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 2016

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

	2016	2015	Change
	HK$'000	*HK$'000*	
Revenue	**1,798,674**	1,309,764	**37.3%**
Profit attributable to owners of the Company	**30,690**	12,483	**145.9%**
Dividend per share (HK cents)			
– Final proposed	**2.0**	1.0	
– Interim paid	**0.5**	–	
– Total	**2.5**	1.0	**150.0%**

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 2016 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 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	3	**1,798,674**	1,309,764
Cost of sales		**(1,727,490)**	(1,252,659)
Gross profit		**71,184**	57,105
Other income		**73**	68
Distribution costs		**(5,890)**	(4,938)
Administrative expenses		**(25,482)**	(22,769)
Listing expenses		**(1,135)**	(10,643)
Finance costs		**(1,444)**	(1,810)
Profit before taxation		**37,306**	17,013
Income tax expense	4	**(6,616)**	(4,530)
Profit for the year	5	**30,690**	12,483
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations:			
– subsidiaries		**(3,203)**	(207)
Other comprehensive expense for the year		**(3,203)**	(207)
Total comprehensive income for the year		**27,487**	12,276
Earnings per share (HK cents)	7		
– basic		**5.14**	2.77
– diluted		**4.96**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	NOTES	**2016** *HK$'000*	2015 *HK$'000*
Non-current Assets			
Property, plant and equipment		**552**	328
Club membership		**266**	266
		818	594
Current Assets			
Inventories		**233,640**	84,725
Trade and other receivables	8	**190,370**	160,771
Amount due from a related party		**1,410**	–
Amount due from a fellow subsidiary		**–**	27,927
Bank balances and cash		**118,242**	54,443
		543,662	327,866
Current Liabilities			
Trade and other payables	9	**301,613**	182,465
Amount due to a related party		**220**	–
Amount due to a fellow subsidiary		**–**	4,153
Taxation payable		**4,890**	2,448
Bank borrowings		**126,583**	50,865
		433,306	239,931
Net Current Assets		**110,356**	87,935
Total Assets less Current Liabilities		**111,174**	88,529
Capital and Reserves			
Share capital	10	**6,000**	–
Reserves		**105,174**	88,529
Total Equity		**111,174**	88,529

NOTES:

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

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 by way of placing (the "Placing") on 7 January 2016 (the "Listing"). Prior to the Listing, 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 limited liability under the Companies Act and its shares are listed on the Main Board of the Stock Exchange. the Company's immediate holding 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 reorganisation (the "Reorganisation"). The Reorganisation was completed on 7 December 2015. 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 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 had 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.

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. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM and by the Hong Kong Companies Ordinance.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2017.

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$1,407,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete 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	
	2016	2015
	HK$'000	*HK$'000*
The People's Republic of China ("The PRC")	**1,501,475**	1,130,925
Hong Kong	**280,960**	168,604
Taiwan	**13,982**	9,156
Others	**2,257**	1,079
	1,798,674	1,309,764

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	
	2016	2015
	HK$'000	*HK$'000*
The PRC	**106**	182
Hong Kong	**712**	412
	818	594

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A	**254,730**	243,539
Customer B *(note)*	**231,813**	N/A

note: Revenue from customer B contributed less than 10% of the total revenue of the Group during the year ended 31 December 2015.

4. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**6,462**	3,699
PRC Enterprise Income Tax ("EIT")	**–**	851
	6,462	4,550
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(32)**	(20)
PRC EIT	**186**	–
	154	(20)
Income tax expense	**6,616**	4,530

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%.

5. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Salaries and other allowances	**16,165**	14,813
Retirement benefit scheme contributions	**2,160**	1,572
Share-based payment expenses *(note)*	**1,606**	281
Total staff costs	**19,931**	16,666
Auditor's remuneration	**1,063**	1,000
Bank interest income	**(38)**	(27)
Net exchange loss	**520**	611
Cost of inventories recognised as an expense	**1,690,772**	1,222,189
Inventories written off	**–**	5
(Reversal of) allowance for inventories	**(2,548)**	2,184
(Reversal of) allowance for trade receivables	**(1,000)**	883
Depreciation of property, plant and equipment	**423**	231
Operating lease rental in respect of offices and warehouses paid/payable to		
– a shareholder (2015: immediate holding company)	**384**	384
– a related party (2015: a fellow subsidiary)	**124**	130
– third parties	**1,150**	1,129

note: It represents capital contribution of HK$75,000 (2015: HK$281,000) arising from the share options granted to the employees of the Group under the share option scheme of S.A.S. Dragon and share-based payment expenses of HK$1,531,000 (2015: Nil) under the pre-IPO share option scheme of the Company during the year.

6. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2016 Interim – HK$0.005 (2015: Nil) per share was declared and paid	**3,000**	–
2015 Final of HK$0.01 per share was declared and paid (2015: 2014 final dividend of HK$0.24 per share declared and paid by Hi-Level Hong Kong, a wholly-owned subsidiary of the Company, to its then shareholders)	**6,000**	6,000
2015 Special dividend of HK$1.60 per share, was declared and paid by Hi-Level Hong Kong to its then shareholders conditionally upon the Listing (2015: Nil)	**40,000**	–
	49,000	6,000

Note: Subsequent to the end of the reporting period, a final dividend of HK$0.02 in respect of the year ended 31 December 2016 (2015: final dividend of HK$0.01 in respect of the year ended 31 December 2015) per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Earnings:		
Profit for the year for the purpose of basic earnings per share	**30,690**	12,483
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**597,534**	450,000
Effect of dilutive potential shares:		
Share options	**21,381**	–
Weighted average number of shares for the purpose of diluted earnings per share	**618,915**	450,000

The basic earnings per share is calculated based on the assumption that the Reorganisation and Capitalisation Issue (as detailed in Notes 1 & 10(c), respectively) has been completed on 1 January 2015.

No diluted earnings per share was presented as at 31 December 2015 as there was no potential ordinary share outstanding.

8. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**166,203**	132,151
Less: allowance for doubtful debts	**–**	(1,000)
	166,203	131,151
Other receivables, deposits and prepayments	**24,167**	29,620
Total trade and other receivables	**190,370**	160,771

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:

	2016	2015
	HK$'000	*HK$'000*
Current	**118,883**	82,723
0 – 30 days	**45,931**	31,843
31 – 60 days	**1,214**	9,517
61 – 90 days	**175**	4,955
Over 90 days	**–**	2,113
	166,203	131,151

9. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**286,166**	151,235
Other payables and accruals	**15,447**	31,230
Total trade and other payables	**301,613**	182,465

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:

	2016	2015
	HK$'000	*HK$'000*
Current	**210,848**	95,647
0 – 30 days	**65,652**	46,130
31 – 60 days	**9,466**	9,161
Over 90 days	**200**	297
	286,166	151,235

10. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company during the year 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 2016 and 2015		2,000,000,000	20,000,000
Issued and fully paid:			
Issue of shares at 18 September 2015 (date of incorporation)	(a)	1	–
Issue of shares	(b)	99	1
At 31 December 2015		100	1
Capitalisation Issue (as defined below)	(c)	449,999,900	4,499,999
Issue of new shares through the Placing	(d)	150,000,000	1,500,000
At 31 December 2016		600,000,000	6,000,000
Balance presented in HKD'000			
At 31 December 2016			6,000
At 31 December 2015			–

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, in which 3,700,000 shares were issued to sponsor for settlement of listing expenses 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 (the "Capitalisation Issue"), in which HK$37,000 was for settlement of listing expenses to the sponsor, 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 ranked pari passu in all aspects with the existing issued shares. The Capitalisation Issue was completed on 7 January 2016.

(d) On 7 January 2016, 150,000,000 ordinary shares of HK$0.01 each of the Company were issued at a price of HK$0.31 by way of placing. On the same date, the Company's shares were listed on the Stock Exchange. The proceeds of HK$1,500,000 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$45,000,000, before translation costs attributable to issue of new shares, were credited to share premium account.

DIVIDENDS

The Board has recommended a final dividend of HK2.0 cents per share (2015: final dividend of HK1.0 cent per share) for the year ended 31 December 2016 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK0.5 cent per share already paid, total dividend for the year will amount to HK2.5 cents (2015: HK1.0 cent per share).

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. It was paid by Hi-Level Hong Kong to its then shareholders upon listing of the shares of the Company on 7 January 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 15 May 2017 to 18 May 2017 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 2017.

The Register of Members will be closed from 25 May 2017 to 29 May 2017 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 2017. Dividend warrants will be dispatched on 7 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an independent design house (IDH), primarily engaged in the sale of electronic components (mainly integrated circuit ("IC") and panels) for consumer electronics products such as electronic learning aids (ELA), tablets, set-top boxes, video image devices and multi-media players (car infotainment system) together with the provision of IDH services to original brand manufacturers and original design manufacturers.

We have developed a strong customer base and have built stable and long term relationships with our customers. During the year under review, we had absolute competitive advantage in providing turnkey solution to our ELA, tablets, set-top boxes and video image devices customers. Therefore, revenue of the Group for 2016 increased 37.3% as compared with last year.

BUSINESS REVIEW

ELA

Partnered with top three ELA customers, namely, BBK, Readboy and Noah which shared approximately 90% of market share in China ELA industry, we recorded significant sales growth with the three branded ELA customers in 2016. It comprises of approximately 20% of total sales of the Group.

Tablet

As the popularity and the field of applications for tablets widen, consumers' demand for tablets bring us fruitful returns. Our second largest segment is tablet which comprises of approximately 13% of total sales of the Group. Our customers procure our panel solutions for Lenovo and other branded tablet manufacturers.

Set-Top Box

Our set-top box customers adopted Rockchip IC solutions for Huawei and Alibaba's over the top (OTT) products. It involved in the delivery of high quality audio and video, and other media over the internet without the involvement of telecom operator in the control or distribution of content. We were benefited from stable order received from our set-top box customers to meet their demand in China and Middle East markets.

Video Image Device

Our video image device customers adopt i-Catch IC solutions for sport camera equipped with 4K resolutions display and twin-lens reflex. Also, our virtual reality (VR) customers adopted our Rockchip IC solutions for the VR headsets. Both recorded significant shipment growth of our IC solutions in the year of 2016.

Car Infotainment System

The demand for car infotainment systems has grown rapidly. We successfully promoted Sunplus and Rockchip IC solutions as well as Innolux panel solutions to car manufacturers such as Ford Motor and Guangzhou Automobile Group and others car service providers in 2016.

OUTLOOK

Looking forward, we are optimistic to maintain the growth momentum of the Group in 2017. The Group will have more strategic cooperation with our suppliers in order to maintain our competitiveness.

In order to provide more competitive products to our ELA and tablet customers, the Company becomes distributor of Century Technology (Shenzhen) Company Limited in fourth quarter of 2016, one of the famous Liquid Crystal Display (LCD) manufacturers in Greater China.

As smart car becomes popular, the Company will also focus on developing more solutions of car front player panel for both pre-installed and after-markets. We will supply more panels and audio and video IC to branded car manufacturers of car infotainment system. We will also promote our IC solutions on car smart rearview mirror which provides clear rearward visibility under various conditions and expect our customers will start productions on second half of 2017.

The Company will promote Rockchip IC solutions for next generation intelligence housekeeper, which can do housework, communicate and play games.

Based on the growth of our existing core business as well as new products, the Company is positive in our business developments in 2017. The Group will continue to explore new innovative consumer products with business partners so as to further improve its profitability.

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2016, the Group achieved sales revenue of HK$1,798,674,000 increased approximately 37.3% from HK$1,309,764,000 recorded last year. The increase was primarily attributable from the remarkable sales performance of panel and IC solutions.

GROSS PROFIT

Gross profit was HK$71,184,000, increased 24.7% from HK$57,105,000 recorded last year. Due to the change of product line mix, gross profit margin was 3.96%, declined from 4.36% recorded last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company for the year ended 31 December 2016 was HK$30,690,000 increased by approximately 145.9% as compared with HK$12,483,000 recorded last year.

ADMINISTRATIVE AND DISTRIBUTION COSTS

The Group's operating costs for the report period were HK$31,372,000 (2015: HK$27,707,000), representing an increase of approximately 13.2% compared to the corresponding period in 2015. This was mainly attributable to the increase in operating expenses such as transportation and logistics charge, staff costs, audit fee and compliance advisor fee incurred during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of funds are cash generated from operations and bank borrowings. As of 31 December 2016, the Group's current ratio was 125% (31 December 2015: 137%). The Group had bank balances and cash of HK$118,242,000 (31 December 2015: HK$54,443,000) and bank borrowings of HK$126,583,000 (31 December 2015: HK$50,865,000). As of 31 December 2016, the Group's net gearing ratio was 7.5% (31 December 2015: nil), which is calculated based on the Group's net debt (31 December 2015: net cash) (calculated as total bank borrowings minus bank balances and cash) of approximately HK$8,341,000 (31 December 2015: N/A) and Group's total equity of approximately HK$111,174,000 (31 December 2015: HK$88,529,000).

The Group recorded debtors turnover of approximately 30 days for the year under review (2015: 30 days) based on the amount of the average of beginning and ending debtors divided by revenue for the respective year, multiplied by 365 days.

The Group recorded inventory turnover and payable turnover of 34 days and 46 days respectively for the year under review (2015: approximately 19 days and 40 days respectively) based on the amount of the average of beginning and ending inventory and creditors divided by cost of sales for the respective year and multiplied by 365 days.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group derives its turnover, make purchases and incurs expenses denominated mainly in Renminbi, US$ and HK$. Currently, the Group has not entered into agreements or purchases instruments to hedge the Group's exchange rate risks. The management considers that the foreign exchange risk with respect to US$ and Renminbi is not significant as the Group aims to achieve natural hedging by investing and borrowing in the same functional currencies.

EMPLOYEE AND REMUNERATION POLICY

As 31 December 2016, 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 Corporate Governance Code (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 Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group, internal control, risk management and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

CORPORATE GOVERNANCE

Our Company's corporate governance practices are based on the principles of the CG Code as set out in Appendix 15 to the GEM Listing Rules. Our Company has been listed on the GEM since 7 January 2016. Since the date of listing 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 2016 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 2017

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