RMB659.5 million for the six months ended 30 June 2015. The significant decrease of revenue was primarily attributable to the fact that the sales of the Traditional Telecommunications Products and Services was reduced during the six months ended 30 June 2016, which was partially offset by the revenue generated from the Network Communication Business and the Mobile OA Software Business.

The impact was resulting from (i) the uncertainty of worldwide economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the Traditional Telecommunications Products and Services due to the shifting of its focus towards the development of the Network Communication Business and the Mobile OA Software Business.

Cost of Sales

The cost of sales from the Group's continuing operations decreased by approximately RMB429.3 million, or approximately 73.7%, from approximately RMB582.4 million for the six months ended 30 June 2015, to approximately RMB153.1 million for the six months ended 30 June 2016. The decrease was primarily attributable to the corresponding drop of revenue from the sales of the Traditional Telecommunications Products and Services.

FINANCIAL REVIEW

Gross Profit and Margin

The Group's gross profit from its continuing operations for the six months ended 30 June 2016 amounted to approximately RMB9.6 million, representing a significant decrease of approximately RMB67.5 million, or approximately 87.5% as compared with that of approximately RMB77.1 million for the six months ended 30 June 2015. The significant decrease was primarily attributable to the decrease of sales of the Traditional Telecommunications Products and Services which was partially offset by the gross profit generated from the Network Communication Business and the Mobile OA Software Business.

The gross profit margin from the continuing operations dropped to approximately 5.9% for the six months ended 30 June 2016 from approximately 11.7% for the six months ended 30 June 2015.

As a matter of fact, the gross profit generated from the Network Communication Business and the Mobile OA Software Business positively improved the gross profit margin of the Group to approximately 17.7% compared to that of approximately 11.7% for the six months ended 30

June 2015. However, the adjustment of cost of sales including amortisation of technology and unfinished backlog orders of Fortune Grace of approximately RMB19.2 million impacted the overall gross profit margin down to approximately 5.9%.

Other Income and Gains

The Group recorded other income and gains from its continuing operations of approximately RMB3.0 million for the six months ended 30 June 2016, including (i) gains on collection of impaired trade receivables acquired on acquisition of approximately RMB1.7 million; (ii) approximately RMB0.4 million from the late charge for the delayed payment for equipment and properties from 沈陽市聯盛科技有限公司 (Shengyang City Liansheng Technology Company Limited*, "Shengyang Liansheng"); (iii) approximately RMB0.4 million from the gain on disposal of the motor vehicles and equipment which were classified as assets held for sales in the prior year; and (iv) approximately RMB0.3 million from the interest income.

Selling and Distribution Expenses

The selling and distribution expenses from the Group's continuing operations increased by approximately RMB9.6 million for the six months ended 30 June 2016, or approximately 239.0%, as compared with that for the six months ended 30 June 2015. The significant increase was primarily due to the incremental selling and distribution expenses incurred by the consolidation of the Acquisition of Fortune Grace.

Administrative Expenses

The administrative expenses from the Group's continuing operations increased by approximately RMB14.3 million for the six months ended 30 June 2016, or approximately 94.6%, as compared with that for the six months ended 30 June 2015. The increase was primarily due to the incremental administrative expenses incurred by the consolidation of the Acquisition of Fortune Grace.

Other Expenses

Other expenses from the Group's continuing operations amounted to approximately RMB2.0 million, which was primarily attributable to the net impairment loss of approximately RMB2.3 million recognised in respect of trade receivables which was partially offset by the reversal of impairment of other receivables of approximately RMB0.3 million.

Finance Costs

The finance costs from the Group's continuing operations decreased by approximately RMB3.7 million for the six months ended 30 June 2016, or approximately 78.2%, as compared with that for the six months ended 30 June 2015. The decrease was mainly attributable to the decline of average loan balances for the six months ended 30 June 2016 as compared with that for the six months ended 30 June 2015.

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Income Tax Credit/(Expense)

The Group incurred income tax credit from its continuing operations of approximately RMB0.7 million for the six months ended 30 June 2016 primarily due to deferred income tax credit from amortisation of intangible assets acquired by the Acquisition of Fortune Grace, which was offset by the current PRC Enterprise Income Tax expense incurred. Overall, the Group's effective tax rate for the six months ended 30 June 2016 was 2.0%, compared with 32.7% for the six months ended 30 June 2015.

(Loss)/Profit for the Period

The Group's net loss from its continuing operations amounted to approximately RMB32.8 million for the six months ended 30 June 2016 as compared with net profit of approximately RMB21.2 million for the six months ended 30 June 2015. The net loss from its continuing operations was mainly attributable to (i) the significant decrease of gross profit of approximately RMB67.5 million which included the adjustment of the amortisation of technology and unfinished backlog orders of Fortune Grace amounted to approximately RMB19.2 million; (ii) the increase of selling and distribution expenses and administrative expenses amounted to approximately RMB9.6 million and RMB14.3 million respectively. The net loss was partially offset by the decrease in other expenses with approximately RMB24.0 million.

Liquidity and Financial Resources

The Group continues to implement prudent financial management policies and maintains a relatively low gearing ratio during its operations. As at 30 June 2016, the Group's gearing ratio (measured by total short-term borrowings from continuing operations as a percentage of total assets from continuing operations) was approximately 2.9% (31 December 2015: approximately 2.4%).

As at 30 June 2016, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB41.1 million (31 December 2015: approximately RMB41.3 million). Out of the interest-bearing bank and other borrowings, approximately RMB4.9 million were secured and approximately RMB36.2 million were unsecured, while approximately RMB36.5 million carried interests at floating rates and approximately RMB4.6 million carried interests at fixed rates. The interest-bearing bank and other borrowings decreased by approximately RMB0.2 million.

Save as aforesaid or as otherwise disclosed in this announcement, and apart from intragroup liabilities, the Company did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtednesses, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on 30 June 2016.

The Directors have confirmed that there has been no material change in the indebtednesses and contingent liabilities of the Group since 30 June 2016 to the date of this announcement.

Foreign Currency Risk

As certain of the Group's trade and other receivables, cash and cash equivalents and trade and other payables are denominated in foreign currency, exposure to exchange rate fluctuation arises. The Group has relevant policy to monitor the risk associated with the fluctuation of foreign currency and control such risk, if necessary.

Working Capital

Inventories balance as at 30 June 2016 was approximately RMB13.7 million (31 December 2015: approximately RMB14.0 million). The average turnover days for inventories (calculated by using the data from continuing operations) were 16 days as at 30 June 2016 (30 June 2015: 8 days). The longer turnover days for inventories was mainly due to the business acquired from Fortune Grace as some equipment provided to the customers needed to be imported from overseas suppliers in advance.

Trade and bills receivables balance as at 30 June 2016 was approximately RMB156.4 million (31 December 2015: approximately RMB585.1 million). The decrease in trade and bills receivables balance was mainly due to the sales decline of the Traditional Telecommunications Products and Services. The average turnover days for trade and bills receivables (calculated by using the data from continuing operations) increased to 410 days (30 June 2015: 289 days) which was mainly due to the rising proportion of sales with relatively longer credit period. As at 30 June 2016, approximately 46.6% of the trade receivables was aged within three months.

Trade and bills payables balance as at 30 June 2016 was approximately RMB97.7 million (31 December 2015: approximately RMB390.2 million). The decrease in trade and bills payables balance was mainly due to the reduced purchases of the Traditional Telecommunications Products and Services from suppliers. The average turnover days for trade and bills payables (calculated by using the data from continuing operations) increased to 287 days as at 30 June 2016 (30 June 2015: 214 days. The increase in turnover days was mainly due to the rising proportion of purchase with relatively longer payable credit period.

The Group's cash conversion cycle (calculated by using the data from continuing operations) for the six months ended 30 June 2016 was 139 days as compared with 83 days for the six months ended 30 June 2015.

Cash Flows

For the six months ended 30 June 2016, the net cash used in operating activities was approximately RMB43.2 million, which was primarily due to an operating loss recorded for the six months ended 30 June 2016 and the cash used in operating activities was more than the cash from operating activities.

The net cash from the investing activities for the six months ended 30 June 2016 of approximately RMB90.2 million was mainly attributable to cash inflows from the advance payment for disposals of assets which were classified as assets held of sale in prior year of approximately RMB98.5 million, which was partially offset by the payment of cash consideration for the Acquisition of Fortune Grace.

The net cash used in financing activities for the six months ended 30 June 2016 of approximately RMB0.3 million was primarily attributable to repayments of bank loans and other borrowings.

Capital Expenditures

For the six months ended 30 June 2016, the Group incurred capital expenditures of approximately RMB0.2 million in the purchases of property, plant and equipment.

Capital Commitments

As at 30 June 2016 and 31 December 2015, the Group had no significant capital commitments.

Contingent Liabilities

The Group underwent several reorganisations, including disposal of the entire interest of Honglin International and Weihai Yubo during the year ended 31 December 2015 and transfers of several subsidiaries within the Group. The Group has conducted filings of the reorganisations, if required, with the relevant tax authorities. However, those reorganisations may be subject to further investigations if initiated and requested by the relevant tax authorities. The Directors believe that the taxes arising from those reorganisations have been properly dealt with and provided for in the financial statements. Given the complexity of the relevant tax laws and regulations and the diversified practice of the respective tax authorities in the PRC, there exists a possibility that the tax authorities may levy and collect additional taxes for those reorganisations.

Employees

As at 30 June 2016, the total number of employees of the Group was 369 (30 June 2015: 158). The breakdown of the employees of the Group as at 30 June 2016 and 2015 is as follows:

	As at 30 June 2016	As at 30 June 2015
Manufacturing and technical engineering	**61**	35
Sales and marketing	**121**	77
General and administration	**124**	32
Research and development	**63**	14
Total	**369**	158

The increase in the number of employees as at 30 June 2016 as compared with that as at 30 June 2015 was mainly due to the completion of the Acquisition of Fortune Grace and all the staff of Fortune Grace were included. Compensation policy of the Group is determined by evaluating individual performance of the employees and has been reviewed regularly.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF MOTOR VEHICLES, EQUIPMENT AND PROPERTIES

On 4 December 2015, Shenyang New Postcom entered into a sale and purchase agreement (the "S&P Agreement A") to dispose of fourteen motor vehicles including sedan and minivan, and truck and forklift with an independent third party, Shengyang Liansheng at a cash consideration of RMB0.5 million ("Consideration A").

On the same day, Shenyang New Postcom entered into another two sale and purchase agreements (the "S&P Agreement B" and the "S&P Agreement C") with Shengyang Liansheng to dispose of various types of tools, electrical appliances, computer equipment and office network equipment at a cash consideration of RMB1.0 million ("Consideration B") and two parcels of land with a total site area of approximately 151,132 square meters located in the PRC at a cash consideration of RMB98.5 million ("Consideration C") respectively.

Shengyang Liansheng is a limited liability company established in the PRC.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the above mentioned sale and purchase agreements in aggregate exceeded 5% but were below 25%, the three disposals constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Up to 2 June 2016, the Group has received the full amount of Consideration A, Consideration B and Consideration C and the late charge for the delayed payment for equipment and properties from Shengyang Liansheng. On the same day, the S&P Agreement B was completed as all the conditions precedent pursuant to the S&P Agreement B has been fulfilled and the transfer of the equipment was completed.

On 14 June 2016, the S&P Agreement A was completed as all the conditions precedent pursuant to the S&P Agreement A has been fulfilled and the transfer of the motor vehicles was completed.

The S&P Agreement C will not be completed until all the conditions precedent have been fulfilled. The Group will continue to assist the registration regarding the change of land use rights and property ownership in respect of the properties.

Details of the disposal of motor vehicles, equipment and properties have been set out in the announcements of the Company dated 4 December 2015, 2 June 2016 and 14 June 2016.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF INTANGIBLE ASSETS

On 31 December 2015, Shenyang New Postcom entered into a sale and purchase agreement with an independent third party 深圳吉時銘業科技有限公司 (Shenzhen Ji Shi Ming Ye Technology Company Limited*, "Shenzhen Ji Shi Ming Ye") to dispose of the Intangible Assets at a cash consideration of RMB150.0 million ("Consideration D").

Shenzhen Ji Shi Ming Ye is a limited liability company established in the PRC.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the disposal exceeded 5% but were below 25%, the disposal constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 31 March 2016, Shenyang New Postcom entered into the supplemental agreement with Shenzhen Ji Shi Ming Ye, pursuant to which the parties have agreed to extend the payment date to 31 July 2016.

On 26 August 2016, the Group has received the full amount of Consideration D along with the late fine for the delayed payment from Shenzhen Ji Shi Ming Ye and the completion took place on the same day.

Details of the disposal of the Intangible Assets have been set out in the announcements of the Company dated 31 December 2015, 31 March 2016 and 26 August 2016.

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% ISSUED SHARE CAPITAL OF THE TARGET COMPANY

On 24 March 2016, the Company entered into a sales and purchase agreement in relation to the sale and purchase of 10,000 shares, being the entire issued share capital of the Yao Neng Developments Limited (the "Target Company"), with Sina Trade Limited and Mr. Mao Hai Tao at a cash consideration of HK$400.0 million.

On 29 April 2016, the Company and Sina Trade Limited agreed to extend the long stop date from 29 April 2016 to 31 May 2016.

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On 27 May 2016, the Company and Sina Trade Limited agreed to further extend the long stop date to 15 July 2016.

On 23 July 2016, the sales and purchase agreement was lapsed as certain of the conditions precedent pursuant to the sales and purchase agreement and the extension letters remain unfulfilled and no further extension of the long stop date has been agreed by the parties.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the above mentioned acquisition exceeded 5% but were below 25%, the acquisition constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the acquisition of 100% issued share capital of the Target Company have been set out in the announcements of the Company dated 8 March 2016, 24 March 2016, 29 April 2016, 27 May 2016 and 23 July 2016.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Subscription of New Shares and Options

On 20 May 2016, the Company entered into the Subscription Agreement (as amended by a supplemental agreement on 27 May 2016) with the Subscriber whereby the Company has conditionally agreed to allot and issue an aggregate of 39,000,000 new shares at HK$1.55 per share of the Company and issue an aggregate of 117,000,000 options at HK$0.20 per option.

The subscription was completed on 21 July 2016. An aggregate of 39,000,000 new shares has been allotted and issued and an aggregate of 117,000,000 options has been granted to the Subscriber. The net proceeds from the subscription are approximately HK$83.6 million.

Details of the above subscription have been set out in the announcements of the Company dated 20 May 2016, 27 May 2016, 6 July 2016 and 21 July 2016 and the circular of the Company dated 20 June 2016.

Lapse of the Discloseable Transaction in relation to Acquisition of 100% Issued Share Capital of the Target Company

Details of lapse of the discloseable transaction in relation to acquisition of 100% issued share capital of the Target Company have been set out in the section headed as "DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% ISSUED SHARE CAPITAL OF THE TARGET COMPANY".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating the elements of good corporate governance into the management structure and internal control procedures of the Group so as to achieve effective accountability to the Shareholders. The Board strived to uphold good corporate governance and adopted sound corporate governance practices continuously in the interest of the Shareholders to enhance the overall performance of the Company. The principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules have been adopted by the Company. The Company also complied with the CG Code throughout the six months ended 30 June 2016 except for the following deviation:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. In the reporting period, there was no chairman of the Board for the period from 1 January 2016 until 25 February 2016, the date when Mr. Chan Sek Keung, Ringo was appointed as the chairman of the Board.

AUDIT COMMITTEE

The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the risk management and internal control procedures of the Company. As at the date of this announcement, the Audit Committee consists of three members, namely, Mr. Qu Wen Zhou, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai, all of whom are independent non-executive Directors. Mr. Qu Wen Zhou currently serves as the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the Listing Rules and the CG Code. During the six months ended 30 June 2016 under review, the Audit Committee convened two meetings.

The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed about the auditing, risk management, internal controls, and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 and this announcement.

The financial results for the six months ended 30 June 2016 have not been audited.

MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding the Directors' securities transactions during the six months ended 30 June 2016.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

OUTLOOK

The network communication market will continue to be robust with continued growth in following years. The Group will keep increasing its investments in the Network Communication Business and the Mobile OA Software Business, seeking for more strong partners and working closely with them to develop new products and solutions. The Group will also keep exploring new technologies to be applied in its current products and services.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the six months ended 30 June 2016.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2016 containing all the applicable information required by the Listing Rules will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.investech-holdings.com) in due course. Printed copies will be dispatched to the Shareholders in due course.

By Order of the Board
InvesTech Holdings Limited
Chan Sek Keung, Ringo
Chairman

Hong Kong, 30 August 2016

As at the date of this announcement, the executive Directors are Mr. Wu Chi Luen (CEO), Mr. Lu Chengye and Ms. Wang Fang, the non-executive Directors are Mr. Chan Sek Keung, Ringo (Chairman) and Mr. Wong Kui Shing, Danny and the independent non-executive Directors are Mr. Qu Wen Zhou, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai.