InvesTech Holdings Limited
威訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

2017 FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Revenue	**501,933**	352,167
Gross profit	**63,848**	59,477
Loss before tax	**(87,852)**	(49,534)
Loss for the year	**(96,707)**	(68,873)
(Loss)/Profit attributable to:		
– Owners of the parent	**(95,611)**	(69,602)
– Non-controlling interests	**(1,096)**	729
	(96,707)	(68,873)
Loss per share		
– Basic and diluted (RMB cents)	**(10.38)**	(8.73)

- The Group recorded a total revenue of approximately RMB501.9 million for the year ended 31 December 2017, representing a significant increase of approximately RMB149.7 million, or approximately 42.5% as compared to the total revenue of approximately RMB352.2 million for the year ended 31 December 2016.

- The Group's net loss amounted to approximately RMB96.7 million for the year ended 31 December 2017, as compared to the net loss of approximately RMB68.9 million for the year ended 31 December 2016.

- Basic loss per share was approximately RMB10.38 cents for the year ended 31 December 2017, as compared to basic loss per share of approximately RMB8.73 cents for the year ended 31 December 2016.

The board (the "Board") of directors (the "Directors") of InvesTech Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017, together with comparative figures for the year ended 31 December 2016. The consolidated financial results of the Group for the year ended 31 December 2017 have been reviewed by the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**501,933**	352,167
Cost of sales		**(438,085)**	(292,690)
Gross profit		**63,848**	59,477
Other income and gains	*4*	**15,979**	56,862
Selling and distribution expenses		**(25,947)**	(28,814)
Administrative expenses		**(57,766)**	(62,495)
Other expenses, net		**(51,975)**	(72,008)
Finance costs	*5*	**(31,991)**	(2,556)
LOSS BEFORE TAX	*6*	**(87,852)**	(49,534)
Income tax expense	*7*	**(8,855)**	(19,339)
LOSS FOR THE YEAR		**(96,707)**	(68,873)
(Loss)/profit attributable to:			
Owners of the parent		**(95,611)**	(69,602)
Non-controlling interests		**(1,096)**	729
		(96,707)	(68,873)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For loss for the year		**(RMB10.38 cents)**	(RMB8.73 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2017	2016
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(96,707)**	(68,873)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(17,762)**	3,275
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(114,469)**	(65,598)
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(113,291)**	(66,386)
Non-controlling interests	**(1,178)**	788
	(114,469)	(65,598)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,795**	1,218
Goodwill		**207,580**	207,580
Other intangible assets		**159,426**	179,885
Deferred tax assets		**2,622**	2,254
Prepayments for an available-for-sale investment	*10*	**320,000**	—
Total non-current assets		**691,423**	390,937
CURRENT ASSETS			
Inventories		**10,410**	6,031
Trade and bills receivables	*11*	**228,152**	182,154
Loan receivables	*12*	**144,049**	—
Interest receivables		**2,687**	—
Prepayments, deposits and other receivables	*13*	**58,732**	350,079
Equity investments at fair value through profit or loss	*14*	**4,034**	—
Available-for-sale investment		**—**	15,000
Pledged deposits		**85,117**	4,918
Cash and cash equivalents		**211,514**	533,491
		744,695	1,091,673
Assets classified as held for sale		**—**	95,014
Total current assets		**744,695**	1,186,687
CURRENT LIABILITIES			
Trade and bills payables	*15*	**152,825**	102,455
Other payables and accruals	*16*	**53,062**	166,908
Interest-bearing bank and other borrowings		**34,985**	48,413
Coupon notes		**42,162**	—
Tax payable		**39,778**	41,522
Total current liabilities		**322,812**	359,298
NET CURRENT ASSETS		**421,883**	827,389
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,113,306**	1,218,326

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December

	2017	2016
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**775**	—
Deferred tax liabilities	**23,914**	26,990
Coupon notes	**45,638**	130,338
Government grants	**—**	6,588
Total non-current liabilities	**70,327**	163,916
Net assets	**1,042,979**	1,054,410
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**156,928**	109,951
Reserves	**820,802**	878,032
	977,730	987,983
Non-controlling interests	**65,249**	66,427
Total equity	**1,042,979**	1,054,410

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

	2017	2016
	RMB'000	*RMB'000*
Net cash flows from/(used in) operating activities	**56,856**	(30,308)
Net cash flows (used in)/from investing activities	**(443,965)**	172,239
Net cash flows from financing activities	**47,405**	213,382
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(339,704)**	355,313
Cash and cash equivalents at beginning of year	**533,491**	192,120
Effect of foreign exchange rate changes, net	**17,727**	(13,942)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**211,514**	533,491

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP 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 address of the registered office of the Company is located at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company's principal place of business in Hong Kong is Room 2106, 21/F, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

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 office automation software business, the trading of telecommunications equipment and money lending business.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. Assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements. Relevant disclosure has been made in the financial statements upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments during the year ended 31 December 2017 as follows:

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

(b) the money lending segment, which commenced to provide credit financing to entities and individuals in Hong Kong during the year.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is 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, equity investments at fair value through profit or loss, and corporate and other unallocated assets as these assets are managed on a group basis.

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

For the year ended 31 December 2016, the Group had only one reportable operating segment, which was the communication system segment, and consequently, has not presented segment reporting data for that year.

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

Year ended 31 December 2017

	Communication system *RMB'000*	Money lending *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	491,635	10,298	501,933
Segment results	4,406	9,713	14,119
Interest income			526
Unallocated income and gains			971
Finance costs			(31,991)
Corporate and other unallocated expenses			(71,477)
Loss before tax			(87,852)
Segment assets	963,075	146,745	1,109,820
Corporate and other unallocated assets			326,298
Total assets			1,436,118
Segment liabilities	192,679	317	192,996
Corporate and other unallocated liabilities			200,143
Total liabilities			393,139
Other segment information:			
Impairment losses recognised in the statement of profit or loss, net	1,543	—	1,543
Depreciation and amortisation	21,225	—	21,225
Capital expenditure*	1,506	—	1,506
Prepayments for an available-for-sale investment	320,000	—	320,000

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

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

Geographical information

(a) Revenue from external customers

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**456,151**	315,298
Hong Kong	**41,859**	7,769
United States of America	**2,925**	29,051
Other countries/regions	**998**	49
	501,933	352,167

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2017	2016
	RMB'000	*RMB'000*
Mainland China	**688,503**	388,577
Hong Kong	**298**	106
	688,801	388,683

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

None of the sales to external customers (2016: None) individually amounted to over 10% of the total revenue of the Group for the current year.

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, the value of services rendered and the interest income from money lending business during the year.

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

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sales of goods and software products	**364,080**	261,847
Rendering of services	**127,555**	90,320
Interest income from money lending business	**10,298**	—
	501,933	352,167
Other income and gains		
Bank interest income	**526**	895
Dividend income from equity investments at fair value through profit or loss	**644**	—
Government grants released**	**9,086**	402
Gain on disposal of investment deposits***	**327**	—
Gain on disposal of an available-for-sale investment	**3,000**	—
Gain on disposal of assets classified as held for sale	**1,000**	50,131
Foreign exchange differences, net	**—**	463
Gain on collection of impaired trade receivables acquired in a business combination*	**1,295**	4,953
Others	**101**	18
	15,979	56,862

* 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 in the year ended 31 December 2015.

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

*** The gain arose from disposal of investment deposits which were purchased from licensed banks in Mainland China during the year.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**2,551**	2,162
Interest on coupon notes	**29,414**	287
Others	**26**	107
	31,991	2,556

6. LOSS BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories sold*	**435,054**	289,896
Depreciation	**778**	759
Amortisation of other intangible assets**	**20,447**	29,771
Impairment of assets classified as held for sale***	**—**	8,212
Impairment of goodwill***	**—**	61,146
Impairment of trade receivables, net***	**1,697**	2,898
Reversal of impairment of other receivables and prepayments***	**(134)**	(248)
Minimum lease payments under operating leases	**8,030**	7,270
Auditor's remuneration	**2,130**	2,100
Research and development costs	**12,531**	10,532
Government grants released	**(9,086)**	(402)
Foreign exchange differences, net	**15**	(463)
Employee benefit expenses (including directors' and a chief executive's remuneration)		
– Wages and salaries	**37,690**	38,586
– Equity-settled share option expense	**2,505**	3,021
– Pension scheme contributions	**5,472**	4,027
	45,667	45,634
(Write back)/write-down of inventories to net realisable value*	**(20)**	645
Loss on disposal of items of property, plant and equipment***	**112**	—
Loss on disposal of items of other intangible assets***	**12**	—
Bank interest income	**(526)**	(895)
Dividend income from equity investments at fair value through profit or loss	**(644)**	—
Gain on disposal of assets classified as held for sale	**(1,000)**	(50,131)
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 (note 14)***	**50,250**	—
Gain on disposal of investment deposits	**(327)**	—

* Inclusive of (write back)/write-down of inventories to net realisable value.

** The amortisation of other intangible assets for the year is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.

*** These items of expenses/(income) are included in "Other expenses, net" in the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2017	2016
	RMB'000	*RMB'000*
Current – Hong Kong		
Charge for the year	**24**	7
Overprovision in prior years	**(2,419)**	—
Current – Mainland China		
Charge for the year	**14,694**	10,696
Deferred income tax	**(3,444)**	(3,864)
Withholding tax*	**—**	12,500
Total tax expense for the year	**8,855**	19,339

* The withholding tax was paid for the dividends declared by a PRC subsidiary in the year ended 31 December 2016 to its foreign shareholder.

Except for the following companies, the subsidiaries of the Company established in Mainland China were subject to corporate income tax ("CIT") at the statutory tax rate of 25% in the following years:

	2017	2016
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 is qualified as High and New Technology Enterprises and entitled to a preferential CIT rate of 15% for the years ended 31 December 2017 and 2016.

^ The entity has been recognised as a software enterprise and was 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 purpose only.

8. DIVIDEND

No dividend has been paid or proposed by the Company during the year ended 31 December 2017 and subsequent to the end of the reporting period (2016: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 920,827,397 (2016: 797,416,438) in issue during the year.

The calculation of basic loss per share is based on:

	2017	2016
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(95,611)**	(69,602)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**920,827,397**	797,416,438
Loss per share:		
Basic and diluted	**(RMB10.38 cents)**	(RMB8.73 cents)

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2017 and 2016 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.

10. PREPAYMENTS 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 certain shareholders of CCT, pursuant to which the Company conditionally agreed to inject an amount of RMB600,000,000 to CCT, of which RMB320,000,000 has been prepaid during the year ended 31 December 2017. The capital injection is still underway and expected to be completed in the coming financial year. 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.

* The English name is for identification purpose only.

11. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**233,711**	188,727
Impairment	**(5,959)**	(9,682)
Trade receivables, net	**227,752**	179,045
Bills receivable	**400**	3,109
	228,152	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:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**105,655**	97,023
3 to 6 months	**44,784**	26,030
6 to 12 months	**34,122**	37,300
1 to 2 years	**39,471**	9,531
Over 2 years	**3,720**	9,161
	227,752	179,045

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

	2017	2016
	RMB'000	*RMB'000*
At beginning of year	**9,682**	6,957
Provided in the current year	**5,490**	9,393
Impairment losses reversed	**(3,793)**	(6,495)
Amounts written off as uncollectible	**(5,408)**	(174)
Exchange realignment	**(12)**	1
	5,959	9,682

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**—**	3,109
3 to 6 months	**400**	—
	400	3,109

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

12. LOAN RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Loan receivables	**144,049**	—

Loan receivables represented outstanding principals, which are denominated in Hong Kong dollars, arising from the Group's money lending business in Hong Kong. Loan receivables have fixed terms of repayment, all of which are 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 18% per annum. As at 31 December 2017, RMB74,373,000 of the loan receivables were guaranteed by directors and shareholders of the borrowers.

As at 31 December 2017, all of the loan receivables were neither past due nor impaired.

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

	2017	2016
	RMB'000	RMB'000
Within 3 months	**67,544**	—
3 to 6 months	**41,526**	—
6 to 12 months	**34,979**	—
	144,049	—

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables mainly included advances to suppliers and other third parties of RMB46,670,000 (2016: RMB330,022,000).

At 31 December 2017 and 2016, no amounts due from related parties were included in prepayments, deposits and other receivables.

The Group did not provide any allowance on the advances to other third parties as, in the opinion of the directors of the Company, there has not been any significant change in credit quality and the amounts are still considered recoverable.

Movements in the provision for impairment of other receivables and prepayments are as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of year	**1,736**	2,294
Provided in the current year	**—**	47
Impairment losses reversed	**(134)**	(295)
Amounts written off as uncollectible	**(1,602)**	(310)
	—	1,736

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	RMB'000	*RMB'000*
Equity securities listed in Hong Kong	**4,034**	—

During the year, the Group acquired a portfolio of shares listed in Hong Kong, which 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. Except for an investment in shares of a listed company in Hong Kong, the trading of which has been suspended since October 2017, all these equity securities were disposed during the year.

A net fair value loss of RMB50,250,000 was recognised for net changes in fair value of equity investments at fair value through profit or loss in "other expenses, net" in the consolidated statement of profit or loss for the year ended 31 December 2017.

15. TRADE AND BILLS PAYABLES

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**84,151**	45,524
3 to 12 months	**47,317**	27,280
1 to 2 years	**3,613**	7,847
Over 2 years	**17,744**	21,804
	152,825	102,455

Included in the trade and bills payables is a bill payable of RMB19,000 (2016:nil). At 31 December 2017 and 2016, no amounts due to related parties of the Group were included in the trade and bills payables.

16. OTHER PAYABLES AND ACCRUALS

	2017	2016
	RMB'000	*RMB'000*
Advances from customers	**20,236**	11,867
Accruals	**11,880**	17,786
Other taxes payable	**7,671**	30,611
Advances from disposals of assets classified as held for sale	**—**	98,500
Other payables	**13,275**	8,144
	53,062	166,908

PERFORMANCE REVIEW

InvesTech Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") continue to make effort in business development in a steady pace and carry out the business transition to network communication business and sales of mobile office automation ("OA") software business as to achieve the Group's value in recent years. In 2017, the Group persisted in a prudent business strategy and developed new niches for growth. With our technologies and products developed over the years, we seized market opportunities and enhanced our position in the market. The Group recorded an increase of its revenue in the past few years, and the gross profit of the Group maintained steady growth. The Group recorded a loss for the year ended 31 December 2017 (the "Year") that was primarily attributable to the realized loss arising from the disposal of held-for-trading securities investment and an increase in the finance costs incurred on the coupon notes issued by the Group pursuant to the placing agreements dated 1 December 2016 and 23 February 2017.

During the Year, the Group recorded a net loss of approximately RMB96.7 million. Total revenue amounted to approximately RMB501.9 million, representing an increase of approximately RMB149.7 million, or approximately 42.5% as compared with that of approximately RMB352.2 million in the same period in 2016. The Group's gross profit amounted to approximately RMB63.8 million, experiencing an increase of approximately RMB4.3million, or approximately 7.2% as compared with that of approximately RMB59.5 million in the same period in 2016. The gross profit margin decreased to approximately 12.7% from approximately 16.9% of the same period in 2016.

BUSINESS DEVELOPMENT

During the Year, the Group has further developed the network communication business and the sales of mobile OA software business. With regards to network communication business, the Group leveraged its technical strengths to assist its corporate clients to speed up with the deployment and application of new products and solutions.

In view of the development of the market and our competitive advantages, the Group has confirmed that it will further push forward its business on targeting market. The Group will continue to expand in the differentiated market with our advanced network communication products and mobile OA software as well as to increase our sales and investment in research and development in these market segments.

During the Year, the Group participated in smart city project in south China. As the living standard in China continues to improve, the demand for better quality of life will increase accordingly. Therefore, the further business opportunities from these smart city projects will lead to potential growth of revenue and profit in the future.

In 2017, the Group began to engage in financial service business such as money lending business in order to create gross profit to the Group. Based on a well-managed risk control policy, the money lending business in Hong Kong contributed decent profit to the Group during the Year.

OUTLOOK

Foreign trade policies were unclear with the anticipated interest rate rises by the U.S. Federal Reserve, the operating environment of the enterprise will become difficulty. Conversely, this will encourage the usage of technology in order to reduce of operational costs and use the assets more efficiently. The Group will benefit from offering enterprise customers with mobile OA software which help to improve productivity.

Benefiting from the economic growth in China, it is expected that there will be offer the more business opportunities, especially for the Group's mobile OA software and sales for network communication products. The Group is strategically positioned to take advantage of this growth engine.

Competition in the market is expected to continue in coming year. For the purpose of enhancing the growth potential of the Group, except for China, the Group will continue its pursuit of business opportunities in other Asian countries.

Besides the Group will continue to make investments to diversify the product range and offers to its customers, such as cloud computing, the Internet of Things (IOT), cyber security, big data technologies, B2B etc. In addition, alliance with other partners is an important step forward to increase the Group's market share and customer networks.

Also, the Group will seek for the opportunity arising from "One Belt and One Road Initiative". The Group will benefit with its ability to provide high value advanced professional service as well as its reputation for good customer satisfaction. The Group will continuingly and proactively make effort in expanding and growing business scales and developing strategic partnership for future business development.

The Group will consistently seize for more merging and cooperating opportunities in different fields that will generate profits and increase competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue

The Group recorded a total revenue of approximately RMB501.9 million for the year ended 31 December 2017, representing a significant increase of approximately RMB149.7 million, or approximately 42.5% as compared with that of approximately RMB352.2 million for the year ended 31 December 2016. The 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) commencement of money lending business during the year ended 31 December 2017.

Cost of Sales

The cost of sales increased by approximately RMB145.4 million, or approximately 49.7%, from approximately RMB292.7 million for the year ended 31 December 2016, to approximately RMB438.1 million for the year ended 31 December 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 year ended 31 December 2017 amounted to approximately RMB63.8 million, representing an increase of approximately RMB4.3 million, or approximately 7.2% as compared with that of approximately RMB59.5 million for the year ended 31 December 2016. The 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 and money lending business.

The gross profit margin decreased to approximately 12.7% for the year ended 31 December 2017 from approximately 16.9% for the year ended 31 December 2016. The decrease in gross profit margin was primarily attributable to (i) decrease in gross profit contribution from sales of software products for the year ended 31 December 2017 as some enterprises deferred or reduced their capital investment plans due to the uncertain economic environment during the second half of 2017; and (ii) decrease in gross profit margin of sales of the network communication products due to intensive competition in the market.

Other Income and Gains

The Group recorded other income and gains of approximately RMB16.0 million for the year ended 31 December 2017, including (i) government grants released of approximately RMB9.1 million; (ii) gain on disposal of available-for-sale investments of approximately RMB3.0 million; and (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.

Selling and Distribution Expenses

The selling and distribution expenses decreased by approximately RMB2.9 million for the year ended 31 December 2017, or approximately 10.1%, as compared with that of approximately RMB28.8 million for the year ended 31 December 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 RMB4.7 million for the year ended 31 December 2017, as compared with that of approximately RMB62.5 million for the year ended 31 December 2016. The decrease was primarily due to improvement in cost control.

Other Expenses

Other expenses amounted to approximately RMB52.0 million, which was primarily resulted from the net fair value loss on equity investments at fair value through profit or loss amounted to approximately RMB50.3 million, details are set out in the section headed "INVESTMENTS IN LISTED EQUITY SECURITIES".

Finance Costs

The finance costs increased by approximately RMB29.4 million for the year ended 31 December 2017, as compared with that of approximately RMB2.6 million for the year ended 31 December 2016. The significant increase was mainly attributable to interest on coupon notes which were issued in December 2016 and in early 2017 respectively.

Income Tax Expense

The Group incurred income tax expense of approximately RMB8.9 million for the year ended 31 December 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 and overprovision of Hong Kong Profits Tax in prior years. Overall, the Group's effective tax rate for the year ended 31 December 2017 was -10.1%, compared with -39.0% for the year ended 31 December 2016.

Loss for the Year

The net loss increased by approximately RMB27.8 million for the year ended 31 December 2017, or approximately 40.3%, as compared with that of approximately RMB68.9 million for the year ended 31 December 2016. The increase was mainly attributable to (i) the net fair value loss on equity investments at fair value through profit or loss of approximately RMB50.3 million; and (ii) the increase in finance costs of approximately RMB29.4 million in relation to interest on coupon notes which were issued in December 2016 and early 2017 respectively. The increase of net loss was partially offset by improved operating performance (i) the increase in gross profit approximately RMB4.3 million; and (ii) total decrease in selling and distribution and administrative expenses of approximately RMB7.6 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 31 December 2017, the Group's gearing ratio (measured by total of short-term and long-term borrowings and coupon notes divided by total assets) was approximately 8.6% (31 December 2016: approximately 11.3%). The decrease in gearing ratio was mainly due to the early redemption of 8.5% coupon notes with an aggregated principal amount of HK$156.3 million (equivalent to approximately RMB139.8 million) in December 2017.

As at 31 December 2017, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB35.8 million (31 December 2016: approximately RMB48.4 million), among which approximately RMB24.9 million was unsecured and guaranteed by a director of the Company. As at 31 December 2017, the interest-bearing bank and other borrowings of RMB25.8 million carried at fixed interest rates and RMB10.0 million carried at floating interest rates.

As at 31 December 2017, the total principal of coupon notes of the Group amounted to approximately RMB87.8 million (31 December 2016: approximately RMB130.3 million). The coupon notes were unsecured.

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 31 December 2017.

The Company redeemed an aggregate principal amount of HK$52.7 million of coupon notes in January 2018. Save as disclosed in this announcement, the Directors have confirmed that there has been no material change in the indebtednesses and contingent liabilities of the Group since 31 December 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 31 December 2017 was approximately RMB10.4 million (31 December 2016: approximately RMB6.0 million). The average turnover days for inventories decrease to 7 days as at 31 December 2017 (31 December 2016: 12 days).

Trade and bills receivables balance as at 31 December 2017 was approximately RMB228.2 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 149 days as at 31 December 2017 (31 December 2016: 398 days) which was mainly due to improvement in collection from customers by effective account receivable management.

Trade and bills payables balance as at 31 December 2017 was approximately RMB152.8 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 106 days as at 31 December 2017 (31 December 2016: 307 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 for the year ended 31 December 2017 was 50 days as compared with 103 days for the year ended 31 December 2016.

Cash Flows

The net cash flows from operating activities for the year ended 31 December 2017 of approximately RMB56.9 million, which was primarily due to effective management on operating cash flows.

The net cash flows used in investing activities for the year ended 31 December 2017 of approximately RMB444.0 million was mainly attributable to (i) cash used in prepayments for an available-for-sale investment in relation to capital to be injected to CCT of approximately RMB320.0 million; (ii) placement of pledged bank deposits of approximately RMB83.6 million; and (iii) net cash used in purchase of equity investments of approximately RMB58.4 million. The net cash used in the investing activities was partially offset by the proceeds from disposal of an available-for-sale investment of approximately RMB18.0 million.

The net cash flows from financing activities for the year ended 31 December 2017 of approximately RMB47.4 million was primarily attributable to proceeds from issue of coupon notes of approximately RMB93.7 million and proceeds from issue of shares of approximately RMB103.6 million, was partially offset by payment for early redemption of coupon notes of approximately RMB135.5 million.

Capital Expenditures

For the year ended 31 December 2017, the Group had no material capital expenditures.

Capital Commitments

As at 31 December 2017, the Group had a significant capital commitment of RMB280.0 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.

* The English name is for identification purpose only.

Employees

As at 31 December 2017, the total number of employees of the Group was 241 (31 December 2016: 273). The breakdown of employees of the Group as at 31 December 2017 and 2016 is as follows:

	As at 31 December 2017	As at 31 December 2016
Manufacturing and technical engineering	**67**	66
Sales and marketing	**60**	64
General and administration	**52**	65
Research and development	**62**	78
Total	**241**	273

The decrease in the numbers of employees as at 31 December 2017 as compared with that as at 31 December 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 system integration.

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, 沈陽新郵通信設備有限公司 (Shenyang New Postcom Co., Ltd.*), a then wholly-owned subsidiary of the Company, which was merged into another wholly-owned subsidiary of the Company, 春霖融資租賃(深圳)有限公司 (Chunlin Finance Leasing (Shenzhen) Co., Ltd.*) during the year, 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.

As at 2 June 2016, the Group had received the full amount of the Consideration and the late charge for the delayed payment for properties from Shengyang Liansheng. However, 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 on 30 November 2016, 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 were 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 February 2017, the Company, CCT and the shareholders holding approximately 79.08% equity interest in CCT, namely, Mr. Wu Guangsheng, 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), entered into a capital injection agreement (the "Capital Injection Agreement"), pursuant to which the Company should, subject to the fulfillment of conditions precedent therein, inject an amount of RMB600 million into CCT in exchange for approximately 4.41% interest in CCT.

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) in relation to the 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 said 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.

In the extraordinary general meeting of the Company held on 10 July 2017, the ordinary resolutions in relation to the Capital Increase Agreement were duly passed by the Shareholders by way of poll.

Apart from an amount of RMB150.0 million paid in February 2017 pursuant to the terms of the Capital Injection Agreement, in July and August 2017, the Group further prepaid a total amount of RMB170.0 million to CCT. As at 31 December 2017, the Group prepaid an aggregate amount of RMB320.0 million to CCT.

On 29 January 2018, CCT had submitted and completed the registration procedures in respect of the proposed capital injection at Market Supervision Administration of Shenzhen Municipality. The remaining RMB280 million of capital injection amount shall be settled by the Company within six months pursuant to the terms of the Capital Injection Agreement.

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.

* *The English name is for identification purpose only*

INVESTMENTS IN LISTED EQUITY SECURITIES

During the year ended 31 December 2017, the Company 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 a net fair value loss on held for trading listed securities investments of approximately RMB50.3 million, details as follows:

		Movement during the year ended 31 December 2017							
Stock code	**Name of investee company**	**Addition/ (disposal)** *RMB'000*	**Unrealised gain/(loss)** *RMB'000*	**Realised gain/(loss)** *RMB'000*	**Carrying amount as at 31 December 2017** *RMB'000*	**Dividend income for the year ended 31 December 2017** *RMB'000*	**Net gain/ (loss) for the year ended 31 December 2017** *RMB'000*	**Number of shares held and % of total share held by the Group as at 31 December 2017**	**Percentage to the Group's total assets as at 31 December 2017**
27	Galaxy Entertainment Group Ltd.	4,321/ (4,321)	—	736	—	24	760	—	—
772	China Literature Ltd.	76/ (76)	—	57	—	—	57	—	—
904	China Green (Holdings) Ltd.	13,024/ (13,024)	—	(7,489)	—	—	(7,489)	—	—
1019	Convoy Global Holdings Ltd.	3,022/ (3,022)	—	(62)	—	—	(62)	—	—
1082	Hong Kong Education (Int'l) Investments Ltd.	19,984/ (19,984)	—	3,807	—	—	3,807	—	—
1340	Huisheng International Holdings Ltd.	6,646/ (6,646)	—	(1,693)	—	—	(1,693)	—	—
1398	Industrial and Commercial Bank of China Ltd.	8,656/ (8,656)	—	1,673	—	392	2,065	—	—
1499	LEAP Holdings Group Ltd.	40,757/ (40,757)	—	(23,423)	—	—	(23,423)	—	—
1591	Shun Wo Group Holdings Ltd.	8,685/ (8,685)	—	(2,391)	—	—	(2,391)	—	—
3188	ChinaAMC CSI 300 Index ETF	4,326/ (4,326)	—	409	—	38	447	—	—
3886	Town Health International Medical Group Ltd.	5,494/ (5,494)	—	(2,318)	—	8	(2,310)	—	—
6108	New Ray Medicine International Holding Ltd.	8,690/ (617)	(4,039)	84	4,034	—	(3,955)	25,080,000/ 1.500%	0.281%
8081	Interactive Entertainment China Cultural Technology Inv Ltd.	12,878/ (12,878)	—	(3,682)	—	—	(3,682)	—	—
8186	IR Resources Ltd.	4,268/ (4,268)	—	(1,221)	—	—	(1,221)	—	—
8215	First Credit Finance Group Ltd.	43,413/ (43,413)	—	(8,851)	—	182	(8,669)	—	—
8268	Deson Construction International Holdings Ltd.	11,339/ (11,339)	—	(1,847)	—	—	(1,847)	—	—
		8,073	(4,039)	(46,211)	4,034	644	(49,606)		

Investee Company's Principal Business, Performance and Future Prospect

Galaxy Entertainment Group Ltd. ("Galaxy")

Galaxy is a hospitality and gaming company. Galaxy develops and operates hotels, gaming and integrated resort facilities in Macau. The principal activity of Galaxy is investment holding. Galaxy, through its subsidiaries, is engaged in operation in casino games of chance or games of other forms, provision of hospitality and related services in Macau, and the manufacture, sale and distribution of construction materials. Its segments are Gaming and entertainment, Construction materials, and Corporate and treasury management. The Galaxy's Galaxy Macau includes approximately 3,600 rooms, suites and villas across five hotels, including The Ritz-Carlton, Macau; Banyan Tree Macau; JW Marriott Hotel Macau; Hotel Okura Macau, and Galaxy Hotel. The Galaxy's Broadway Hotel features approximately 320 rooms and suites, a porte-cochere, valet parking and decor. Galaxy operates three City Club casinos: Waldo Casino, President Casino and Rio Casino.

For the six months ended 30 June 2017, Galaxy's results posted revenue of HK$28.5 billion, up 12% year-on-year and generated adjusted EBITDA of HK$6.5 billion, up 37% year-on-year. Net profit attributable to shareholders was HK$4.6 billion, up 81% year-on-year. Galaxy's balance sheet remains healthy and liquid. As of 30 June 2017, Galaxy's cash and liquid investments were HK$29.8 billion and net cash was HK$23.3 billion. Galaxy's strong balance sheet combined with substantial cash flow from operations allows them to return capital to shareholders via dividends and to fund its development pipeline and international expansion ambitions.

During the Year, the realised gain of the Group from its investment in Galaxy amounted to approximately RMB0.76 million.

China Literature Ltd. ("China Lit")

China Lit is a company principally engaged in the operation of online literature platform. China Lit's platform provides online readers with easy access to its vast and diverse content library and enables a greater number of writers to create and publish original literary content online. Additionally, China Lit is able to extend the monetization lifecycle of its content for writers through its intellectual property operation by managing and licensing its content for adaptation into other entertainment formats.

China Lit's total revenue increased by 244.6% from RMB466.2 million in 2014 to RMB1.6 billion in 2015, and further increased by 59.1% to RMB2.6 billion in 2016, and for the six months ended 30 June 2017, its total revenue increased by 92.5% from RMB999.6 million for the six months ended 30 June 2016 to RMB1.9 billion. China Lit's had a net profit of RMB30.4 million in 2016, compared with net losses of RMB21.1 million and RMB354.2 million in 2014 and 2015, respectively, and China Lit's had a net profit of RMB213.5 million for the six months ended 30 June 2017, compared with a net loss of RMB2.4 million for the six months ended 30 June 2016.

The Group submitted applications for China Lit's initial public offer in November 2017. During the Year, the realised gain of the Group from its investment in China Lit amounted to approximately RMB57,000.

China Green (Holdings) Ltd. ("China Green")

China Green is a Hong Kong-based investment holding company principally engaged in the processing and sales of agriculture produce and processed products. China Green operates through two segments. Fresh Produce and Processed Products segment is engaged in the growing, processing and sales of agriculture produce, as well as the processing and sales of canned and frozen products. Its agriculture produce includes sweet corns, lotus roots, radishes and watermelons, among others. Branded Food Products and Others segment is engaged in the processing and sales of food products. Its products include rice and hotpot products under its own brand. China Green mainly operates businesses in China.

China Green officially disposed of its beverage business to 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) in March of 2016. The net cash proceeds from disposal of beverage business restored China Green's liabilities to a healthy level, and enabled China Green to shift its business focus to green agricultural plantation, multi-grain products processing, production and sale of prepared frozen and leisure food.

For the six months ended 31 October 2017, China Green recorded a gross profit and gross profit margin of approximately RMB54,977,000 and 17.9% respectively (For the six months ended 31 October 2016: gross loss and gross loss margin of approximately RMB29,472,000 and 26.3% respectively). The turnaround from gross loss to gross profit was mainly attributable to increase in turnover during the six months ended 31 October 2017 and economies of scale resulting from the expansion of cultivation areas in the existing farmland in Baicheng City (白城市).

The Company noticed a huge drop of volatile trading prices in the China Green shares during the period from 15 March 2017 to 17 March 2017. Due to the volatile nature of the trading prices of China Green shares, the Directors decided to sell all the shares in March 2017 to cut losses in order to limit a potential loss should the price of the China Green shares would fall further. The Group disposed of all its investment in China Green during the Year and recognised a realised loss of approximately RMB7.5 million.

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Convoy Global Holdings Ltd. ("Convoy")

Convoy is an investment holding company principally engaged in financing related business. Convoy operates through six business segments. The Independent Financial Advice (IFA) segment is engaged in the insurance brokerage business and the provision of IFA services. The Money Lending segment is engaged in the provision of loan financing business in Hong Kong. The Proprietary Investment segment is engaged in the investment in listed and unlisted investments. The Asset Management segment is engaged in the provision of asset management services. The Corporate Finance segment is engaged in the provision of corporate finance and related advisory services. The Securities Dealing segment is involved in the provision of securities brokerage, share placing and margin financing services.

With reference to the interim report of Convoy for the six months ended 30 June 2017, its revenue increased by approximately 0.7% from approximately HK$484.5 million for the six months ended 30 June 2016 to approximately HK$488.0 million for the six months ended 30 June 2017. The increase in its revenue was contributed by the increase in revenue from the IFA segment and the securities dealing segment, offset by the decrease in the revenue from the money lending segment, proprietary investment segment, asset management segment and corporate finance segment. Loss before tax was approximately HK$147.4 million for the six months ended 30 June 2017, representing a decrease of approximately 1,438.1% compared with the profit before tax for the six months ended 30 June 2016 of approximately HK$11 million.

During the Year, the realized loss of the Group from its investment in Convoy amounted to approximately RMB62,000.

Hong Kong Education (Int'l) Investments Ltd. ("HK Education")

Hong Kong Education is an investment holding company principally engaged in private education business. HK Education operates through four business segments. The Provision of Private Educational Services segment is engaged in the provision of secondary tutoring services, primary tutoring services, secondary day school education services, skill courses and test preparation courses, English language training and test preparation courses, technical consultation, management and software licensing services, overseas studies consultation services and the international foundation year courses. The Investments in Securities segment is engaged in the trading of securities. The Property Investments segment is engaged in the investments of properties for rental income and capital appreciation. The Money Lending segment is engaged in the providing of loans as money lender.

During the year ended 30 June 2017, HK Education recorded revenue of approximately HK$153.86 million, representing a decrease of approximately 18.93% as compared with approximately HK$189.78 million recorded last year. Such decrease was mainly due to the decrease in revenue from secondary tutoring services to approximately HK$108.41 million, representing a decrease of approximately 19.38% as compared to approximately HK$134.48 million recorded last year. In addition, there were drops in revenue from (i) secondary day school education to approximately HK$1.15 million, representing a decrease of approximately 42.61% as compared to the previous year; and (ii) English language training and test preparation courses to approximately HK$22.44 million, representing a slight decrease of approximately 4.94% as compared to approximately HK$23.61 million recorded last year.

During the Year, the realised gain of the Group from its investment in HK Education amounted to approximately RMB3.8 million. For further details, please refer to the announcement of the Company dated 18 October 2017.

Huisheng International Holdings Ltd. ("Huisheng")

Huisheng is a China-based investment holding company principally engaged in the hog breeding, hog slaughtering and sales of pork products. Its pork products mainly include fresh pork, chilled pork, frozen pork, side products and processed pork products, such as cured pork and sausages. It sells products under the brand of Waibobo. Huisheng is also engaged in the provision of consultancy services in hog breeding and farming through its subsidiaries.

For the six months ended 30 June 2017, Huisheng recorded revenue of approximately RMB337.8 million, representing a decrease of approximately 57.1% as compared with the same period of last year. The reduction was mainly due to the decrease in the slaughtering volume as a result of keen competition from imported pork products and also the changing dietary habit, and also the lower unit price as compared with the same period of last year as a result of supplies over demands.

During the Year, the realised loss of the Group from its investment in Huisheng amounted to approximately RMB1.7 million.

Industrial and Commercial Bank of China Ltd. ("ICBC")

ICBC is a China-based company principally engaged in the provision of banking and related financial services. ICBC mainly operates three segments, including Corporate Banking segment, Personal Banking segment and Treasury segment. The Corporate Banking segment provides loan, trade financing, deposit, corporate finance, custody and other related financial products and services to enterprises, government agencies and financial institutions. The Personal Banking segment provides loan, deposit, bank card, personal finance and other related financial products and services to individual customers. Treasury segment includes money markets business, securities investment business, self and valet foreign exchange trading and derivative financial instruments business. ICBC conducts its businesses within domestic and overseas markets.

For the six months ended 30 June 2017, ICBC recorded net profit of RMB153.7 billion and before-provision profit of RMB257.8 billion, up 2.0% and 7.7% when compared to the same period of last year, respectively. The two growth figures exceeded both the same period of 2016 and the first quarter of 2017. The stability of profit growth was heightened because of the following three factors: First, NIM further stabilized. ICBC's NIM for the six months ended 30 June 2017, at 2.16%, stayed unchanged from last year and increased by four BPs compared with the first quarter. Second, relevant lines and segments made larger contribution to profit. For example, domestic mega retail segment functioned like a "ballast" and "stabilizer". Overseas and controlled institutions reported a growth of 21.4% in net profit compared to the same period of last year, which outpaced the average growth of both the Group and domestic institutions, and their net profit was 7.9% of the Group's total net profit. Third, ICBC strengthened cost management. The cost-to-income ratio was kept at a desirable level of 22.68%.

During the Year, the Group recorded a realised gain from its investment in ICBC amounted to approximately RMB1.7 million.

LEAP Holdings Group Ltd. ("LEAP")

LEAP is an investment holding company principally engaged in the provision of foundation works related business. LEAP operates through two business segments. The foundation works and ancillary services segment is engaged in the site formation works, excavation and lateral support works, piling construction, pile caps or footing construction, reinforced concrete structure works and machinery leasing businesses, as well as the provision of ancillary services, included hoarding and demolition works related services. The construction wastes handling segment is engaged in the operation and management of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities.

LEAP recorded a net profit of approximately HK$44.8 million for the six months ended 30 September 2017, representing an increase of 350.5% compared with approximately HK$9.9 million for the corresponding period in 2016. The increase in the profit for the period was mainly due to the significant increase in the revenue from the investments in securities.

As highlighted in the said interim report of LEAP, the construction industry in Hong Kong is facing keen market competition with the increase in the number of competitors leading to the dilution in the profit margin of awarded contracts. Despite the fact that the construction industry in Hong Kong is facing such uncertainties, LEAP expects that the construction industry is only under temporary adjustment and looks forward to the rebound from the downturn of the market.

The Company noticed a huge drop of volatile trading prices in LEAP's shares during the period from 23 October 2017 to 30 October 2017. Due to the volatile nature of the trading prices of LEAP shares, the Directors decided to sell shares in October 2017 to cut losses in order to limit a potential loss should the price of the LEAP shares would fall further. Upon completion of the disposal, the Group recorded a realised loss from its investment in LEAP amounted to approximately RMB23.4 million.

Shun Wo Group Holdings Ltd. ("Shun Wo")

Shun Wo is a contractor of foundation works in Hong Kong. The main businesses of Shun Wo are mainly required in the construction of residential, industrial and commercial buildings. Shun Wo's foundation works mainly include (i) ELS works, (ii) socketed H-piling and mini-piling works, and (iii) pile caps construction works. The services of Shun Wo are inter-related to one another and projects may require single or multiple type(s) of services depending on the customers' needs and requirements for their construction projects.

With reference to the interim report of Shun Wo for the six months ended 30 September 2017, the revenue of Shun Wo has decreased by approximately HK$74.5 million, or approximately 58.8% compared to the corresponding period in 2016, from approximately HK$126.8 million to approximately HK$52.3 million. The decrease was primarily due to the keen competition faced by Shun Wo in obtaining new businesses in the foundation industry and a few sizable projects, in which majority of revenue was recognised in the corresponding period in 2016.

During the Year, the Group recorded a realised loss from its investment in Shun Wo amounted to approximately RMB2.4 million.

ChinaAMC CSI 300 Index ETF ("ChinaAMC ETF")

CSI 300 Index ETF

The income of ChinaAMC ETF for the six months ended 30 June 2017 has decreased as compared to the prior period due to the decrease in dividend income received. ChinaAMC ETF recognised a net investment gain during the six months ended 30 June 2017 as compared to the net loss recognised in the prior period due to the substantial increase in realised and unrealised gains on the fair value of the financial assets held by ChinaAMC ETF. The future performance of the ChinaAMC ETF shares will be dependent upon the performances of 300 stocks traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

During the Year, the Group recorded a realised gain from its investment in ChinaAMC ETF amounted to approximately RMB0.4 million.

Town Health International Medical Group Ltd. ("Town Health")

Town Health is an investment holding company principally engaged in the provision of healthcare and dental services, managed care business and beauty and cosmetic medicine business. Town Health operates its business through four segments. The provision of healthcare and dental services segment is engaged in the operations of the medical and dental practices, medical centers and the trading of healthcare products. The managed care business segment is engaged in the operations of managed care centers and networks. The beauty and cosmetic medicine business segment is engaged in the operations of beauty and cosmetic medicine centers. The investments in securities and properties and treasury management segment is engaged in the trading of listed securities and leasing of properties.

For the six months ended 30 June 2017, Town Health recorded revenue from continuing operations of approximately HK$538,174,000 (2016: approximately HK$468,118,000), representing an increase of approximately 15% as compared with the same period of last year. Town Health recorded a profit of approximately HK$57,953,000 (2016: approximately HK$56,455,000). The increase in profit was mainly attributable to (i) the increase in profit generated from provision of healthcare and dental services and managed care business; and (ii) profit generated from provision of hospital management service following the Town Health's acquisition of 60% equity interest in Nanyang Xiangrui in September 2016. The increase in profit was slightly offset by the loss on fair value changes on held for trading investments.

During the Year, the Group recorded a realised loss from its investment in Town Health amounted to approximately RMB2.3 million.

New Ray Medicine International Holding Ltd. ("New Ray")

New Ray is an investment holding company principally engaged in the trading of pharmaceutical products in China. New Ray operates its business through four segments. The injection drugs segment is engaged in the trading of injection drugs. The capsule and granule drugs segment is engaged in the trading of capsule and granule drugs. The tablet drugs segment is engaged in the trading of tablet drugs. The others segment is engaged in the trading of miscellaneous types of goods and drugs.

For the six months ended 30 June 2017, revenue of New Ray was approximately HK$124,840,000, which has increased by approximately 20.5% when compared to that of approximately HK$103,568,000 for the corresponding period in 2016. Net loss attributable to owners of New Ray for the six months ended 30 June 2017 was approximately HK$52,437,000, which has increased by approximately HK$52 million when compared to that of approximately HK$420,000 for the same period last year.

During the Year, the Group had disposed 1.92 million shares of New Ray and recorded a realised gain of investment in New Ray amounted to approximately RMB84,000. New Ray was suspended trading on 6 October 2017 due to Securities and Futures Commission has issued a direction under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules to suspend trading in the shares of New Ray. The Group recorded a realised gain and an unrealised loss from its investment in New Ray amounted to approximately RMB84,000 and RMB4,039,000 respectively.

The Group remained holding 25.08 million shares of New Ray in its investment portfolio as at 31 December 2017. The Group's management appointed an external valuer to be responsible for the valuation of shares of New Ray. The fair value of shares of New Ray held by the Group was approximately RMB4,034,000 as at 31 December 2017.

The Group will keep monitoring New Ray's operation status or any update of resumption of trading of New Ray.

Interactive Entertainment China Cultural Technology Inv Ltd. ("IE China")

IE China is a Hong Kong-based investment holding company principally engaged in the provision of healthcare services. IE China operates through five business segments: mobile Internet cultural business and provision of information technology (IT) services segment, provision of medical diagnostic and health check services segment, provision of hospitality and related services in Australia segment, money lending business segment and assets investments business segment.

During the nine months ended 30 September 2017, IE China recorded revenue from continuing operations of approximately HK$290,563,000 (2016: HK$190,097,000), representing an increase of approximately 53% as compared to the corresponding period in 2016. IE China recorded a substantial increase in unaudited consolidated profit attributable to the shareholders for the three months ended 30 September 2017 of approximately HK$114,654,000 as compared with that of approximately HK$16,090,000 for the three months ended 30 September 2016, mainly attributable to the fair value gains on financial assets at fair value through profit or loss of approximately HK$113,942,000 achieved by IE China for the three months ended 30 September 2017, as compared with the fair value losses on financial assets at fair value through profit or loss of approximately HK$175,206,000 for the three months ended 30 September 2016.

The Company noticed the persistent decline in trading prices of IE China's shares during the period from 7 March 2017 to 21 March 2017. Accordingly, the Directors decided to sell all the shares in March 2017 to cut losses in order to limit a potential loss should the price of the IE China's shares would fall further. As a result of the disposal, the Group recognised a realised loss of approximately RMB3.7 million during the Year.

IR Resources Ltd. ("IR Resources")

IR Resources is a Hong Kong-based investment holding company principally engaged in the forestry related businesses. IR Resources mainly operates throw two business segments. The forestry and agricultural segment is mainly engaged in the logging and plantation of timbers, as well as the sales of wood and agricultural products. The resources and logistics segment is engaged in the provision of resources and related logistics services. IR Resources mainly conducts its businesses in Hong Kong, Cambodia and the PRC. It owns several forests in Kratie Province, Cambodia. IR Resources is also engaged in the trading business through its subsidiaries.

Revenue of IR Resources for the nine months ended 30 September 2017 amounted to HK$23.2 million (2016: HK$40.2 million). For the nine months ended 30 September 2017, the consolidated loss attributable to the equity holders of IR Resources amounted to HK$26.7 million (2016: HK$41.3 million), the decrease in loss was mainly attributable to (i) the savings in finance costs; and (ii) the decrease in administrative expenses.

The Company noticed the persistent decline in trading prices of IR Resources' shares during the period from early March 2017 to 24 April 2017. Accordingly, the Directors decided to sell all the IR Resources' shares in March 2017 to cut losses in order to limit a potential loss should the price of the IR Resources shares would fall further. As a result of the disposal, the Group recognised a realised loss of approximately RMB1.2 million during the Year.

First Credit Finance Group Ltd. ("First Credit")

First Credit is a Hong Kong-based investment holding company principally engaged in money lending businesses. First Credit is involved in the operation of money lending businesses through its branches to provide secured and unsecured loans to customers. Its unsecured loans include personal loans, corporate loans and foreign domestic workers loans. Its secured loans include first property mortgage loans, subordinated property mortgage loans and other secured loans. First Credit mainly operates businesses in Hong Kong.

For the nine months ended 30 September 2017, First Credit recorded revenue approximately HK$87.12 million, representing an increase of approximately 49.42% over the revenue of approximately HK$58.30 million recorded in the corresponding period in 2016. The revenue comprised loan interest income amounting to approximately HK$86.83 million (for the nine months ended 30 September 2016: approximately HK$58.30 million) and commission income from securities brokerage service that amounted to approximately HK$0.29 million (for the nine months ended 30 September 2016: not applicable). The profit attributable to owners of First Credit increased by approximately 97.39% from approximately HK$25.86 million for the nine months ended 30 September 2016 to approximately HK$51.04 million for the same period in 2017. The increase was mainly attributable to an increase of approximately HK$28.81 million in revenue and the gain on disposal of a subsidiary of approximately HK$13.21 million for the period.

As highlighted in its third quarterly report of 2017, First Credit will maintain healthy development of different business segments to consolidate its business portfolio and diversify its source of income, with the ultimate aim to maximise value for shareholders. While leveraging its experience in money lending business, First Credit would like to develop its business and to further enlarge its customer base in different territories including Mainland China and Macau in light of the keen competition in the everchanging local market.

During the Year, the realised loss of the Group from its investment in First Credit amounted to approximately RMB8.9 million. For further details, please refer to the announcements of the Company dated 5 September 2017, 6 September 2017 and 18 September 2017.

Deson Construction International Holdings Ltd. (“Deson Construction”)

Deson Construction is a Hong Kong-based investment holding company principally engaged in construction contracting and related businesses. Its businesses include building construction works, electrical and mechanical engineering works and fitting-out works. Building construction works include the design and building foundation works for residential properties, superstructure works and alteration and addition works, among others. Electrical and mechanical engineering works include air-conditioning mechanical ventilation and electrical installation and fire services installation, among others. Fitting-out works include fitting-out works of offices, addition and alteration works, plumbing and drainage works, as well as floor heating works, among others. Deson Construction operates businesses in Hong Kong, Mainland China and Macau.

Deson Construction’s turnover for the six months ended 30 September 2017 recorded at approximately HK$471,220,000 which represented a decrease of 2.7% from approximately HK$484,206,000 for the six months ended 30 September 2016. For construction segment, turnover for the six months ended 30 September 2017 recorded at approximately HK$435,096,000 which represented a decrease of 2.5% from approximately HK$446,455,000 for the six months ended 30 September 2016. For investment in marketable securities segment, turnover for the six months ended 30 September 2017 recorded at approximately HK$36,124,000 which represented a decrease of 4.3% from approximately HK$37,751,000 for the six months ended 30 September 2016.

The Company noticed the persistent decline in trading prices of the Deson Construction’s shares in May 2017. Accordingly, the Directors decided to sell all the shares in May 2017 to cut losses in order to limit a potential loss should the price of the Deson Construction’s shares would fall further. Upon completion of the disposal, the Group recognised a realised loss of approximately RMB1.8 million during the Year.

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").

The new placing period was expired on 23 August 2017. As at 31 December 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.

REDEMPTION OF COUPON NOTES

During the year ended 31 December 2017, an aggregate principal amount of HK$156.3 million of coupon notes issued by the Company on 22 December 2016 was early redeemed. An aggregate principal amount of HK$52.7 million of coupon notes issued by the Company on 24 January 2017 was early redeemed in January 2018. As at the date of this announcement, the aggregate outstanding principal amount of coupon notes is HK$56.7 million.

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 the placing price of HK$0.36 per placing share on a best effort basis (the "First Placing"). The Company carried out the First Placing since it offered a good opportunity to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group.

The First Placing was completed on 18 May 2017. An aggregate of 156,000,000 placing shares were successfully placed to not less than six placees. The net proceeds from the First Placing were approximately HK$53.5 million, among which approximately HK$30.5 million was used for the Group's money lending business in Hong Kong and approximately HK$23.0 million was used for the Group's general working capital.

On 29 November 2017, the Company entered into a placing agreement with Kingston Securities Limited pursuant to which the Company appointed Kingston Securities Limited as its placing agent to procure not less than six independent placees to subscribe up to 195,000,000 new ordinary shares of USD0.02 each in the capital of the Company at the placing price of HK$0.33 per placing share on a best effort basis (the "Second Placing"). The Company carried out the Second Placing since offered a good opportunity to raise further capital for early redemption of coupon notes of the Company issued on 24 January 2017 and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as strengthening the financial position of the Group.

The Second Placing was completed on 22 December 2017. An aggregate of 195,000,000 placing shares were successfully placed to not less than six placees. The net proceeds from the Second Placing were approximately HK$62.6 million, among which approximately HK$52.7 million was used for the early redemption of coupon notes of the Company issued on 24 January 2017 in January 2018 and approximately HK$9.9 million was used for the Group's general working capital.

Details of the First Placing and the Second Placing have been set out in the announcements of the Company dated 9 May 2017, 18 May 2017, 29 November 2017 and 22 December 2017.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2017 and up to the date of this announcement.

DIVIDEND

The Directors consider that the declaration, payment and amount of the dividend shall be subject to the status of the Group's future development. The Board does not recommend any final dividend for the financial year ended 31 December 2017 (2016: Nil) and will consider to formulate a dividend policy at an appropriate time in the future.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24 May 2018, Thursday and the notice of Annual General Meeting will be published and despatched to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from 18 May 2018, Friday to 24 May 2018, Thursday (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 17 May 2018, Thursday.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors confirmed that they complied with the required standards set out in the Model Code during the year ended 31 December 2017.

CORPORATE GOVERNANCE CODE

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 year 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 annual general meeting and the extraordinary general meeting which were held on 24 May 2017 and 10 July 2017 respectively 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 meetings.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of Directors passed on 25 October 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has set up the written terms of reference which was revised on 22 March 2012 first and further revised on 26 November 2015. 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 at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee currently 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 applicable code provisions in the CG Code.

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2017, the consolidated financial statements for the year ended 31 December 2017 and this announcement.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement of results.

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 year.

ANNUAL REPORT

The annual report of the Company for the financial year ended 31 December 2017 containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.investech-holdings.com). And the printed copies of the annual report will be despatched to Shareholders of the Company in due course.

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

Hong Kong, 28 March 2018

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. Wu Chi Luen and Mr. Lu Chengye, and the independent non-executive Directors are Mr. Wong Chun Sek, Edmund, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai.