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InvesTech Holdings Limited

威訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

PROFIT WARNING

This announcement is made by InvesTech Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited management accounts (the “**Management Accounts**”) of the Group for the six months ended 30 June 2020 (“**1H2020**”) and assessment of the information currently available to the Board, it is expected that the Group would record an increase in net loss for 1H2020 in the range of approximately RMB65.0 million to RMB70.0 million as compared with that of approximately RMB15.8 million recorded for the six months ended 30 June 2019 (“**1H2019**”).

The increase in net loss for 1H2020 was mainly attributable to the recognition of an impairment loss against goodwill in relation to the network system integration cash-generating unit arose from the acquisition of Fortune Grace Management Limited in 2015, which was mainly caused by (i) the slowdown in the global economy caused by the outbreak of the novel coronavirus (COVID-19) pandemic in 1H2020 while the Group foresees the unfavorable global economic condition would exist in the coming years resulting from the conservative sales order made by the customers; (ii) the intense relationship between the United States of America (the “**US**”) and the People’s Republic of China (“**China**”) which may affect the Group’s business development of network infrastructure and software; and (iii) the stagnant business development in respect of the agency agreement entered into between the Group and IBO Technology Company Limited (details of which are set out in the announcement of the Company dated 15 June 2020).

In addition, based on the preliminary valuation report prepared by an independent professional valuer, the fair value in relation to an equity investment of the Group in 華訊方舟科技有限公司 (China Communication Technology Co., Ltd* “CCT”) as at 30 June 2020 would decrease by approximately 30% to 40% as compared with that as at 31 December 2019. A fair value loss (the “**Fair Value Loss**”) would be recorded in the condensed consolidated statement of comprehensive income for 1H2020 rather than in the condensed consolidated statement of profit or loss for 1H2020. Given that the Group expects to record an increase in net loss for 1H2020 as mentioned above, coupled with the impact of the Fair Value Loss, it is expected that the Group will record total comprehensive loss in the range of approximately RMB195.0 million to RMB200.0 million for 1H2020 as compared with that of approximately RMB20.8 million recorded for 1H2019. The Fair Value Loss was primarily attributable to (i) the poorer business and economic environment in the industry of satellite communication products and military communication products; (ii) the substantial decrease in value of share investments held by CCT; and (iii) the downward adjustment of the properties and investments held by CCT due to the unfavorable economic conditions in China.

As the Company is still in the course of compiling the consolidated results of the Group for 1H2020, the information contained in this announcement is only based on, among others, a preliminary assessment of the Management Accounts of the Group and the expectation of the Board after taking into account the information currently available, and is not based on any data or information being audited or reviewed by the auditors of the Company. Further information and other details of the Group’s financial performance for 1H2020 will be disclosed in the forthcoming unaudited interim results announcement which is expected to be published by the end of August 2020.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By Order of the Board
InvesTech Holdings Limited
Chan Sek Keung, Ringo
Chairman and Chief Executive Officer

Hong Kong, 18 August 2020

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

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