Hi-Level Technology Holdings Limited
揚宇科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8113)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE')

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Hi-level Technology Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

	2015	**2014**	**Change**
	HK$'000	*HK$'000*	
Revenue	1,309,764	962,876	+36%
Profit attributable to owners of the Company before listing expenses	23,126	20,032	+15%
Listing expenses	(10,643)	—	N/A
Profit attributable to owners of the Company	12,483	20,032	-38%
Proposed final dividend per share *(HK cent)*	1.00	—	N/A

The board of Directors (the "Board") of Hi-Level Technology Holdings Limited is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with last year's comparative figures are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *HK$'000*	**2014** *HK$'000*
Revenue	3	1,309,764	962,876
Cost of sales		(1,252,659)	(916,288)
Gross profit		57,105	46,588
Other income		68	141
Distribution costs		(4,938)	(3,104)
Administrative expenses		(22,769)	(17,451)
Listing expenses		(10,643)	—
Interest on bank borrowings wholly repayable within five years		(1,810)	(568)
Share of results of an associate		—	(46)
Profit before taxation		17,013	25,560
Income tax expense	4	(4,530)	(5,528)
Profit for the year	5	12,483	20,032
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations:			
- subsidiaries		(207)	(250)
- an associate		—	(1)
Other comprehensive expense for the year		(207)	(251)
Total comprehensive income for the year		12,276	19,781
Earnings per share (HK cents)	7		
- basic		2.77	4.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	**2015**	**2014**
		HK$'000	*HK$'000*
Non-current Assets			
Property, plant and equipment		328	445
Club membership		266	266
Deposit paid for acquisition of property, plant and equipment		—	13,598
		594	14,309
Current Assets			
Inventories		84,725	47,820
Trade and other receivables	8	160,771	109,878
Amount due from a fellow subsidiary		27,927	29,030
Bank balances and cash		54,443	53,429
		327,866	240,157
Current Liabilities			
Trade and other payables	9	182,465	140,622
Amount due to a fellow subsidiary		4,153	271
Taxation payable		2,448	3,660
Bank borrowings		50,865	27,941
		239,931	172,494
Net Current Assets		87,935	67,663
Total Assets less Current liabilities		88,529	81,972
Capital and Reserves			
Share capital	10	—	25,000
Reserves		88,529	56,972
Total Equity		88,529	81,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP REORGANISATION AND GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 September 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Board") on 7 January 2016. The Company's ultimate holding company is S.A.S. Dragon Holdings Limited ("S.A.S. Dragon"), a company incorporated in Bermuda as an exempted company with the limited liability under the Companies Act and its shares are listed on the Main Board of the Stock Exchange. The Company's immediate holdings company is S.A.S. Investment Company Limited ("S.A.S. Investment"), a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Room 614, 6/F, Tower B, Hunghom Commercial Centre, 37 Ma Tau Wai Road, Hung Hom, Kowloon, Hong Kong.

The companies now comprising the Group underwent a series of reorganization (the "Reorganisation"). Prior to the reorganisation, 51% of equity interest of Hi-Level Technology Limited ("Hi-Level Hong Kong") was held by S.A.S. Investment which is wholly owned by S.A.S. Dragon and the remaining 49% of equity interest of Hi-Level Hong Kong is held as to 19% by Mr. Chang Wei Hua, 19% by Mr. Wei Wei, 5% by Mr. Li Xiao Ming, 5% by Mr. Huang Huang Chi and 1% by Mr. Huang Yung Hsing. On 7 December 2015, the shareholders of Hi-Level Hong Kong and the Company entered into a reorganisation deed pursuant to which S.A.S. Investment, Mr. Chang Wei Hua, Mr. Wei Wei, Mr. Li Xiao Ming, Mr. Huang Huang Chi and Mr. Huang Yung Hsing transferred the entire issued capital in Hi-Level Hong Kong to the Company's immediate subsidiary, Hi-Level (BVI) Limited ("Hi-Level BVI"). In consideration of the transfer of the entire issued capital in Hi-Level Hong Kong, the Company allotted and issued 51 shares to S.A.S. Investment, 18 shares to Vertex Value Limited, 19 shares Victory Echo Holdings Limited, 5 shares to Luminous Goal Limited, 5 shares to Brave Union Limited and 1 share to Mr. Huang Yung Hsing, all credited as fully paid.

Pursuant to the group reorganisation, which was completed by interspersing the Company and Hi-Level BVI between Hi-Level Hong Kong and the shareholders of Hi-Level Hong Kong, the Company became the holding company of the companies now comprising the Group on 7 December 2015. The Group comprising the Company and its subsidiaries resulting from the reorganisation is regarded as a continuing entity. Details of the Reorganisation are set out in the Company's prospectus dated 31 December 2015.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2015 and 2014 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the

Reorganisation had been in existence throughout the year ended 31 December 2015 and 2014. The consolidated statement of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The Company acts as an investment holding company. The Group is principally engaged in the sales of electronic products.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, United States dollar ("US$"). The directors of the Company consider that presenting the consolidated financial statements in HK$ is preferable when controlling and monitoring the performance and financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently applied all the HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning on 1 January 2015 for both current and prior years.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2016.

[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs in issue but not effective will not have material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the year, as the Group is principally engaged in the sale of electronics products.

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by geographical location of customers. As no other discrete financial information is available for the assessment of different business activities, no segment information is presented other than entity-wide disclosures.

Geographical information

The following is an analysis of the Group's revenue by the geographical locations of customers.

	Revenue by Geographical market	
	2015	**2014**
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	1,130,925	847,524
Hong Kong	168,604	112,826
Taiwan	9,156	2,284
Others	1,079	242
	1,309,764	962,876

The following is an analysis of the carrying amount of non-current assets by geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2015	**2014**
	HK$'000	*HK$'000*
The PRC	182	14,121
Hong Kong	412	188
	594	14,309

Information about major customers

Revenue from customer individually contributing over 10% of the Group's revenue is as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Customer A	243,539	125,027

4. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	3,699	4,344
PRC Enterprise Income Tax ("EIT")	851	—
	4,550	4,344
(Over)/underprovision in prior years:		
Hong Kong	(20)	(9)
PRC EIT	—	1,193
	(20)	1,184
Income tax expense	4,530	5,528

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In respect of intra-group transactions that occurred prior to 1 January 2013, no provision on PRC EIT had been made as the directors of the Company considered that the price determination basis would be acceptable to the relevant tax authority and that the probability of additional tax payment was low. In the preparation for the listing of the shares of the Company on the GEM Board, the directors of the Company have sought further tax advice and re-considered all the relevant facts and circumstances and it has come to the attention of the Group that it is probable that additional tax maybe imposed to the Group. Therefore, additional tax provision in relation to intra-group transactions that occurred prior to 1 January 2013, amounting to HK$1,193,000 in aggregate, had been made during the year ended 31 December 2014.

In respect of intra-group transactions that occurred during the year ended 31 December 2014, no provision on PRC EIT has been made as the directors of the Company had, after seeking advice, considered that the price determination basis adopted for those transactions occurred during the year ended 31 December 2014 would be acceptable to the relevant tax authority and considered that it was not probable that that the additional tax payment would be imposed.

In respect of intra-group transactions that occurred during the year ended 31 December 2015, no provision on PRC EIT has been made as the directors of the Company have considered that the price determination basis adopted for those transactions occurred during the year ended 31 December 2015 would be acceptable to the relevant tax authority and considered that it is not probable that that the additional tax payment would be imposed.

5. PROFIT FOR THE YEAR

	THE GROUP	
	2015	**2014**
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Salaries and other allowances	14,813	12,925
Retirement benefit scheme contributions	1,572	1,216
Share-based payment expenses (note)	281	92
Total staff costs	16,666	14,233
Auditor's remuneration	1,000	187
Bank interest income	(27)	(24)
Net exchange loss	611	318
Cost of inventories recognised as an expense	1,222,189	867,759
Inventories written off	5	—
Allowance for trade receivables	883	104
Depreciation of property, plant and equipment	231	203
Operating lease rental in respect of offices and warehouses paid/payable to		
- immediate holding company	384	384
- fellow subsidiaries	130	131
- third parties	1,129	1,074
Impairment loss on interest in an associate	—	116
Impairment loss on amount due from an associate	—	4

note: It represents capital contribution of HK$281,000 (2014: HK$92,000) arising from the share options granted to the employees of the Group under the share option scheme of the ultimate holding company, S.A.S. Dragon during the year.

6. DIVIDENDS

During the year ended 31 December 2015, a final dividend in respect of the year ended 31 December 2014 of HK$0.24 per share, or in aggregation of HK$6,000,000, was paid by Hi-Level Hong Kong, a subsidiary of the Company, to its then shareholders. A special dividend in respect of the year ended 31 December 2015 of HK$1.60 per share, or in aggregation of HK$40,000,000, was declared by Hi-Level Hong Kong to its then shareholders conditionally upon listing of the shares of the Company. Subsequent to the reporting period, it was paid by Hi-Level Hong Kong to its then shareholders upon listing of the shares of the Company on 7 January 2016.

Subsequent to the end of the reporting period, a final dividend of HK$0.01 per share in respect of the year ended 31 December 2015 has been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

During the year ended 31 December 2014, a final dividend in respect of the year ended 31 December 2013 of HK$0.40 per share, or in aggregation of HK$10,000,000, was paid by Hi-Level Hong Kong to its then shareholders.

7. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the year of HK$12,483,000 (2014: HK$20,032,000) and 450,000,000 ordinary shares for the year ended 31 December 2015 and 2014 on the assumption that the reorganisation and the capitalisation Issue (as explained in Note 10(b) and (c)) had been completed on 1 January 2014. No diluted earnings per share is presented for both years as there was no potential ordinary share outstanding.

8. TRADE AND OTHER RECEIVABLES

	2015	**2014**
	HK$'000	*HK$'000*
Trade receivables	132,151	88,015
Less: allowance for doubtful debts	(1,000)	(1,104)
	131,151	86,911
Other receivables, deposits and prepayments	29,620	22,967
Amount due from an associate	—	4
Less: impairment loss recognised	—	(4)
Total trade and other receivables	160,771	109,878

The Group allows credit period ranging from 30 days to 90 days which are agreed with each of its trade customers.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on due date at the end of each reporting period:

	2015	2014
	HK$'000	*HK$'000*
Current	82,723	44,477
0 - 30 days	31,843	28,426
31 - 60 days	9,517	7,229
61 - 90 days	4,955	5,018
Over 90 days	2,113	1,761
	131,151	86,911

9. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	151,235	123,947
Other payables and accruals	31,230	16,675
Total trade and other payables	182,465	140,622

The credit period on trade payables ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on the due date at the end of each reporting period:

	2015	2014
	HK$'000	*HK$'000*
Current	95,647	59,691
0-30 days	46,130	47,931
31-60 days	9,161	15,664
Over 90 days	297	661
	151,235	123,947

10. SHARE CAPITAL

The share capital of the Group at 31 December 2014 represented the share capital of Hi-Level Hong Kong.

The share capital at 31 December 2015 represented the share capital of the Company.

Details of movements of authorised and issued capital of the Company during the year ended 31 December 2015 are as follows:

	Notes	**Number of ordinary shares**	**Amount** *HK$*
Ordinary shares of HK$0.01 each			
Authorised:			
At 18 September 2015 (date of incorporation)	(a)	5,000,000	50,000
Increase in authorised share capital	(c)	1,995,000,000	19,950,000
At 31 December 2015		2,000,000,000	20,000,000
Issued and fully paid:			
Issue of shares at 18 September 2015 (date of incorporation upon the Reorganisation)	(a)	1	—
Issue of shares	(b)	99	1
At 31 December 2015		100	1
Balance presented in HKD'000			—

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands on 18 September 2015 with authorised share capital of HK$50,000 divided into 5,000,000 ordinary shares with a nominal value and one share of a par value of HK$0.01 was allotted and issued of HK$0.01 each.

(b) On 7 December 2015, the shareholders of Hi-Level Hong Kong and the Company entered into a reorganisation deed pursuant to which the shareholders of Hi-Level Hong Kong transferred the entire issued capital in Hi-Level Hong Kong to the Company's immediate subsidiary, Hi-Level BVI. In consideration of the transfer of the entire issued capital in Hi-Level Hong Kong, the Company allotted and issued 99 shares to them in total, all credited as fully paid.

(c) Pursuant to the written resolution of the Company's shareholders passed on 23 December 2015, the authorised share capital of the Company was increased from the aggregate HK$50,000 divided into 5,000,000 shares of a par value of HK$0.01 each to the aggregate HK$20,000,000 divided into 2,000,000,000 shares of a par value of HK$0.01 each by creation of an additional HK$19,950,000 divided into 1,995,000,000 shares of a par value of HK$0.01 each. Pursuant to the resolution of the shareholders passed on 23 December 2015, the directors of the Company were authorised to allot and issue a total of 449,999,900 shares credited as fully paid at par to the register of members of the Company at the close of business on 23 December 2015 (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of approximately HK$4,499,999 standing to the credit of the share premium account of the Company as a result of the placing, and the shares allotted and issued under this resolution rank pari passu in all aspects with the existing issued shares.

DIVIDENDS

The Board has recommended a final dividend of HK1 cent per share for the year ended 31 December 2015 subject to approval by the shareholders at the forthcoming annual general meeting. A special dividend in respect of the year ended 31 December 2015 of HK$1.60 per share, or in aggregation of HK$40,000,000, was declared by Hi-Level Hong Kong to its then shareholders conditionally upon listing of the shares of the Company. Subsequent to the reporting period, it was paid by Hi-Level Hong Kong to its then shareholders upon listing of the shares of the Company on 7 January 2016.

EVENT AFTER REPORTING PERIOD

On 7 January 2016, the Company has been listed on the GEM Board by way of placing (the "Placing"). Pursuant to the Placing, the Company issued 150,000,000 new shares at the price HK$0.31 per share. The gross proceeds from the Placing were HK$46,500,000.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 13 May 2016 to 18 May 2016 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 May 2016.

The Register of Members will be closed from 25 May 2016 to 27 May 2016 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement of the proposed final dividend, all transfers accompanied by the relevant share certificates, should be lodged with the Company's Registrars in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 24 May 2016. Dividend warrants will be dispatched on 6 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group are an independent design house (IDH), primarily engaged in the sale of electronic components (mainly integrated circuit ("IC") and panels) for consumer electronic such as electronic learning aid ("ELA"), mobile internet device ("MID"), set-top box, multi-media player and video image device together with the provision of IDH services to original brand manufacturers and original design manufacturers.

BUSINESS REVIEW

ELA

According to the research report of China Insights Consultancy Limited, the ELA market in China has been growing at a compound annual growth rate of approximately 10.5% from 2014 to 2019, which is a market with stable growth. By working with the top three branded ELA customers, namely BBK Education Electronics Co., Ltd. (步步高教育電子有限公司), Zhongshan Readboy Electronics Co., Ltd. (中山讀書郎電子有限公司) and Innovative Noah Electronic (Shenzhen) Co., Ltd. (創新諾亞舟電子(深圳)有限公司), the Company recorded major growth of revenue under this product category by providing them both the Innolux panel and Rockchip IC solutions during the year under review.

MID

Although the sales of MID products showed sign of saturation in 2015, the Company successfully promoted Rockchip 3G/4G turnkey solutions to those MID manufacturers in second half of 2015 and received positive responses.

Set-Top Box

During the year under review, the next generation of set-top box, the digital OTT box, became more popular for home entertainment along with the popularity of digital televisions. We are benefited by delivering more Sunplus IC solutions to those branded customers for China and overseas markets.

Multi-Media Player

During the year under review, we recorded satisfactory growth in the multi-media player segment. We successfully promoted our reliable industrial grade Sunplus multimedia IC solutions to those car infotainment system manufacturers as well as high end Cirrus Logic digital decoding IC to those manufacturer of hi-resolution Digital Audio Players ("DAP").

Video Image Device

In 2015, video image devices grew rapidly with diversification of different products, such as sport cam, hunting cam, drone cam, car video recorder. The Company has many years of experience in developing video image ICs for the different demands from customers, such as upgrading of video specifications, increase in image transmission over WiFi, enhancing night camera effect and functions, etc. As a result, the sales of the Company's iCatch, IC solution for the those products increased substantially during the year under review.

OUTLOOK

In 2016, the overall global economic environment is not optimistic, the Company is still positive in our business developments. We have more than a decade of experience in the development of consumer electronic products and successfully captured the trend and pulse of product developments in past years. In December 2015, one of the subsidiaries of the Group has successfully applied for the status of Hi-Tech Enterprise in the PRC as recognition of our design house capability.

In 2016, we will allocate more resources on our focus products, such as ELA, wearable device, drone, hi-resolution DAP and the virtual reality ("VR') headset products.

- ELA

  With implementation of the 2-child policy in China, educational product is expected to enter a rapid growth trend in the next few years. We will continue to work more closely with the leading ELA customers. As a good start in 2016, we have received orders from all top 4 ELA branded customers in China which covered more than 50% market share for this product.

- Wearable device

  This product is currently concentrated on the development of smart healthcare bracelets and smart watches, application in other products is yet to develop. The Company started to develop smart watches for kids and expected our customer to commence commercial production in the first half of 2016.

- Drone

  This product presented overwhelming developments in all aspects in 2015. The Company will continue to focus on the application of video image IC products and started to invest in the development of Flight Control System to pursue the next phase of growth in 2016.

- Hi-resolution DAP

  Using smartphone as music player is no longer satisfy consumers pursuing for good audio experience and more and more people are buying high end DAP devices. Also the earphone of the next generation high end smartphone will adopt new specifications on audio function, it is predicted that there will be large demand our Cirrus Logic digital audio decorders solutions.

- VR headset

  The Company has also stepped into the high potential VR headset market by co-operating with our key suppliers and one of our ELA customers to capture the development of this market in the PRC.

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2015, the Group achieved sales revenue of HK$1,309,764,000 increased approximately 36.0% from HK$962,876,000 recorded last year. The increase was primarily attributable from our increased sales to our ELA, multi-media player and set-top box customers.

GROSS PROFIT

Gross profit was HK$57,105,000 increased 22.6% from HK$46,588,000 recorded last year. Gross profit margin was 4.4%, declined from 4.8% recorded last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company for the year ended 31 December 2015 was HK$12,483,000 decreased by approximately 37.8% as compared with HK$20,032,000 recorded last year, mainly due to listing expenses incurred in the year ended 31 December 2015 of approximately HK$10,643,000. Excluding the effect of the listing expenses, the profit attributable to owners of the Company increased by approximately 15.4% to approximately HK$23,126,000 for the year ended 31 December 2015.

ADMINISTRATIVE AND DISTRIBUTION COSTS

The Group's operating costs for the reporting period were HK$27,707,000 (2014: HK$20,555,000), representing an increase of approximately 34.8% compared to the corresponding period in 2014. This was mainly attributable to the increase in operating expenses such as transportation and logistics charge incurred during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2015, the Group's current ratio was 137% (2014: 139%). The Group was in net cash position and maintained sufficient working capital with bank balances and cash of HK$54,443,000 (2014: HK$53,429,000) and bank borrowings of HK$50,865,000 (2014: HK$27,941,000) as at 31 December 2015. The Group's operations are financed principally by available cash and bank balance generated from its business operations and bank borrowings.

DEBTORS' TURNOVER DAY

The Group recorded debtors turnover of approximately 30 days for the year under review (2014: 27 days) based on the amount of the average of beginning and ending debtors divided by revenue for the respective year, multiplied by 365 days.

INVENTORY AND CREDITORS' TURNOVER DAY

The Group recorded inventory turnover and average payable year of 19 days and 40 days respectively for the year under review (2014: approximately 24 days and 43 days respectively) based on the amount of inventory and creditors as at 31 December 2015, divided by cost of sales for the respective year and multiplied by 365 days.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group derives its turnover, makes purchases and incurs expenses denominated mainly in Renminbi, US$ and HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. The management considers that the foreign exchange risk with respect to US$ is not significant as HK$ is pegged to US$ and transactions denominated in US$ are mainly carried out by entities with the same functional currency. The exchange rate of Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

EMPLOYEE AND REMUNERATION POLICY

As 31 December 2015, the Group employed approximately 90 employees in the Greater China region. We ensures that their remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses.

Other than medical insurance and provident fund schemes, we also offer share options to our key employees as a long-term incentive who are identified as essential to our Group's operations and future development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither our Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Board established the audit committee on 23 December 2015 with written terms of reference which are of no less exacting terms than those set out in the CG Code.

The audit committee comprises three independent non-executive Directors, namely Mr. Shea Chun Lok, Quadrant, Mr. Fung Cheuk Nang, Clement and Mr. Tsoi Chi Ho, Peter. Mr. Shea Chun Lok, Quadrant is the chairman of the audit committee.

The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE GOVERNANCE

Our Company's corporate governance practices are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. Our Company has listed on the GEM since 7 January 2016, that is, after the financial year ended 31 December 2015. Since the Listing Date and up to the date of this announcement, our Company had complied with the applicable code provisions set out in the CG Code except for the following deviations:

Under the code provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is very low. The Company will consider to make such an arrangement as and when it thinks necessary.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and other business partners for their long-term supports and dedication.

By Order of the Board
Hi-Level Technology Holdings Limited
Yim Yuk Lun, Stanley
Chairman

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises four executive directors are Mr. Yim Yuk Lun, Stanley, Mr. Chang Wei Hua, Mr. Wei Wei and Mr. Tong Sze Chung; one non-executive Director is Mr. Lau Ping Cheung and three independent non-executive directors are Mr. Shea Chun Lok, Quadrant, Mr. Fung Cheuk Nang, Clement and Mr. Tsoi Chi Ho, Peter.