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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 (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Group for the year ended 31 December 2020 (“**FY2020**”) and assessment of the information currently available to the Board, it is expected that the Group would record an increase in net loss for FY2020 in the range of approximately RMB85.0 million to RMB90.0 million as compared with that of approximately RMB24.7 million for the year ended 31 December 2019 (“**FY2019**”) as disclosed in the Company’s 2019 annual report.

The increase in net loss for FY2020 is mainly attributable to the recognition of an impairment of loan receivables of one subsidiary of the Company (details of which are set out in the announcement of the Company dated 23 February 2021) and the recognition of an impairment loss against goodwill in relation to the network system integration cash-generating unit arisen from the acquisition of Fortune Grace Management Limited in 2015, which is mainly caused by (i) the slowdown in the global economy resulted from the outbreak of the coronavirus disease 2019 (“**COVID-19**”) pandemic and its escalation during FY2020 while the Group foresees the unfavorable global economic conditions to continue, if not worsen, in the coming years resulting from the unprecedented disruptions in various aspects of business operations of the Group; (ii) the tension between the United States of America (the “**US**”) and the People’s Republic of China as a result of the trade war, which may affect the Group’s business development of network infrastructure and software; and (iii) the stagnant growth in business 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 China Communication Technology Co., Ltd* (華訊方舟科技有限公司)(“**CCT**”) as at 31 December 2020 would decrease by approximately 65.0% to 75.0% as compared with that as at 31 December 2019. A fair value loss (the “**Fair Value Loss**”) would be recorded in the consolidated statement of comprehensive income for FY2020 rather than in the consolidated statement of profit or loss for FY2020. Given that the Group expects to record an increase in net loss for FY2020 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 RMB350.0 million to RMB400.0 million for FY2020 as compared with that of approximately RMB249.7 million for FY2019. The Fair Value Loss is primarily attributable to (i) the poorer business and economic environment in the industry of satellite communication products and military communication products as a result of the sanctions imposed by the US and the slowdown in the global economy caused by the outbreak and the escalation of COVID-19 and (ii) the substantial decrease in value of share investments held by CCT.

As the Company is still in the course of compiling the consolidated results of the Group for FY2020, the information contained in this announcement is solely based on, among others, a preliminary assessment of the Management Accounts of the Group by 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 or the audit committee of the Company. Further information and other details of the Group's financial performance for FY2020 will be disclosed in the forthcoming audited annual results announcement which is expected to be published by the end of March 2021.

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

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

Hong Kong, 24 March 2021

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.*