InvesTech Holdings Limited
威 訊 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**214,900**	162,715
Gross profit	**22,627**	9,599
Loss before tax	**(21,655)**	(33,455)
Loss for the period	**(21,720)**	(32,799)
Loss attributable to:		
— Owners of the parent	**(19,443)**	(28,462)
— Non-controlling interests	**(2,277)**	(4,337)
	(21,720)	(32,799)
Loss per share		
— Basic and diluted (RMB cents)	**(2.27)**	(3.65)

Selected Financial Ratios

	Six months ended 30 June	
	2017	2016
	(Approximate)	*(Approximate)*
Gross profits margin	**10.5%**	5.9%
Net loss margin	**(10.1%)**	(20.2%)
	As at 30 June 2017	As at 31 December 2016
	(Approximate)	*(Approximate)*
Current ratio (times)	**4.1**	3.3
Gearing ratio[1]	**15.7%**	11.3%
Return on total assets[2]	**(1.4%)**	(4.2%)
Return on total equity[2]	**(2.0%)**	(6.6%)

(1) Calculated by using the total of short term and long term borrowings divided by total assets.

(2) Calculated by using average balances of total assets and total equity.

PERFORMANCE REVIEW

During the six months ended 30 June 2017 (the "Period"), InvesTech Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") has further developed the network communication business and the sales of mobile office automation ("OA") software business, successfully expanded its business categories to the sales of satellite communication products business. In addition, the Group has carried out and developed financial services business in Hong Kong.

During the Period, the Group recorded a net loss of approximately RMB21.7 million. Total revenue amounted to approximately RMB214.9 million, representing an increase of approximately RMB52.2 million, or approximately 32.1% as compared with that of approximately RMB162.7 million in the same period in 2016. The Group's gross profit amounted to approximately RMB22.6 million, experiencing an increase of approximately RMB13.0 million, or approximately 135.4% as compared with that of approximately RMB9.6 million in the same period in 2016. The gross profit margin raised to approximately 10.5% from approximately 5.9% of the same period in 2016.

OVERALL ENVIRONMENT

Despite the broad-based and stable global recovery, economic growth dynamics remained weak. The Group had turned cautious on the global market for the undercurrents of political and policies uncertainty. Market focus remained on The U.S. fiscal and monetary policies, such as Federal Reserve balance sheet normalization, interest rate hike and the trade protectionism. Coupled with concerns of impact from BREXIT and a number of central bank's potential tightening monetary policies, the overall business environment was complicated. Global risk aversion triggered capital outflows from emerging markets and that had taken a toll on Asia markets, most local major businesses had experienced lackluster sales and suffered a decline in turnover and revenue.

Due to the uncertainties of worldwide economy and the continuous intense competition and technological advancement in the telecommunications industry over the past few years, the Group had undergone business restructuring to shift its business focus from the traditional telecommunication products and services to the network communication business as well as the mobile OA software business. Adapting to the popularity of cloud computing, big data, Internet Plus and the Internet of Things ("IoT"), and the substantial demand in the industry, Cloud platforms and other mobile office software are enabling new business models and formulating more globally-based integration networks for small & medium businesses (SMB), it is expected to bring tremendous business opportunities for the Group.

According to Gartner, an information technology research organization, the market of worldwide public cloud services is expected to grow by 18% in 2017 to US$246.8 billion, up from US$209.2 billion in 2016. International Data Corporation forecasted that worldwide spending on public cloud computing would increase from US$67 billion in 2015 to US$162 billion in 2020, attaining a compound annual growth rate of 19%. Platform-as-a-Service (PaaS) adoption is forecasted to be the fastest-growing sector of cloud platforms according to KPMG, growing from 32% in 2017 to 56% adoption in 2020. This has unlocked market opportunities to create a technology-driven modern society in China and inspire innovation ever since the "Internet-Plus" plan implemented by the PRC Government.

Network information is the current trend in the world economy and social development. The prosperous development of the network communications industry, the penetration of 4G network services to various industries and the accelerated development of "Internet+" will further promote the enterprise private network, the intelligent city and the construction of IoT industry.

BUSINESS DEVELOPMENT

In order to improve the overall profitability and produce long-term contribution to the shareholders of the Company (the "Shareholders"), the Group has further strengthened its existing network communication business and mobile OA software business. In addition, the Group will capture the market demand, including the upgrade of enterprise intelligent transformation and customers' network construction to enhance the Group's competitiveness and promote our development by taking advantages of our current products and customers' base.

The Group is optimistic about China's "One Belt, One Road" Initiative, which is favourable to the development prospects of satellite communication industry, the Group will seize the opportunity to establish strategic cooperative relationship with business partners. The Group proactively expanded its product range by including satellite communication products through the cooperation with China Communication Technology Company Limited* (華訊方舟科技有限公司) ("CCT").

CCT is specialized in developing ground receivers which are compatible with both Ka-band and Ku-band signal from satellites. Further, CCT is now proactively engaged in satellite operation service business to develop a more comprehensive satellite business chain.

The Group will jointly develop the satellite communication market and thereby diversify its business to the prospective and steadily-growing satellite communication industry, which provide the Group opportunities to expand its business scope and broaden its source of income.

In 2017, the Group begins to engage in financial service business such as money lending business as a growth engine to create revenue and profit of the Group. During the Period, the money lending business in Hong Kong has contributed decent revenue and profit to the Group.

OUTLOOK

International Monetary Fund ("IMF") and the World Bank will reinforce optimism that most economies around the world are showing signs of a consistent recovery. Global economic activity is picking up with a long-awaited cyclical recovery in investments, manufacturing and trades. Global growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, according to IMF. Stronger activity, expectations of more robust global demand, reduced deflationary pressures and optimistic financial markets are all upside developments. Yet structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges.

The Group will continuingly and proactively make effort in expanding and growing business scales and developing strategic partnership for future business development. In 2017, the Group will proceed a proposed capital injection to CCT which is a significant move towards the Group's long-term development and will be its main growth driver in the second half of 2017. The strengthened business relationship between the Group and the CCT would secure more business opportunities to combine the technological know-how and existing products and services of the two parties to jointly-develop the market and bring in additional revenue and profit to the Group.

With such, the Group wishes to grow at a measured pace. Apart from working more closely with the current powerful business partners, we will actively look for new partners and channels to gain market shares. The Group will consistently seize for more merging and cooperating opportunities in different fields that will generate profits and increase competitiveness.

* *The English name is for identification purpose only*

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 2017 together with the unaudited comparative figures for the corresponding period in 2016. 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** **2017** *RMB'000* **(Unaudited)**	2016 *RMB'000* (Unaudited)
Revenue	*4*	**214,900**	162,715
Cost of sales		**(192,273)**	(153,116)
Gross profit		**22,627**	9,599
Other income and gains	*4*	**12,593**	3,037
Selling and distribution expenses		**(10,691)**	(13,610)
Administrative expenses		**(29,262)**	(29,423)
Other expenses, net		**(3,923)**	(2,012)
Finance costs	*5*	**(12,999)**	(1,046)
LOSS BEFORE TAX	*6*	**(21,655)**	(33,455)
Income tax (expense)/credit	*7*	**(65)**	656
LOSS FOR THE PERIOD		**(21,720)**	(32,799)
Attributable to:			
Owners of the parent		**(19,443)**	(28,462)
Non-controlling interests		**(2,277)**	(4,337)
		(21,720)	(32,799)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**RMB(2.27 cents)**	RMB(3.65 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(21,720)**	(32,799)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,764)**	(167)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(29,484)**	(32,966)
Attributable to:		
Owners of the parent	**(27,153)**	(28,593)
Non-controlling interests	**(2,331)**	(4,373)
	(29,484)	(32,966)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2017 RMB'000 (Unaudited)**	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,410**	1,218
Goodwill		**207,580**	207,580
Other intangible assets		**169,562**	179,885
Deferred tax assets		**2,059**	2,254
Prepayment for an available-for-sale investment	*10*	**150,000**	—
Total non-current assets		**530,611**	390,937
CURRENT ASSETS			
Inventories		**18,262**	6,031
Trade and bills receivables	*11*	**209,854**	182,154
Loan receivables	*12*	**70,165**	—
Interest receivables		**1,260**	—
Prepayments, deposits and other receivables		**201,269**	350,079
Equity investments at fair value through profit or loss	*13*	**164,654**	—
Available-for-sale investment		**—**	15,000
Investment deposits		**69,500**	—
Pledged deposits		**92,665**	4,918
Cash and cash equivalents		**216,640**	533,491
		1,044,269	1,091,673
Assets classified as held for sale		**—**	95,014
Total current assets		**1,044,269**	1,186,687
CURRENT LIABILITIES			
Trade and bills payables	*14*	**136,306**	102,455
Other payables and accruals		**63,364**	166,908
Interest-bearing bank and other borrowings		**27,694**	48,413
Tax payable		**29,348**	41,522
Total current liabilities		**256,712**	359,298

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2017 *RMB'000* (**Unaudited**)	31 December 2016 *RMB'000* (Audited)
NET CURRENT ASSETS	**787,557**	827,389
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,318,168**	1,218,326
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**25,442**	26,990
Coupon notes	**218,787**	130,338
Government grants	**—**	6,588
Total non-current liabilities	**244,229**	163,916
Net assets	**1,073,939**	1,054,410
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**131,288**	109,951
Reserves	**878,555**	878,032
	1,009,843	987,983
Non-controlling interests	**64,096**	66,427
Total equity	**1,073,939**	1,054,410

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows from/(used in) operating activities	**19,731**	(43,243)
Net cash flows (used in)/from investing activities	**(462,495)**	90,173
Net cash flows from/(used in) financing activities	**120,955**	(252)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(321,809)**	46,678
Cash and cash equivalents at beginning of period	**533,491**	192,120
Effect of foreign exchange rate changes, net	**4,958**	(562)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**216,640**	238,236

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

InvesTech Holdings Limited (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 Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services and mobile internet software of mobile OA software business, the trading of telecommunications equipment, and money lending business.

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the rules governing the listing of securities on the Stock Exchange 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 interim condensed consolidated financial statements are the same as those used in the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of the revised International Financial Reporting Standards ("IFRSs") (which also include International Accounting Standards ("IASs") and Interpretations) as disclosed in note 2.2 below.

These interim 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 2016.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSRES

The Group has adopted the following revised standards for the first time for the current period's condensed consolidated financial statements of the Group.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets Under Unrealised Losses*
Annual improvements *2014-2016 Cycle*	Amendments to IFRS12 *Disclosure of Interests in other entities*

The adoption of these revised standards has had no material financial effect on these interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that have been issued but are not yet effective in these interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group was organised into business units based on their products and services and has two reportable operating segments for the six months ended 30 June 2017 as follows:

(a) the communication system segment, which engaged in the provision of network system integration including the provision of network infrastructure solutions, network professional services and mobile internet software of mobile OA software business, and the trading of telecommunications products;

(b) the money lending segment, which commenced to provide credit financing to entities and individuals in Hong Kong in the six months ended 30 June 2017.

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

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, investment deposits, equity investments at fair value through profit or loss, and corporate and other unallocated assets as these assets were managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, and corporate and other unallocated liabilities as these liabilities were managed on a group basis.

The Group had only one reportable operating segment, which was the communication system segment, during the six months ended 30 June 2016, and consequently, the Group has not presented segment reporting data for the six months ended 30 June 2016.

3. OPERATING SEGMENT INFORMATION

	Six months ended 30 June 2017 (Unaudited)		
	Communication system *RMB'000*	**Money lending** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers	211,935	2,965	214,900
Segment results	1,705	2,727	4,432
Interest income			359
Unallocated income and gains			567
Finance costs			(12,999)
Corporate and other unallocated expenses			(14,014)
Loss before tax			(21,655)
Segment assets	954,907	71,435	1,026,342
Corporate and other unallocated assets			548,538
Total assets			1,574,880
Segment liabilities	189,169	—	189,169
Corporate and other unallocated liabilities			311,772
Total liabilities			500,941
Other segment information:			
Impairment losses recognised in the statement of profit or loss	220	—	220
Depreciation and amortisation	10,659	—	10,659
Capital expenditure*	677	—	677
Prepayments for an available-for-sale investment	150,000	—	150,000

* Capital expenditure consisted of additions to property, plant and equipment.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods and software products 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 is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods and software products	**139,751**	122,341
Rendering of services	**72,184**	40,374
Interest income from money lending business	**2,965**	—
	214,900	162,715

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	**359**	333
Government grants released**	**7,202**	110
Gains from investment deposits	**304**	—
Gain on disposal of available-for-sale investment (note 6)	**3,000**	—
Gain on disposal of assets classified as held for sale	**1,000**	433
Foreign exchange differences, net	**57**	62
Gain on collection of impaired trade receivables acquired in a business combination*	**625**	1,661
Others	**46**	438
	12,593	3,037

* The gain was generated by the cash collection of trade receivables which were fully impaired when they were acquired by the Group through business combination during the year ended 31 December 2015.

** There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**1,392**	1,046
Interest on coupon notes	**11,607**	—
	12,999	1,046

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**192,273**	150,513
Depreciation	**336**	464
Amortisation of other intangible assets**	**10,323**	19,159
Impairment of trade receivables***	**111**	2,277
Reversal of impairment of other receivables and prepayments	**(46)**	(265)
Minimum lease payments under operating leases	**3,312**	3,549
Auditor's remuneration	**600**	600
Research and development costs	**5,815**	4,823
Government grants released	**(7,202)**	(110)
Employee benefit expenses (including directors' and a chief executive's remuneration)		
– Wages and salaries	**16,307**	23,067
– Pension scheme contributions	**2,365**	2,496
– Equity-settled share option expense	**1,278**	—
	19,950	25,563
Foreign exchange differences, net	**(57)**	(62)
Write-down of inventories to net realisable value*	**155**	382
Loss on disposal of items of property, plant and equipment***	**142**	—
Bank interest income	**(359)**	(333)
Gain on disposal of assets classified as held for sale	**(1,000)**	(433)
Gain on disposal of an available-for-sale investment	**(3,000)**	—
Net fair value loss on equity investments at fair value through profit or loss***	**3,670**	—
Gains from investment deposits	**(304)**	—

* 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.

*** These items of expenses are included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not have assessable profits arising in Hong Kong during the six months ended 30 June 2017. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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	**2017**	2016
沈陽新郵通信設備有限公司 Shenyang New Postcom Co., Ltd.* ("Shenyang New Postcom")	**15.0%**	15.0%
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%**	15.0%
威發(西安) 軟件有限公司 Wafer (Xi'an) Software Co., Ltd. *^	**12.5%**	—

^ The entity has been recognised as a software enterprise and is exempted from CIT for the years ended 31 December 2015 and 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	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China	**1,418**	727
Deferred	**(1,353)**	(1,383)
Total tax charge/(credit) for the period	**65**	(656)

8. DIVIDENDS

No dividend has been paid or proposed by the Company during the six months ended 30 June 2017 and subsequent to the end of the reporting period (six months ended 30 June 2016: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 856,922,652 (six months ended 30 June 2016: 780,000,000) in issue during the period.

The calculations of the basic loss per share are based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(19,443)**	(28,462)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**856,922,652**	780,000,000
Loss per share:		
Basic	**RMB(2.27 cents)**	RMB(3.65 cents)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2017 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2016.

10. PREPAYMENT FOR AN AVAILABLE-FOR-SALE INVESTMENT

On 17 February 2017, the Company entered into a capital injection agreement with 華訊方舟科技有限公司 (China Communication Technology Co., Ltd.* "CCT") and its shareholders, pursuant to which the Company conditionally agreed to inject an amount of RMB600,000,000 to CCT, of which RMB150,000,000 has been prepaid during the six months ended 30 June 2017. Upon completion of the capital injection, the Company will become a non-substantial shareholder of CCT, and the investment will be accounted for as an available-for-sale financial investment by the Group.

Details of the above transaction have been set out in the circular of the Company dated 23 June 2017 and the announcements of the Company dated 19 June 2017, 29 May 2017, 27 April 2017, 27 March 2017, 9 March 2017 and 17 February 2017.

11. TRADE AND BILLS RECEIVABLES

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Trade receivables	**213,947**	188,727
Impairment	**(9,793)**	(9,682)
Trade receivables, net	**204,154**	179,045
Bills receivable	**5,700**	3,109
	209,854	182,154

An ageing 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 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Within 3 months	**92,273**	97,023
3 to 6 months	**41,201**	26,030
6 to 12 months	**40,011**	37,300
1 to 2 years	**22,477**	9,531
Over 2 years	**8,192**	9,161
	204,154	179,045

* *The English name is for identification purpose only*

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of period/year	**9,682**	6,957
Provided in the current period/year	**1,577**	9,393
Impairment losses reversed	**(1,466)**	(6,495)
An amount written off as uncollectible	**—**	(174)
Exchange realignment	**—**	1
	9,793	9,682

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

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**5,700**	3,109

At 30 June 2017 and 31 December 2016, no amounts due from related parties of the Group were included in trade and bills receivables.

12. LOAN RECEIVABLES

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loan receivables	**70,165**	—

Loan receivables represented outstanding principals, which are denominated in Hong Kong dollar, arising from the Group's money lending business in Hong Kong. Loan receivables have fixed terms of repayment, all of which were within 1 year. The Group seeks to maintain strict control over its loan receivables in order to minimise credit risk by reviewing the borrowers' and their guarantors' financial positions.

Loan receivables are interest-bearing at rates mutually agreed between the Group and the borrowers, ranging from 12% to 15% per annum. As at 30 June 2017, RMB42,832,000 of the loan receivables were guaranteed by directors and shareholders of the borrowers.

As at 30 June 2017, all of the loan receivables were neither past due nor impaired.

12. LOAN RECEIVABLES (CONTINUED)

The maturity profile of the loan receivables of the Group as at the end of the reporting period, is as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**869**	—
3 to 6 months	**10,252**	—
6 to 12 months	**59,044**	—
	70,165	—

At 30 June 2017 and 31 December 2016, no amounts due from related parties of the Group were included in loan receivables.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equity securities listed in Hong Kong, at market value	**164,654**	—

The above equity investments at 30 June 2017 represented investments in shares listed in Hong Kong, and they were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

14. TRADE AND BILLS PAYABLES

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

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**77,787**	45,524
3 to 12 months	**27,906**	27,280
1 to 2 years	**4,697**	7,847
Over 2 years	**25,916**	21,804
	136,306	102,455

The Group normally obtains credit terms ranging from 1 to 3 months from its suppliers. Trade payables are unsecured and interest-free.

At 30 June 2017 and 31 December 2016, no amounts due to related parties of the Group and no bills payable were included in trade and bills payables.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to a circular and a notice of extraordinary general meeting ("EGM") in relation to the capital injection agreement as detailed in note 10 which were published on 23 June 2017, an EGM was held on 10 July 2017 and the ordinary resolution as set out in the notice of the EGM were duly passed by the shareholders of the Company.

In July and August 2017, the Group further prepaid an amount of RMB170,000,000 to CCT.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

The Group recorded a total revenue of approximately RMB214.9 million for the six months ended 30 June 2017, representing a significant increase of approximately RMB52.2 million, or approximately 32.1% as compared with that of approximately RMB162.7 million for the six months ended 30 June 2016. The significant increase of revenue was primarily attributable to (i) the increase in the sales of network communication products and services; (ii) new revenue generated from sales of satellite communication products through the cooperation with CCT; and (iii) money lending business was commenced during the six months ended 30 June 2017.

Cost of Sales

The cost of sales increased by approximately RMB39.2 million, or approximately 25.6%, from approximately RMB153.1 million for the six months ended 30 June 2016, to approximately RMB192.3 million for the six months ended 30 June 2017. The increase was primarily attributable to the corresponding growth of revenue from the sales of the network communication products and services, and sales of satellite communication products.

FINANCIAL REVIEW

Gross Profit and Margin

The Group's gross profit for the six months ended 30 June 2017 amounted to approximately RMB22.6 million, representing a significant increase of approximately RMB13.0 million, or approximately 135.4% as compared with that of approximately RMB9.6 million for the six months ended 30 June 2016. The significant increase was primarily attributable to the increase of sales of the network communication products and services, and new revenue generated from sales of satellite communication products through the cooperation with CCT.

The gross profit margin increased to approximately 10.5% for the six months ended 30 June 2017 from approximately 5.9% for the six months ended 30 June 2016.

The gross profit generated from network professional services, the satellite communication products and the money lending business positively improved the gross profit margin of the Group. The adjustment of cost of sales including amortization of technology and unfinished backlog orders of Fortune Grace Management Limited ("Fortune Grace"), a subsidiary of the Company, for the six months ended 30 June 2017 amounted to approximately RMB10.3 million representing a decrease of approximately RMB8.9 million, or approximately 46.4% as compared with that of approximately RMB19.2 million for the six months ended 30 June 2016.

Other Income and Gains

The Group recorded other income and gains of approximately RMB12.6 million for the six months ended 30 June 2017, including (i) government grants released of approximately RMB7.2 million; (ii) gain on disposal of available-for-sale investments of approximately RMB3 million; (iii) approximately RMB1.0 million from the gain on disposal of the properties and prepaid land leased payments which were classified as assets held for sales in the prior years; and (iv) gains on collection of impaired trade receivables acquired on acquisition of approximately RMB0.6 million.

Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately RMB2.9 million for the six months ended 30 June 2017, or approximately 21.3%, as compared with that of approximately RMB13.6 million for the six months ended 30 June 2016. The decrease was primarily due to the Group's streamlined sales and marketing department of traditional telecommunication products and services as the Group redressed its business strategy towards the development of network communication business and mobile OA software business.

Administrative Expenses

The administrative expenses decreased by approximately RMB0.1 million for the six months ended 30 June 2017, as compared with that of approximately RMB 29.4 million for the six months ended 30 June 2016.

Other Expenses

Other expenses amounted to approximately RMB3.9 million, which was primarily resulted from the loss on equity investments at fair value through profit value through profit or loss.

Finance Costs

The finance costs increased by approximately RMB12.0 million for the six months ended 30 June 2017, as compared with that of approximately RMB1.0 million for the six months ended 30 June 2016. The significant increase was mainly attributable to interest on coupon notes which were issued in December 2016, January 2017, March 2017 and May 2017, respectively.

Income Tax (Expense)/Credit

The Group incurred income tax expense of approximately RMB0.1 million for the six months ended 30 June 2017 primarily due to the current PRC Enterprise Income Tax expense incurred, which was offset by deferred income tax credit from amortisation of intangible assets acquired by the acquisition of Fortune Grace. Overall, the Group's effective tax rate for the six months ended 30 June 2017 was 0.3%, compared with -2.0% for the six months ended 30 June 2016.

Loss for the Period

The net loss decreased by approximately RMB11.1 million for the six months ended 30 June 2017, or approximately 33.8%, as compared with that of approximately RMB32.8 million for the six months ended 30 June 2016. The decrease was mainly attributable to (i) the significant increase of gross profit of approximately RMB13.0 million; (ii) the significant increase of other income and gains of approximately RMB9.6 million; and (iii) the decrease of selling and distribution expenses of approximately RMB2.9 million. The decrease of net loss was partially offset by the increase in finance costs of approximately RMB12.0 million and the increase in other expenses of approximately RMB1.9 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 2017, the Group's gearing ratio (measured by total of short-term and long-term borrowings divided by total assets) was approximately 15.6% (31 December 2016: approximately 11.3%). The increase in gearing ratio was mainly due to the issue of 8.5% coupon notes and 8% coupon notes with an aggregated principal amount of HK$109.4 million (equivalent to approximately RMB95.0 million) during the six months ended 30 June 2017.

As at 30 June 2017, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB27.7 million (31 December 2016: approximately RMB48.4 million). These borrowings were unsecured and guaranteed by a director of the Company, approximately RMB2.7 million were carried at fixed interest rates.

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 2017.

The Directors have confirmed that there has been no material change in the indebtednesses and contingent liabilities of the Group since 30 June 2017 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 2017 was approximately RMB18.3 million (31 December 2016: approximately RMB6.0 million). The average turnover days for inventories were 11 days as at 30 June 2017 (30 June 2016: 16 days).

Trade and bills receivables balance as at 30 June 2017 was approximately RMB209.9 million (31 December 2016: approximately RMB182.2 million). The increase in trade and bills receivables balance was mainly due to the sales growth of network communications products and services. The average turnover days for trade and bills receivables decreased to 164 days (30 June 2016: 410 days) which was mainly due to improvement in collection from customers by effective account receivable management. As at 30 June 2017, approximately 45.2% of the trade receivables was aged within three months.

Trade and bills payables balance as at 30 June 2017 was approximately RMB136.3 million (31 December 2016: approximately RMB102.5 million). The increase in trade and bills payables balance was mainly due to the increased purchases of the network communications products and services from suppliers. The average turnover days for trade and bills payables decreased to 112 days as at 30 June 2017 (30 June 2016: 287 days). The decrease in turnover days was mainly due to the rising proportion of purchase with relatively shorter payable credit period.

The Group's cash conversion cycle (calculated by using the data from continuing operations) for the six months ended 30 June 2017 was 63 days as compared with 139 days for the six months ended 30 June 2016.

Cash Flows

For the six months ended 30 June 2017, the net cash flows from operating activities was approximately RMB19.7 million, which was primarily due to effective management on operating cash flows.

The net cash used the investing activities for the six months ended 30 June 2017 of approximately RMB462.5 million was mainly attributable to (i) net cash flows used in purchase of equity investments; (ii) cash used in prepayments for available-for-sale investments in relation to capital to be injected to CCT; and (iii) increased in pledged deposits and purchases of investment deposits. The net cash used in the investing activities was partially offset by the proceeds from disposal of available-for-sale investment.

The net cash from financing activities for the six months ended 30 June 2017 of approximately RMB121.0 million was primarily attributable to proceeds from issue of coupon notes and shares.

Capital Expenditures

For the six months ended 30 June 2017, the Group had no material capital expenditures.

Capital Commitments

As at 30 June 2017, the Group had a significant capital commitment of RMB450.0 million in relation to the capital to be injected to CCT. The Group had no significant capital commitments as at 31 December 2016.

Contingent Liabilities

The Group underwent several reorganisations, including disposal of the entire interest of Honglin International Limited and 威海市裕博線纜科技有限公司 (Weihaishi Yubo Wire & Cable Technology Co., Ltd.*) 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 2017, the total number of employees of the Group was 257 (30 June 2016: 369).

The breakdown of the employees of the Group as at 30 June 2017 and 2016 is as follows:

	As at 30 June 2017	As at 30 June 2016
Manufacturing and technical engineering	**67**	61
Sales and marketing	**64**	121
General and administration	**54**	124
Research and development	**72**	63
Total	**257**	369

The decrease in the number of employees as at 30 June 2017 as compared with that as at 30 June 2016 was mainly due to the Group streamlined departments and reduced the number of employees as the Group redressed its business strategy towards the development of the business of network communication business and mobile OA software business. 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 PROPERTIES

On 4 December 2015, Shenyang New Postcom entered into a sale and purchase agreement (the "S&P Agreement") with 沈陽市聯盛科技有限公司 (Shenyang City Liansheng Technology Co., Ltd.*) ("Shenyang Liansheng"), a company incorporated in the PRC and an independent third party, to dispose of 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 (the "Consideration").

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the S&P Agreement, after aggregation with other two transactions in relation to disposal of motor vehicles and equipment with Shengyang Liansheng (details of which are disclosed in the announcement of the Company dated 4 December 2015), exceeded 5% but were below 25%, the disposal under the S&P Agreement constituted discloseable transaction 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 the Consideration and the late charge for the delayed payment for properties from Shengyang Liansheng.

On 30 November 2016, since the registration regarding the change of land use rights and ownership in respect of the properties was not yet completed, Shenyang New Postcom entered into the supplemental agreement, pursuant to which the parties agreed to extend the original completion date of the S&P Agreement from within six months upon receipt of the full amount of the Consideration to within twelve months upon receipt of the full amount of the Consideration.

On 6 February 2017, the S&P Agreement was completed as all the conditions precedent thereunder has been fulfilled and the registration was completed.

Details of the disposal of properties have been set out in the announcements of the Company dated 4 December 2015, 2 June 2016, 14 June 2016, 30 November 2016 and 6 February 2017.

* *The English name is for identification purpose only*

MAJOR TRANSACTION IN RELATION TO PROPOSED CAPITAL INJECTION INTO CHINA COMMUNICATION TECHNOLOGY COMPANY LIMITED*

On 17 November 2016, the Company entered into a non-legally binding memorandum of understanding with CCT and Mr. Wu Guangsheng ("Mr. Wu"), the largest shareholder of CCT holding approximately 39.98% equity interest, in relation to the proposed capital injection of not more than RMB600 million into CCT by the Group (the "MOU").

Subsequent to the entering into of the MOU, on 17 February 2017, the Company, CCT, Mr. Wu, Mr. Huang Yongjiang, Mr. Xiang Junhui, Mr. Feng Junzheng and Shenzhen Yindingdong Technology Company Limited* (深圳市銀鼎東科技有限公司), collectively, shareholders holding approximately 79.08% equity interest in CCT, entered into a capital injection agreement (the "Capital Injection Agreement"), pursuant to which the Company shall, subject to the fulfillment of conditions precedent, inject an amount of RMB600 million into CCT.

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) to the above mentioned Capital Injection Agreement was more than 25% but less than 100%, the Capital Injection Agreement constituted a major transaction of the Company under Chapter 14 of the Listing Rules.

On 19 June 2017, the Company, the CCT and the CCT's shareholders entered into the supplemental agreement (the "Supplemental Agreement") to the Capital Injection Agreement, pursuant to which the parties agreed to extend the long stop date under the Capital Injection Agreement from 30 June 2017 to 31 July 2017.

Details of the Capital Injection Agreement (as supplemented by the Supplemental Agreement) have been set out in the announcements of the Company dated 17 November 2016, 17 February 2017 and 19 June 2017 and the circular of the Company dated 23 June 2017.

INVESTMENTS IN LISTED EQUITY SECURITIES

During the six months ended 30 June 2017, the Company has conducted a series of on-market listed securities investments to expand its investment portfolio with quality assets for the goal of investment is to attain a reasonable return within manageable risk level. The Group recorded realised fair value losses and unrealised fair value gains on listed held for trading securities investments of net amount of loss approximately RMB3.7 million.

As at 30 June 2017, the Group held various listed equity securities totaling approximately RMB164.7 million, details as follows:

Stock code	Name of investee company	Number of shares held	Investment cost	Market value as at 30 June 2017	Percentage to the Group's total assets as at 30 June 2017	Unrealized gain/(loss) on change in fair value for the period ended 30 June 2017
			RMB'000	*RMB'000*		*RMB'000*
27	Galaxy Entertainment Group Ltd.	105,000	4,321	4,324	0.27%	3
1019	Convoy Global Holdings Ltd.	17,220,000	3,022	1,720	0.11%	(1,302)
1082	Hong Kong Education (Int'l) Investments Ltd.	21,024,000	19,984	27,216	1.73%	7,232
1340	Huisheng International Holdings Ltd.	15,000,000	6,646	5,734	0.36%	(912)
1398	Industrial and Commercial Bank of China Ltd.	1,902,000	8,656	8,709	0.55%	53
1499	LEAP Holdings Group Ltd.	159,000,000	40,757	29,424	1.87%	(11,333)
1591	Shun Wo Group Holdings Ltd.	83,300,000	8,685	7,454	0.47%	(1,231)
3188	ChinaAMC CSI 300 Index ETF	115,600	4,326	4,334	0.28%	8
3886	Town Health International Medical Group Ltd.	5,100,000	5,494	3,013	0.19%	(2,481)
6108	New Ray Medicine International Holding Ltd.	27,000,000	8,690	16,186	1.03%	7,496
8215	First Credit Finance Group Ltd.	110,300,000	43,413	56,540	3.59%	13,127
			153,994	164,654	10.45%	10,660

Brief description of principal business of the respective investee company

Name of investee company	***Principal Business***
Galaxy Entertainment Group Ltd.	Operation in casino games of chance or games of other forms, provision of hospitality and related services, and the manufacture, sale and distribution of construction materials.
Convoy Global Holdings Ltd.	Independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory business and securities dealing business.
Hong Kong Education (Int'l) Investments Ltd.	Provision of private educational services, investment in securities, property investments and money lending business.
Huisheng International Holdings Ltd.	Hog breeding, hog slaughtering and sale of pork products in the PRC.
Industrial and Commercial Bank of China Ltd.	Provide corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services.
LEAP Holdings Group Ltd.	Provision of foundation works and ancillary services; and construction wastes handling at the public fill reception facilities managed by the Government in Hong Kong.
Shun Wo Group Holdings Ltd.	Undertaking foundation works mainly included ELS works, socketed H-piling and mini-piling works and pile caps construction works.
ChinaAMC CSI 300 Index ETF	CSI 300 Index ETF
Town Health International Medical Group Ltd.	Healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities.
New Ray Medicine International Holding Ltd.	Trading of pharmaceutical products in the PRC.
First Credit Finance Group Ltd.	Money lending business.

According to investment strategy of the Company, the investment portfolio should be diversified and aimed to the industries including potential growth and stable return, namely, banking and provision of financial services, casino operation and entertainment, healthcare and pharmaceutical products, construction, agricultural products, and exchange traded fund.

The Board acknowledges that there are both opportunities and uncertainties to the financial markets. Accordingly, in order to maximize the return of investment and mitigate possible financial risks, the Company has been continuously evaluating the performance of its existing investment portfolio and looking for other potential and robust investment opportunities.

PLACING OF COUPON NOTES

On 1 December 2016, the Company, Convoy Assets Management Limited ("Convoy") and Jun Yang Securities Company Limited (collectively, the "Placing Agents"), entered into a placing agreement (the "Placing Agreement"), pursuant to which the Placing Agents agreed on a best effort basis, to procure independent placees who/which are not connected persons of the Company to subscribe in cash for the unconditional, unsubordinated and unsecured notes of an aggregate principal amount of up to HK$300,000,000 (the "Notes") during the placing period as set out in the Placing Agreement (the "Prior Placing").

First closing of the Placing Agreement took place on 22 December 2016 and the Notes with an aggregate principal amount of HK$156,300,000 have been placed in accordance with the terms of the Placing Agreement. On the same date, the Company entered into a side letter with Convoy to acknowledge the placing of the Notes in the principal amount of HK$2,000,000 to a connected person should not constitute a breach of the warrant and undertaking given to the Company by Convoy. All other terms of the Placing Agreement remained unchanged.

Subsequent to the first closing of the Placing Agreement which took place on 22 December 2016, second closing of the Placing Agreement took place on 24 January 2017 and the Notes with an aggregate principal amount of HK$52,700,000 have been placed in accordance with the terms of the Placing Agreement. On 23 February 2017, the Company entered into a supplemental placing agreement to amend the placing period to up to (and including) 23 February 2017. The placing period under the Placing Agreement expired on the same day.

On 23 February 2017, the Company entered into a new placing agreement (the "New Placing Agreement") with Convoy, pursuant to which Convoy agreed to act as placing agent, on a best effort basis, to procure new placees to subscribe in cash for the unconditional, unsubordinated and unsecured notes of an aggregate principal amount of up to HK$90,000,000 during the new placing period as set out in the New Placing Agreement (the "New Placing").

As at 30 June 2017, an aggregate principal amount of HK$56,700,000 have been placed in accordance with the terms of the New Placing Agreement.

Details of the Prior Placing and the New Placing have been set out in the announcements of the Company dated 1 December 2016, 22 December 2016 and 23 February 2017.

Placing of new Shares

On 9 May 2017, the Company entered into a placing agreement with Gransing Securities Co., Limited, pursuant to which the Company appointed Gransing Securities Co., Limited as its placing agent to procure not less than six independent placees to subscribe up to 156,000,000 new ordinary shares of USD0.02 each in the capital of the Company at a price of HK$0.36 per placing share on a best effort basis (the "Placing").

The Placing was completed on 18 May 2017. An aggregate of 156,000,000 placing shares have been successfully placed to not less than six placees at the placing price of HK$0.36 per placing share. The net proceeds from the Placing are approximately HK$53.5 million.

Details of the above Placing have been set out in the announcements of the Company dated 9 May 2017 and 18 May 2017.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Update of proposed capital injection and poll results of extraordinary general meeting

Subsequent to a circular and a notice of extraordinary general meeting ("EGM") in relation to the Capital Injection Agreement which were published on 23 June 2017, an EGM was held on 10 July 2017, the ordinary resolutions as set out in the notice of the EGM were duly passed by the Shareholders by way of poll.

In July and August 2017, the Group further prepaid an amount of RMB170.0 million to CCT. As at the date of this announcement, the Group prepaid an aggregate amount of RMB320.0 million to CCT.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating the elements of good corporate governance into the management structures and internal control procedures of the Group so as to achieve effective accountability to the Shareholders as a whole. The Board strives to uphold good corporate governance and adopt sound corporate governance practices continuously in the interest of Shareholders to enhance the overall performance of the Group. The Company has adopted and complied with the principles and applicable code provisions of the Corporate Governance Code (the "CG Code") contained in the Appendix 14 to the Listing Rules throughout the the six months ended 30 June 2017 except for the following deviations.

Code provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Being aware of the said deviation from code provision A.2.1, but in view of the current rapid development of the Group, the Board believes that with the support of the management, vesting the roles of both chairman and CEO by Mr. Chan Sek Keung, Ringo can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the Shareholders will be adequately and fairly represented. The Company will seek to re-comply with code provision A.2.1 by identifying and appointing a suitable and qualified candidate to the position of the CEO in future.

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some non-executive Directors were not able to attend the general meeting held on 24 May 2017 due to their respective business engagements. Other Board members who attend the general meetings were already of sufficient calibre and number for answering questions raised by the Shareholders at the relevant general meeting.

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. Wong Chun Sek, Edmund, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai, all of whom are independent non-executive Directors. Mr. Wong Chun Sek, Edmund 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 2017 under review, the Audit Committee convened one meeting.

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 2017 and this announcement.

The financial results for the six months ended 30 June 2017 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 2017.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

OUTLOOK

The network communication market will continue to be robust with continued growth in following years. The Group will keep developing new customers and partners on the network communication business and the mobile OA software business to achieve greater sales target. On the other side, the Group will also keep exploring new technologies to be applied in its current products and services.

Giving the evolution of High Throughput Satellite (HTS), the satellite communication market will be a huge growth one for next decade. The Group has aggressively expanded the market channels for satellite communication devices so as to underpin the revenue income and profit for the Group.

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 2017.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2017 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 and Chief Executive Officer

Hong Kong, 29 August 2017

As at the date of this announcement, the executive Directors are Mr. Chan Sek Keung, Ringo (Chairman and Chief Executive Officer), Mr. Lu Chengye, Ms. Wang Fang, and Mr. Wu Chi Luen and the independent non-executive Directors are Mr. Wong Chun Sek, Edmund, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai.