



NETEL TECHNOLOGY (HOLDINGS) LIMITED

金利通科技(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8256)

ANNOUNCEMENT FOR THE AUDITED RESULTS FOR THE YEAR ENDED 31 MAY 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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This announcement, for which the directors of Netel Technology (Holdings) Limited (“Netel”) 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 of Hong Kong Limited for the purpose of giving information with regard to Netel. The directors of Netel, 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.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Netel Technology (Holdings) Limited (the “Company”) are pleased to announce the following audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 May 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 May 2019

	Notes	2019 HK\$'000	2018 HK\$'000
Revenue	3&4	56,101	29,052
Cost of sales		<u>(40,147)</u>	<u>(15,124)</u>
Gross profit		15,954	13,928
Other income	4	431	2,135
Selling and marketing expenses		(93)	(291)
Administrative expenses		<u>(11,870)</u>	<u>(17,680)</u>
Operating profit/(loss)	5	4,422	(1,908)
Finance costs	6	(1,178)	(1,048)
Share of profit/(loss) of associates		<u>–</u>	<u>–</u>
Profit/(loss) before income tax		3,244	(2,956)
Income tax expense	7	<u>(169)</u>	<u>(141)</u>
Profit/(loss) for the year		3,075	(3,097)
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income/(loss) for the year		<u>3,075</u>	<u>(3,097)</u>
Profit/(loss) for the year attributable to:			
– Equity holders of the Company		3,070	(3,186)
– Non-controlling interests		<u>5</u>	<u>89</u>
		<u>3,075</u>	<u>(3,097)</u>
Total comprehensive income/(loss) for the year attributable to:			
– Equity holders of the Company		3,070	(3,186)
– Non-controlling interests		<u>5</u>	<u>89</u>
		<u>3,075</u>	<u>(3,097)</u>
Earning/(loss) per share attributable to equity holders of the Company			
– Basic and diluted	8	<u>HK 0.25 cents</u>	<u>HK (0.27 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2019

	Notes	2019 HK\$'000	2018 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		563	845
Intangible assets		6,345	7,219
Interests in associates		3	3
Interest in a joint venture		50	50
Available-for-sale financial assets		–	–
Financial assets at fair value through profit or loss		–	–
		<u>6,961</u>	<u>8,117</u>
Current assets			
Inventories		170	145
Trade receivables	9	12,367	9,937
Prepayments, deposits and other receivables	9	1,068	981
Bank balances and cash		2,022	10,683
		<u>15,627</u>	<u>21,746</u>
Total assets		<u>22,588</u>	<u>29,863</u>
EQUITY			
Capital and reserves			
Share capital		24,285	24,285
Share premium and reserves		(20,597)	(21,868)
		<u>3,688</u>	<u>2,417</u>
Non-controlling interests		<u>(59)</u>	<u>(48)</u>
Total equity		<u>3,629</u>	<u>2,369</u>

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Obligations under finance lease		246	28
Corporate bonds		7,382	7,736
		<u>7,628</u>	<u>7,764</u>
Current liabilities			
Trade payables	<i>10</i>	363	4,614
Contract liabilities		1,552	–
Receipt in advance, accruals and other payables	<i>10</i>	2,372	3,209
Amounts due to directors		2,271	4,595
Tax payable		309	147
Loan from non-controlling interest		100	400
Other loans		3,700	500
Obligations under finance lease		56	110
Corporate bonds		608	6,155
		<u>11,331</u>	<u>19,730</u>
Total liabilities		<u>18,959</u>	<u>27,494</u>
Total equity and liabilities		<u>22,588</u>	<u>29,863</u>
Net current assets		<u>4,296</u>	<u>2,016</u>
Total assets less current liabilities		<u>11,257</u>	<u>10,133</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2019

	Share Capital HK\$'000	Share Premium HK\$'000	Share Option Reserve HK\$'000	Other Reserve HK\$'000	Exchange Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000	Non- controlling Interests HK\$'000	Total Equity HK\$'000
Balance at 1 June 2017	23,793	163,291	13,787	(13,783)	247	(186,980)	355	(142)	213
Loss for the year	-	-	-	-	-	(3,186)	(3,186)	89	(3,097)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(3,186)	(3,186)	89	(3,097)
Transactions with owners:									
Issue of shares upon exercise of share options	492	4,492	(1,715)	-	-	-	3,269	-	3,269
Grant of share options	-	-	1,307	-	-	-	1,307	-	1,307
Recognition of equity-settled share-based payments	-	-	672	-	-	-	672	-	672
Lapse of share options	-	-	(459)	-	-	459	-	-	-
Addition of non-controlling interests	-	-	-	-	-	-	-	5	5
Total transactions with owners	492	4,492	(195)	-	-	459	5,248	5	5,253
Balance at 31 May 2018	<u>24,285</u>	<u>167,783</u>	<u>13,592</u>	<u>(13,783)</u>	<u>247</u>	<u>(189,707)</u>	<u>2,417</u>	<u>(48)</u>	<u>2,369</u>
Balance at 1 June 2018	24,285	167,783	13,592	(13,783)	247	(189,707)	2,417	(48)	2,369
Change in accounting policies	-	-	-	-	-	(2,095)	(2,095)	(16)	(2,111)
Restated balance at 1 June 2018	<u>24,285</u>	<u>167,783</u>	<u>13,592</u>	<u>(13,783)</u>	<u>247</u>	<u>(191,802)</u>	<u>322</u>	<u>(64)</u>	<u>258</u>
Profit for the year	-	-	-	-	-	3,070	3,070	5	3,075
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	3,070	3,070	5	3,075
Transactions with owners:									
Recognition of equity-settled share-based payments	-	-	296	-	-	-	296	-	296
Lapse of share options	-	-	(1,719)	-	-	1,719	-	-	-
Total transactions with owners	-	-	(1,423)	-	-	1,719	296	-	296
Balance at 31 May 2019	<u>24,285</u>	<u>167,783</u>	<u>12,169</u>	<u>(13,783)</u>	<u>247</u>	<u>(187,013)</u>	<u>3,688</u>	<u>(59)</u>	<u>3,629</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 May 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cash flows from operating activities		
Net cash used in operations	(1,325)	(4,310)
Interest paid	(57)	(21)
Tax paid	(7)	–
	<u>(1,389)</u>	<u>(4,331)</u>
Net cash used in operating activities		
	<u>(1,389)</u>	<u>(4,331)</u>
Cash flows from investing activities		
Additions of intangible assets	(926)	(2,948)
Additions of plant and equipment	(64)	(339)
	<u>(990)</u>	<u>(3,287)</u>
Net cash used in investing activities		
	<u>(990)</u>	<u>(3,287)</u>
Cash flows from financing activities		
Net proceeds from other loans	3,200	500
Net proceeds from loans from non-controlling interest	(300)	400
Net proceeds from issuance of corporate bonds	(6,000)	6,370
Net proceeds from exercise of share options	–	3,269
Coupon interest paid for corporate bonds	(1,022)	(595)
Additions of non-controlling interests	–	5
Proceeds from drawdown of finance lease	255	–
(Decrease)/increase in amounts due to directors	(2,324)	4,172
Repayment of obligations under finance lease	(91)	(104)
	<u>(6,282)</u>	<u>14,017</u>
Net cash (used in)/generated from financing activities		
	<u>(6,282)</u>	<u>14,017</u>
Net (decrease)/increase in cash and cash equivalents	<u>(8,661)</u>	<u>6,399</u>
Cash and cash equivalents at beginning of the year	<u>10,683</u>	<u>4,284</u>
Cash and cash equivalents at end of the year	<u><u>2,022</u></u>	<u><u>10,683</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in telecommunication equipment sales and related services, research and development of IT applications, and provision of IT applications related services including prospecting, recruitment related services and e-commerce and trading business.

The consolidated financial statements are presented in thousands of units of Hong Kong Dollars (HK\$'000), unless otherwise stated. The consolidated financial statements have been approved for issue by the board (the "Board") of directors (the "Directors") of the Company on 28 August 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Netel Technology (Holdings) Limited and its subsidiaries.

2.1 Basis of preparation

- (a) The directors of the Company have performed an assessment of the Group's cash flow forecast for the next twelve months from the date of this announcement, taking into account relevant estimates and assumptions. The directors of the Company consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of this announcement. Accordingly, the consolidated financial statements have been prepared on a going concern basis. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In preparing the consolidated financial statements, the Directors have carefully reviewed the Group's cash position as at the end of the reporting period and the cash flow forecast for the next twelve months. In reviewing the Group's cash flows, the Directors have considered the following factors:
- A major and controlling shareholder confirms that funds, if required, will be made available to the Company through shareholder's loans to meet the present and future cashflow requirement from operation and settlement of its outstanding obligations
 - Continuous development and enhancement of the Group's IT applications and related services and future cash flows to be generated from prospecting revenue sources and Big-Data businesses
 - The Directors have considered that there is no material impact to the cash flow forecast upon possible outcomes of decision by the Stock Exchange of the cancellation of listing of the Company's shares
 - Continuous effort to control cost of the Group

The Directors believe that the Group is able to meet its financial obligations in full as and when they fall due and consider that the preparation of the consolidated financial statements on going concern basis is appropriate.

- (b) The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared on a historical cost basis.
- (i) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 June 2018:

Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 Deletion of Short-term Exemptions for First-time Adopters
Annual Improvements 2014-2016 Cycle	Amendments to HKAS 28 Measuring an Associate or Joint Venture at Fair Value
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarification to HKFRS 15
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The Group had to change its accounting policies retrospectively and make certain transition adjustments following the adoption of HKFRS 9 and HKFRS 15. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 June 2018 in accordance with the transition requirements. There is no significant impact on the Group’s financial position and financial result upon initial application at 1 June 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

At 1 June 2018, the Group has reclassified its available-for-sale financial assets amounting to HK\$300 as financial assets at fair value through profit or loss as these financial assets did not pass the contractual cash flow characteristics test in HKFRS 9.

b. Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including cash and cash equivalents and trade receivables).

For further details on the Group’s accounting policy for accounting for credit losses, see note 3.1(a) to the consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of HKFRS 15 from 1 June 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.21 to the consolidated financial statements, comparative figures have not been restated.

Impact of adoption

The total impact on the Group's accumulated losses by application of HKFRS 15 as at 1 June 2018 is as follows:

	<i>Notes</i>	At 1 June 2018 HK\$'000
Recognition of contract liabilities for performance obligations under a contract not fulfilled	<i>(a)</i>	2,111
Effect in deferred tax asset/liability	<i>(b)</i>	—
Total impact		<u>2,111</u>
Adjustment to accumulated losses		2,095
Adjustment to non-controlling interests		<u>16</u>

(a) A portion of the initial joining fees received from certain customers who participated as agents of the Group did not qualify for recognition as revenue as their contracts contained more than one performance obligations which have not been fulfilled. The allocation of transaction price to these performance obligations are recognised as contract liabilities. The Group recognised contract liabilities amounting to approximately HK\$2,111,000 as at 1 June 2018.

(b) No income tax was charged for the revenue during year ended 31 May 2018 as profits were offset against tax losses available. Accordingly, no effect to deferred tax asset/liability was recognised as at 1 June 2018.

(ii) New standards and interpretations not yet adopted

Annual Improvements 2015-2017 Cycle	Amendments to HKFRSs ¹
HKAS 1 and HKAS 28 (Amendments)	Definition of Material ²
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement ¹
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures ¹
HKFRS 3 (Amendments)	Definition of a Business ²
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ²

- ¹ Effective for annual periods beginning on or after 1 January 2019
- ² Effective for annual periods beginning on or after 1 January 2020
- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective for a date to be determined by the IASB

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value. At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

3 SEGMENT INFORMATION

(a) Segment information

Information reported to the executive Directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The executive Directors have identified that, the Group has two reportable operating segments, which are the telecommunication equipment sales and related services segment and IT applications segment. IT applications segment are further classified into sub-divisions in (i) Prospecting and related services, (ii) GBjobs and recruitment related services, and (iii) E-commerce and trading business.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit or loss represents the profit or loss earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group’s operating performance, including central administration costs, certain directors’ emoluments, corporate legal and consultancy expenses, share-based payments, and other income including interest income from cash and bank balances.

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than certain cash and bank balances, receivables, amounts due to directors and borrowings including corporate bonds, before their usage and allocation to a specific operating segment can be determined by the management of the Group.

(b) Business segments – primary reporting format

The following table presents revenue, results and certain assets, liabilities and expenditures information for the Group's business segments.

	2019				Total <i>HK\$'000</i>
	Telecommunication equipment sales and related services <i>HK\$'000</i>	IT application- Prospecting and related services <i>HK\$'000</i>	IT application- GBjobs and recruitment related services <i>HK\$'000</i>	IT application- E-commerce and trading <i>HK\$'000</i>	
Segment revenue	<u>40,713</u>	<u>7,463</u>	<u>7,921</u>	<u>4</u>	<u>56,101</u>
Segment results	<u>(404)</u>	<u>2,947</u>	<u>4,222</u>	<u>(2)</u>	6,763
Other income					<u>431</u>
Operating profit					7,194
Unallocated costs					(2,772)
Finance costs					<u>(1,178)</u>
Profit before income tax					3,244
Income tax expense					<u>(169)</u>
Profit for the year					<u><u>3,075</u></u>

	2019				
	Telecommunication equipment sales and related services <i>HK\$'000</i>	IT application- Prospecting and related services <i>HK\$'000</i>	IT application- GBjobs and recruitment related services <i>HK\$'000</i>	IT application- E-commerce and trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>1,916</u>	<u>12,279</u>	<u>6,345</u>	<u>1</u>	20,541
Unallocated assets					<u>2,047</u>
Total assets					<u><u>22,588</u></u>
Segment liabilities	<u>406</u>	<u>1,350</u>	<u>2,545</u>	<u>102</u>	4,403
Unallocated liabilities					<u>14,556</u>
Total liabilities					<u><u>18,959</u></u>
Capital expenditures	<u>8</u>	<u>28</u>	<u>954</u>	<u>-</u>	990
Unallocated capital expenditures					<u>-</u>
					<u><u>990</u></u>
Depreciation and amortisation	<u>21</u>	<u>1,474</u>	<u>651</u>	<u>-</u>	2,146
Unallocated depreciation and amortisation					<u>-</u>
					<u><u>2,146</u></u>

	2018				
	Telecommunication equipment sales and related services <i>HK\$'000</i>	IT application- Prospecting and related services <i>HK\$'000</i>	IT application- GBjobs and recruitment related services <i>HK\$'000</i>	IT application- E-commerce and trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>15,545</u>	<u>6,180</u>	<u>6,200</u>	<u>1,127</u>	<u>29,052</u>
Segment results	<u>260</u>	<u>1,423</u>	<u>1,562</u>	<u>22</u>	3,267
Other income					<u>2,135</u>
Operating profit					5,402
Unallocated costs					(7,310)
Finance costs					<u>(1,048)</u>
Loss before income tax					(2,956)
Income tax expense					<u>(141)</u>
Loss for the year					<u><u>(3,097)</u></u>

	2018				
	Telecommunication equipment sales and related services <i>HK\$'000</i>	IT application- Prospecting and related services <i>HK\$'000</i>	IT application- GBjobs and recruitment related services <i>HK\$'000</i>	IT application- E-commerce and trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>3,028</u>	<u>10,473</u>	<u>10,331</u>	<u>928</u>	24,760
Unallocated assets					<u>5,103</u>
Total assets					<u><u>29,863</u></u>
Segment liabilities	<u>5,286</u>	<u>868</u>	<u>742</u>	<u>29</u>	6,925
Unallocated liabilities					<u>20,569</u>
Total liabilities					<u><u>27,494</u></u>
Capital expenditures	<u>-</u>	<u>3,117</u>	<u>170</u>	<u>-</u>	3,287
Unallocated capital expenditures					<u>-</u>
					<u><u>3,287</u></u>
Depreciation and amortisation	<u>40</u>	<u>891</u>	<u>964</u>	<u>2</u>	1,897
Unallocated depreciation and amortisation					<u>-</u>
					<u><u>1,897</u></u>

(c) Geographical segments – secondary reporting format

	2019			
	Segment revenue <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>
Hong Kong	41,325	2,072	18,691	934
Mainland China and other countries	<u>14,776</u>	<u>741</u>	<u>3,897</u>	<u>56</u>
	<u>56,101</u>	<u>2,813</u>	<u>22,588</u>	<u>990</u>
Other income		<u>431</u>		
Profit before income tax		<u>3,244</u>		
Income tax expense		<u>(169)</u>		
Profit for the year		<u>3,075</u>		
	2018			
	Segment revenue <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>
Hong Kong	15,627	(2,739)	26,532	2,948
Mainland China and other countries	<u>13,425</u>	<u>(2,352)</u>	<u>3,331</u>	<u>339</u>
	<u>29,052</u>	<u>(5,091)</u>	<u>29,863</u>	<u>3,287</u>
Other income		<u>2,135</u>		
Loss before income tax		<u>(2,956)</u>		
Income tax expense		<u>(141)</u>		
Loss for the year		<u>(3,097)</u>		

(d) Information about major customers

The Group's customers who contributed to 10% or more to the Group's revenue during the year are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A	23,125	–
Customer B	8,838	3,879
Customer C	–	5,082
Customer D	–	3,876
	—————	—————

Revenues from Customers A and B of telecommunication equipment sales and related services represent approximately HK\$31,963,000 of the Group's total revenues (2018: Revenues from telecommunication equipment sales and related services approximately HK\$8,961,000 and revenues from telecommunication equipment sales and related services and IT application related services approximately HK\$3,876,000).

4 REVENUE AND OTHER INCOME

The Group is principally engaged in telecommunication equipment sales and related services and IT applications related services. Revenue and other income recognised during the year are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue from contracts with customers		
Telecommunication equipment sales and related services	40,410	15,200
IT application – Prospecting and related services	7,463	6,180
IT application – GBjobs and recruitment related services	7,921	6,200
IT application – E-commerce and trading	4	1,127
Revenue from other source		
Telecommunication equipment sales and related services	303	345
	—————	—————
	56,101	29,052
Other income		
Exchange gain	–	13
Over-provision of accruals and trade payables	286	2,122
Sundry income	145	–
	—————	—————
	431	2,135
	—————	—————
	56,532	31,187
	—————	—————

5 OPERATING PROFIT/(LOSS)

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Operating profit/(loss) is stated after charging the following:		
Auditor's remuneration	420	420
Amortisation of intangible assets	1,800	1,498
Bad debt	–	36
Cost of inventories sold	40,001	14,469
Depreciation		
– owned assets	235	293
– leased assets	111	106
Operating lease – land and buildings	1,214	1,231
Provision for impairment loss of trade receivables	318	470
Staff costs (including directors' remuneration)		
– salaries, allowances and benefits in kind	4,812	7,697
– employee and individual share options benefits	296	1,979
– retirement benefits scheme contributions	340	314
	<u>1,178</u>	<u>1,048</u>

6 FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expense on corporate bonds	1,121	1,020
Interest expense on loans from non-controlling interest	–	8
Interest expense on other loans	46	10
Finance lease interests	11	10
	<u>1,178</u>	<u>1,048</u>

7 INCOME TAX EXPENSE

No Hong Kong profits tax is provided as the estimated assessable profits for the year is fully off-set by tax loss brought forward from last year (2018: 16.5%).

The PRC enterprise income tax in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. The subsidiaries of the Group in the PRC are eligible small-size and low profits enterprises and are entitled to domestic tax concession at the reduced rate of 20% (2018: 20%).

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong profits tax		
– for current year	–	30
– over-provision in respect of prior year	–	(4)
	<u>–</u>	<u>26</u>
PRC enterprise income tax	169	115
	<u>169</u>	<u>141</u>

No deferred taxation has been provided as the Group has no material unprovided deferred tax assets or liabilities which are expected to be crystallised in the foreseeable future (2018: Nil).

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using taxation rate of the home country of the Group as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit/(loss) before income tax	<u>3,244</u>	<u>(2,956)</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	605	(464)
Expenses not deductible for taxation purposes	86	585
Utilisation of tax loss	(1,099)	(302)
Tax losses not recognised	639	678
Accelerated depreciation not recognised	156	(222)
Tax concession	(218)	(116)
Over-provision of profits tax in prior year	–	(4)
Others	–	(14)
	<u>–</u>	<u>(14)</u>
Income tax expense	169	141
	<u>169</u>	<u>141</u>

8 EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earning/(loss) per share is based on the Group's profit for the year attributable to the equity holders of the Company of approximately HK\$3,070,000 (2018: loss of HK\$3,186,000) and the weighted average number of approximately 1,214,256,000 ordinary shares (2018: 1,202,388,000 ordinary shares) in issue during the year.

The dilutive earning/(loss) per share is equal to the basic earning/(loss) per share for the years ended 31 May 2019 and 2018 respectively, as the share options had anti-dilutive effects.

9 TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables (<i>Notes a and b</i>)	12,367	9,937
Other receivables, prepayments and deposits	<u>1,068</u>	<u>981</u>
	<u>13,435</u>	<u>10,918</u>
The carrying amounts of trade receivables are denominated in:		
HK\$	8,984	4,560
Renminbi	<u>3,383</u>	<u>5,377</u>
	<u>12,367</u>	<u>9,937</u>

Note:

- (a) Majority of the Group's revenue are entered into on credit terms ranging from 30 to 120 days. Aging analysis of trade receivables at the respective end of the reporting period is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	2,488	1,467
31 – 60 days	1,097	716
61 – 90 days	925	302
91 – 180 days	2,675	3,304
181 – 365 days	4,199	4,504
Over 365 days	<u>5,812</u>	<u>4,155</u>
	17,196	14,448
Less: provision for impairment loss	<u>(4,829)</u>	<u>(4,511)</u>
	<u>12,367</u>	<u>9,937</u>

- (b) Trade receivables that are less than four months or that have been settled subsequent to the year end are not considered impaired. As at 31 May 2019, trade receivables of approximately HK\$5,822,000 (2018: HK\$3,113,000) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Past due but not impaired:		
0 – 60 days	616	163
61 – 120 days	2,217	2,216
121 – 365 days	1,542	734
Over 365 days	1,447	–
	<u>5,822</u>	<u>3,113</u>

10 TRADE AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables (<i>Note a</i>)	363	4,614
Other payables and accruals	1,858	2,872
Receipt in advance	514	337
	<u>2,735</u>	<u>7,823</u>

The carrying amounts of trade payables are denominated in HK\$.

Note:

- (a) Majority of the Group's purchases are entered into on credit terms ranging from 60 to 90 days. Aging analysis of trade payables at respective end of the reporting period is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 – 30 days	39	4,424
31 – 60 days	38	19
61 – 90 days	26	11
91 – 180 days	26	20
181 – 365 days	118	27
Over 365 days	116	113
	<u>363</u>	<u>4,614</u>

INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the Independent Auditor's Report:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 May 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1(a) in the consolidated financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group reported a net cash used in operating activities for the year ended 31 May 2019 of approximately HK\$1,389,000. The Group's ability to continue as a going concern and maintain sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future is dependent on whether the cash flows forecast for the next twelve months from the date of this report and measures as set forth in Note 2.1(a) to the consolidated financial statements can be successfully executed. As stated in Note 2.1(a), these events or conditions, along with other matters as set out in Note 2.1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINANCIAL REVIEW

Results for the year

The Group recorded a total turnover of approximately HK\$56.10 million for the year ended 31 May 2019, an increase of 93.12% from approximately HK\$29.05 million for the year ended 31 May 2018. The increase was mainly attributable to the increase in mobile phone trading business, the GBjobs and recruitment related services business including the set-up of website incorporating China Online Salary Index and the big data business on property prospecting during the year.

The Group recorded a total comprehensive income attributable to shareholders of approximately HK\$3.07 million, as compared with the comparative amount of loss of approximately HK\$3.19 million in the previous year. The increase of the income for the year was mainly due to the increase in turnover and decrease in directors' emoluments and share-based payments recorded in the current year.

Liquidity and Financing

For the year ended 31 May 2019, the Group earned a profit of approximately HK\$3.08 million and the net cash used in operations was approximately HK\$1.39 million. With cash inflows from net proceeds from other loans of approximately HK\$3.2 million, net with outflows from the repayments of corporate bonds and decrease in amounts due to directors of approximately HK\$7.02 million and HK\$2.32 million respectively, the net cash and cash equivalents of the Group has decreased by approximately HK\$8.66 million.

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate. At 31 May 2019, the underlying current ratio, defined as current assets over current liabilities, was approximately 1.38 (2018: 1.10). At 31 May 2019, the non-current liabilities was approximately HK\$7.63 million (2018: HK\$7.76 million) while the current liabilities to the total assets ratio was approximately 0.50 (2018: 0.66). The net current assets at 31 May 2019 was approximately HK\$4.30 million (2018: HK\$2.02 million) while bank balances and cash at 31 May 2019 was approximately HK\$2.02 million (2018: HK\$10.68 million).

BUSINESS REVIEW

This Year, the Group's business results changed from loss to a profit because our business model started to go cross-boundary and globalisation, which enabled further business expansion to cover greater geographical diversity and spread among different industries.

Being recognised by numerous large corporations in Hong Kong, GBjobs had recorded soaring growth in its business results. For instance, GBjobs was appointed as the exclusive recruitment agent of the Earn & Learn apprenticeship scheme, which was co-organised by a world-renowned elevator maintenance company and the Vocational Training Council in Hong Kong. GBjobs successfully recruited many freshmen for this project.

In respect of prospecting and the related service, the Group successfully held exchange sessions with various chambers and units of commerce in the PRC, and hence attracted various companies to cooperate with us. Since we have collected a voluminous data of overseas enterprises, in conjunction with the big data which we collected in Hong Kong, our revenue from advertising and promoting service has been grown rapidly.

The fast-growing 散工王 Facebook page, which was created and has been managed by GBjobs for a few years, has attracted increasing number of resumes. In May 2019, the existing registered members on 散工王 Facebook page exceeded 83,000. This figure was significant, considering that there has been two million working population in Hong Kong. The 散工王 Facebook page not only boosted the image of GBjobs, but also derived a considerable amount of revenue from recruiters and business advertisers for their advertisement placements.

BUSINESS OUTLOOK

For our recruitment service, the Group has launched cross-boundary head hunting service for Hong Kong IT companies to hire engineers in Hong Kong and the PRC. As the companies stationed in Cyberport and the Science and Technology Park have been strongly supported by the government, all the bachelors, masters and doctors employed by these companies are eligible to enjoy certain government wage subsidies. As the number of graduates from all the universities in Hong Kong falls far short of the needs of business community, these companies were having difficulties to employ adequate technical engineers. We have successfully signed contracts with various companies stationed in the Science and Technology Park and Cyberport. Anon, certain number of professionals have been successfully employed.

The Group's next strategy is aiming to attract IT engineers from the Philippines and other countries to work in the PRC. Given the PRC's technology development, the demand for researchers has become enormous. Hence, the Group will focus on the long-term preparation on this issue.

As we have allocated our resources to recession-proof businesses and enterprises, the unrest in Hong Kong in the past two months would not materially and adversely affect the Group's business in Hong Kong. In addition, the Group has responded in a timely manner. Our business in the PRC and Southeast Asia will be further strengthened.

We have evaluated the intangible assets of our big data system, with a conclusion that the valuation of our intangible assets exceeds HK\$100,000,000. Our big data system relies on the developed software, which is working round the clock for building a more diversify and mature database. It is similar to that of Google and Baidu for its development model. The difference here is that those platforms collect all the information on the Internet, while we only collect on the recruitment data and commercial information.

Technology is essential to Hong Kong, while big data is an integral part for the development of technology industry. The development of Hong Kong big data shall involves Netel, since Netel has been engaged in data mining for ten years and played the role as the originator of big data collection in Hong Kong. During the past 17 years of being listed, the Group has allocated its main resources in research and development. While in recent years, the Group has concentrated its efforts on market development. The Group has achieved great performance in 2018-2019 due to the commercialisation from its technology.

FINANCIAL RISK MANAGEMENT

Operations of the Group are mainly conducted in Hong Kong Dollars and its revenue, expenses, assets and liabilities are principally denominated in Hong Kong Dollars, which do not pose significant foreign exchange risk at present. Procedures are in place to monitor possible exposure to foreign exchange risk in the operations on a continuous basis.

The Group adopts a prudent liquidity risk management and maintains sufficient cash and funding through an adequate amount of credit facilities. The Group aims to finance its operations with its own capital and earnings and borrowings or credit facilities utilised during the year. Management considers that the Group does not have any significant liquidity risk.

EMPLOYEE INFORMATION

At 31 May 2019, the Group employed a total of 38 (2018: 35) employees including Directors. The salaries and benefits of the Group's employees are kept at a competitive level. The Group also operates a share option scheme where options to subscribe for shares of the Company may be granted to the executive Directors and full time employees of the Group. As at 31 May 2019, 157,685,000 (2018: 180,785,000) share options remained outstanding from the share option schemes.

DIVIDEND

The Board of Directors does not recommend the payment of dividend in respect for the year ended 31 May 2019 (2018: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 May 2019, apart from the details as follows, the Directors and chief executive do not have any other interests and/or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.49 to 5.67 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The details were as follows:

Name of Directors	Capacity	Number of shares held			Number of share options held	Exercise price of share options HK\$	Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests				
Mr. James Ang (“Mr. Ang”)	Interest in controlled corporation	–	–	24,884,000 (Note 1)	–	–	24,884,000	2.05
	Beneficial owner	309,935,819	38,322,000 (Note 2)	–	–	–	348,257,819	28.68
Ms. Yau Pui Chi, Maria (“Ms. Yau”) (Spouse of Mr. Ang)	Beneficial owner	38,322,000	334,819,819 (Note 3)	–	–	–	373,141,819	30.73
Mr. Wei Ren	Beneficial owner	500,000	–	–	1,500,000 1,000,000	0.233 0.150	3,000,000	0.25
Dr. Zhong Shi	Beneficial owner	–	–	–	3,200,000 1,000,000 5,500,000 5,000,000 1,000,000 1,000,000	0.233 0.150 0.145 0.159 0.111 0.1184	16,700,000	1.38
Mr. Chiang Kin Kon	Beneficial owner	–	–	–	2,300,000 1,000,000 1,000,000	0.233 0.111 0.1184	4,300,000	0.35
Mr. Wong Kwok Fai	Beneficial owner	–	–	–	1,200,000 1,000,000 1,000,000	0.233 0.111 0.1184	3,200,000	0.26
Mr. Chau Siu Keung	Beneficial owner	1,272,000	–	–	1,200,000 1,000,000	0.233 0.1184	3,472,000	0.29

Note:

- 1) These shares are registered as 3,190,000 shares held by Cyber Wealth Company Group Limited (“Cyber Wealth”) and 21,694,000 shares held by Bluechip Combination Investments Limited (“Bluechip”). Cyber Wealth and Bluechip are companies wholly-owned by Mr. Ang.
- 2) These shares are registered as 38,322,000 shares held by Ms. Yau in person.
- 3) These shares are registered as 309,935,819 shares held by Mr. Ang in person; and 3,190,000 shares held by Cyber Wealth and 21,694,000 shares held by Bluechip.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Save as the interest disclosed above in respect of certain Directors, the Company has not been notified of any other shareholders who had interest and/or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or recorded in the register of substantial shareholders maintained by the Company under Section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 31 May 2019.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

For the year ended 31 May 2019, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed shares.

SHARE OPTION SCHEME

On 10 September 2012, the Company passed an ordinary resolution regarding the termination of the old share option scheme (the "Share Option Scheme") and adopted a new share option scheme (the "New Share Option Scheme") for the primary purpose of providing incentives and rewards to employees who have made contributions to the development of the Company. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant share options to employees including Directors, executives or officers of the Group, at a price not less than the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date, the closing price of the shares on the Stock Exchange on the offer day or the nominal value of the shares, whichever is higher.

The maximum number of shares in respect of which options may be granted under the New Share Option Scheme must not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one participant must not exceed 30% of the maximum number of shares in issue from time to time. The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant of the New Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company.

A nominal consideration of HK\$1 is payable within 28 days from the offer date for each lot of share options granted. An option may be exercised in accordance with the terms of the New Share Option Scheme during a period to be notified by the Board.

The New Share Option Scheme is valid for a period of 10 years commencing from 10 September 2012.

The following shows the outstanding position as at 31 May 2019 with respect to their share options granted under the Share Option Scheme and New Share Option Scheme respectively:

	Date of grant	Exercise price HK\$	Exercise period	Number of Share Options				
				Balance as at 1.6.2018	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31.5.2019
Under Share Option Scheme								
Name of Directors								
Mr. Wei Ren	13.10.2009	0.233	13.10.2009 to 12.10.2019	1,500,000	-	-	-	1,500,000
	08.12.2010	0.150	08.12.2010 to 07.12.2020	1,000,000	-	-	-	1,000,000
Dr. Zhong Shi	13.10.2009	0.233	13.10.2009 to 12.10.2019	3,200,000	-	-	-	3,200,000
	08.12.2010	0.150	08.12.2010 to 07.12.2020	1,000,000	-	-	-	1,000,000
Mr. Chiang Kin Kon	13.10.2009	0.233	13.10.2009 to 12.10.2019	2,300,000	-	-	-	2,300,000
Mr. Wong Kwok Fai	13.10.2009	0.233	13.10.2009 to 12.10.2019	1,200,000	-	-	-	1,200,000
Mr. Chau Siu Keung	13.10.2009	0.233	13.10.2009 to 12.10.2019	1,200,000	-	-	-	1,200,000
				<u>11,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,400,000</u>
Other employees and individuals								
In aggregate	08.12.2010	0.150	08.12.2010 to 07.12.2020	940,000	-	-	-	940,000
	31.01.2011	0.182	31.01.2011 to 30.01.2021	22,800,000	-	-	-	22,800,000
	30.05.2011	0.1486	30.05.2011 to 29.05.2021	5,000,000	-	-	-	5,000,000
				<u>28,740,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,740,000</u>
Sub-total				<u>40,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,140,000</u>
Under New Share Option Scheme								
Name of Directors								
Dr. Zhong Shi	16.05.2014	0.145	16.05.2014 to 15.05.2024	5,500,000	-	-	-	5,500,000
	12.10.2015	0.159	12.10.2015 to 11.10.2025	5,000,000	-	-	-	5,000,000
	12.02.2016	0.111	12.02.2016 to 11.02.2026	1,000,000	-	-	-	1,000,000
	14.10.2016	0.1184	14.10.2016 to 13.10.2026	1,000,000	-	-	-	1,000,000
Mr. Chiang Kin Kon	12.02.2016	0.111	12.02.2016 to 11.02.2026	1,000,000	-	-	-	1,000,000
	14.10.2016	0.1184	14.10.2016 to 13.10.2026	1,000,000	-	-	-	1,000,000
Mr. Wong Kwok Fai	12.02.2016	0.111	12.02.2016 to 11.02.2026	1,000,000	-	-	-	1,000,000
	14.10.2016	0.1184	14.10.2016 to 13.10.2026	1,000,000	-	-	-	1,000,000
Mr. Chau Siu Keung	14.10.2016	0.1184	14.10.2016 to 13.10.2026	1,000,000	-	-	-	1,000,000
				<u>17,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500,000</u>
Other employees and individuals								
In aggregate	16.05.2014	0.145	16.05.2014 to 15.05.2024	6,400,000	-	-	(3,200,000)	3,200,000
	03.12.2014	0.1838	03.12.2014 to 02.12.2024	47,800,000	-	-	(4,400,000)	43,400,000
	12.10.2015	0.159	12.10.2015 to 11.10.2025	15,000,000	-	-	(6,500,000)	8,500,000
	12.02.2016	0.111	12.02.2016 to 11.02.2026	10,300,000	-	-	(2,500,000)	7,800,000
	14.10.2016	0.1184	14.10.2016 to 13.10.2026	19,200,000	-	-	(3,500,000)	15,700,000
	14.06.2017	0.110	14.06.2017 to 13.06.2027	24,445,000	-	-	(3,000,000)	21,445,000
				<u>123,145,000</u>	<u>-</u>	<u>-</u>	<u>(23,100,000)</u>	<u>100,045,000</u>
Sub-total				<u>140,645,000</u>	<u>-</u>	<u>-</u>	<u>(23,100,000)</u>	<u>117,545,000</u>
Total				<u>180,785,000</u>	<u>-</u>	<u>-</u>	<u>(23,100,000)</u>	<u>157,685,000</u>

During the year ended 31 May 2019, no share options were granted under the New Share Option Scheme (2018: 47,466,000), no share options were exercised (2018: 24,621,000), 23,100,000 share options were lapsed (2018: 21,980,000) and no share options were cancelled (2018: Nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in Directors' interests and short positions under the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation", and in the share option scheme under the section "Share Option Scheme" of this announcement, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

For the year ended 31 May 2019, the Directors are not aware of any business or interest of the Directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. Throughout the financial year ended 31 May 2019, the Group has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 15 of the GEM Listing Rules (the "CG Code"), except for the code provision A 1.8 and A 4.1 of the CG Code stipulated in the following paragraphs.

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. The Company has not arranged insurance cover in respect of legal action against its directors as the Board considers that the Board adopts prudent management policy. The needs for insurance policy will be reviewed from time to time.

Under the code provision A 4.1 of the CG Code, non-executive Directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. The Company considers that sufficient measures have been taken to ensure good corporate governance practices of the Company in this aspect of the code provisions of the CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 (where applicable) of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the “Model Code”). The Company has made specific enquiry of all Directors of the Company, and the Directors have confirmed compliance with the Model Code during the year ended 31 May 2019.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Model Code. No incident of non-compliance was noted by the Company during the year ended 31 May 2019.

AUDIT COMMITTEE

The Company has established an Audit Committee with specific terms of reference explaining its role and authorities delegated by the Board. The Audit Committee currently consists of three independent non-executive Directors, Mr. Chiang Kin Kon, Mr. Wong Kwok Fai, and Mr. Chau Siu Keung who together have sufficient accounting and financial management expertise, and business experience to carry out their duties.

The duties of Audit Committee included reviewing the Group’s financial control, internal control and risk management, reviewing and monitoring the integrity of financial statements and reviewing annual, interim and quarterly financial statements and report before submission to the Board. The Audit Committee meets external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The Audit Committee has reviewed the annual, interim, first and third quarter results of the Company for the year ended 31 May 2019, and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a Remuneration Committee with specific terms of reference which deals clearly with its authorities and duties. The Remuneration Committee currently consists of two independent non-executive Directors and an executive Director. Mr. Chiang Kin Kon, an independent non-executive Director, is the Chairman of the Remuneration Committee, and other members are Mr. Wong Kwok Fai, an independent non-executive Director, and Ms. Yau Pui Chi, Maria, an executive Director. The majority members of the Remuneration Committee are independent non-executive Directors of the Company.

The role and function of Remuneration Committee is to oversee Board remuneration matters, including recommend the Board the Company's policies and structure for the remuneration of the Directors and senior management, determine the remuneration packages of all executive Directors and senior management, review compensation to Directors and senior management in connection with any loss or termination of their office or appointment and to ensure that no Director or any of his or her associates are involved in deciding his or her own remuneration.

NOMINATION COMMITTEE

The Company has established a Nomination Committee with specific terms of reference which deals clearly with its authorities and duties. The Nomination Committee currently consists of two independent non-executive Directors, and an executive Director. Mr. James Ang, an executive Director, is the Chairman of the Nomination Committee, and other members are Mr. Chiang Kin Kon and Mr. Chau Siu Keung, independent non-executive Directors.

The Nomination Committee is responsible for identifying potential new Directors and recommends to the Board for decision. A Director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment in case of the appointment of additional Director or at the first general meeting after his appointment in case of filling of casual vacancy.

Under the Articles of Association of the Company, all Directors are subject to retirement by rotation and re-election by shareholders every three years.

Potential new Directors are selected on the basis of their qualifications, skill and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. The Nomination Committee is also responsible for reviewing the board diversity policy and evaluating the effectiveness and implementation of the said policy regularly.

BOARD DIVERSITY POLICY

During the year, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company aims to achieve board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems for the Company to safeguard its assets and shareholders' interests. In consideration of the size of the Group, the Board does not consider to establish an internal audit function at present.

The Board reviews the internal control and risk management system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control and risk management system to safeguard the Company's equity. The effectiveness of the internal control and risk management system was discussed on annual basis with the Audit Committee, of which was considered effective and adequate.

BOARD PRACTICES AND PROCEDURES

During the year ended 31 May 2019, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website of the Hong Kong Exchange and Clearing Limited at www.hkgem.com under "Latest Listed Company Information" and on the website of the Company at www.neteltech.com.hk. The Annual Report containing all the information required by the GEM Listing Rules will be dispatched to the shareholders and will be available at each of the website of the Stock Exchange and the Company at the same time.

EVENTS AFTER THE REPORTING PERIOD

Decision of the GEM Listing (Review) Committee and Suspension of Trading

On 24 July 2018, the GEM Listing (Review) Committee of the Stock Exchange (the "Review Committee") conducted a review hearing, upon the application of the Company, to review the decision of the GEM Listing Committee set out in its letter dated 6 March 2018 (the "GLC's Decision"). On 7 August 2018, the Company received a letter from the Review Committee (the "Review Committee Letter") setting out its decision to uphold the GLC's Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 8 August 2018.

Details of the above matters are set out in the Company's announcements on 6 March 2018, 14 March 2018 and 7 August 2018. Further announcements will be made by the Company in respect of this matter as and when appropriate.

By Order of the Board
Netel Technology (Holdings) Limited
James Ang
Chairman

Hong Kong, 28 August 2019

As at the date of this announcement, the Board comprises four executive Directors, Mr. James Ang, Mr. Wei Ren, Ms. Yau Pui Chi, Maria and Dr. Zhong Shi, and three independent nonexecutive Directors, Mr. Chiang Kin Kon, Mr. Wong Kwok Fai and Mr. Chau Siu Keung.

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from its date of publication and on the website of the Company at www.neteltech.com.hk.