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 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.

*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

	2019 **HK$'000**	2018 HK$'000	Change
Revenue	**1,801,130**	1,855,277	-2.9%
Profit attributable to owners of the Company	**14,652**	4,178	+250.7%
Basic earnings per share (HK cents)	**2.25**	0.65	+246.2%
Divided per share (HK cents)			
— Final proposed	**1.0**	1.0	
— Interim paid	**1.0**	—	
Total	**2.0**	1.0	+100.0%

The board of Directors (the "**Board**") of Hi-Level Technology Holdings Limited announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 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 2019

	NOTES	**2019** **HK$'000**	2018 HK$'000
Revenue	3	**1,801,130**	1,855,277
Cost of sales		**(1,736,665)**	(1,800,019)
Gross profit		**64,465**	55,258
Other income		**1,483**	2,864
Other gain or loss		**99**	(1,131)
Impairment losses under expected credit loss model, net of reversal		**(80)**	1,033
Distribution costs		**(15,632)**	(15,466)
Administrative expenses		**(24,318)**	(29,364)
Finance costs		**(8,596)**	(7,657)
Profit before taxation		**17,421**	5,537
Income tax expense	4	**(2,769)**	(1,359)
Profit for the year	5	**14,652**	4,178
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations:			
— subsidiaries		**(3,468)**	(3,205)
Other comprehensive expense for the year		**(3,468)**	(3,205)
Total comprehensive income for the year		**11,184**	973
Earnings per share (HK cents)	7		
— basic		**2.25**	0.65
— diluted		**2.25**	0.64

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	NOTES	**2019 HK$'000**	2018 HK$'000
Non-current Assets			
Property, plant and equipment		**2,236**	3,066
Right of use assets		**3,731**	—
Club membership		**266**	266
Rental deposits	8	**10**	847
		6,243	4,179
Current Assets			
Inventories		**246,552**	287,310
Trade and other receivables	8	**175,195**	199,353
Debt instruments at fair value through other comprehensive income		**8,256**	3,943
Taxation recoverable		**4,359**	4,778
Bank balances and cash		**114,485**	115,082
		548,847	610,466
Current Liabilities			
Trade and other payables	9	**252,208**	157,971
Contract liabilities		**11,500**	11,581
Lease liabilities		**3,436**	—
Amount due to a related party		**384**	32
Taxation payable		**1,708**	1,392
Bank borrowings		**147,577**	304,656
		416,813	475,632
Net Current Assets		**132,034**	134,834
Total Assets less Current Liabilities		**138,277**	139,013
Capital and Reserves			
Share capital	10	**6,528**	6,503
Reserves		**131,389**	132,510
Total Equity		**137,917**	139,013
Non-current Liability			
Lease liabilities		**360**	—
		138,277	139,013

NOTES

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability 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 GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of placing (the "**Placing**") on 7 January 2016 (the "**Listing**"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 ***Leases***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 2.99% to 4.35%.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	7,051
Lease liabilities discounted at relevant incremental borrowing rates	6,736
Less:	
Recognition exemption — short-term leases	(449)
Practical expedient — leases with lease term ending within 12 months from the date of initial application	(110)
Adjustments on value-added tax on lease payments	(228)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 at 1 January 2019	5,949
Analysed as:	
Current	3,087
Non-current	2,862
	5,949

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS16	5,949

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets. No adjustment were recognised to reflect the discounting effect at transition as the directors of the Company consider such effect to be insignificant.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	**Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000**
Non-current Assets			
Right-of-use assets	—	5,949	**5,949**
Current Liabilities			
Lease liabilities	—	3,087	**3,087**
Non-current liability			
Lease liabilities	—	2,862	**2,862**

New and amendments to HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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 2020

3. REVENUE AND SEGMENT INFORMATION

Revenue

	2019	2018
	HK$'000	HK$'000
Type of goods or services		
Sales of electronic products with/without the provision of independent design house services	**1,801,130**	1,855,277
Geographical markets		
The PRC	**1,344,874**	1,302,858
Hong Kong	**419,524**	518,521
Taiwan	**15,991**	26,898
Korea	**14,657**	—
Others	**6,084**	7,000
Total	**1,801,130**	1,855,277
Timing of revenue recognition		
A point in time	**1,801,130**	1,855,277

Segment information

The executive directors of the Company have determined that the Group has only one operating and reportable segment throughout both years.

Information reported to the executive 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 carrying amount of non-current assets excluded rental deposits by geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2019	2018
	HK$'000	HK$'000
The PRC	**4,752**	2,506
Hong Kong	**1,481**	826
	6,233	3,332

Information about major customers

No customer individually contributed over 10% of the Group's revenue for both years.

4. INCOME TAX EXPENSE

	2019	2018
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**2,584**	1,248
PRC EIT	**203**	—
	2,787	1,248
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(18)**	140
PRC EIT	**—**	(29)
	(18)	111
Income tax expense	**2,769**	1,359

5. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**4,052**	4,619
Staff costs:		
Salaries and other allowances	**26,699**	18,845
Retirement benefit scheme contributions	**1,518**	1,875
Share-based payment expenses *(note)*	**—**	10
	28,217	20,730
Total staff costs	**32,269**	25,349
Auditor's remuneration	**1,360**	1,440
Bank interest income	**(446)**	(127)
Net exchange loss	**12**	1,059
Cost of inventories recognised as an expense	**1,688,566**	1,750,883
(Reversal of) allowance for inventories	**(5,412)**	12,075
Impairment loss under expected credit loss mode, net of reversal		
— Trade receivables	**80**	(1,033)
Depreciation of property, plant and equipment	**951**	623
Depreciation of right-of-use assets	**3,147**	—
Loss on disposal of property, plant and equipment	**25**	3
Government grants	**(1,037)**	(1,299)
Operating lease rental in respect of offices and warehouses paid/payable to		
— a substantial shareholder	**—**	393
— a related party	**—**	127
— third parties	**—**	3,709

Note: During the year ended 31 December 2019, share-based payment expenses of Nil (2018: HK$11,000) were recognised under the pre-IPO share option scheme of the Company.

6. DIVIDENDS

	2019	2018
	HK$'000	HK$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2019 Interim of HK$0.01 per share was declared and paid	**6,528**	—
2018 Final of HK$0.01 (2018: 2017 Final of HK$0.02) per share was declared and paid	**6,527**	12,970
	13,055	12,970

Note: Subsequent to the end of the reporting period, a final dividend of HK$0.01 in respect of the year ended 31 December 2019 (2018: final dividend of HK$0.01 in respect of the year ended 31 December 2018) 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:

	2019	2018
	HK$'000	HK$'000
Earnings:		
Profit for the year for the purpose of basic earnings per share	**14,652**	4,178

	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**652,565**	645,723
Effect of dilutive potential shares:		
Share options	**20**	2,611
Weighted average number of shares for the purpose of diluted earnings per share	**652,585**	648,334

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Trade receivables	**143,813**	161,981
Less: allowance for credit losses	**(701)**	(781)
	143,112	161,200
Other receivables, deposits and prepayments	**32,093**	39,000
Total trade and other receivables	**175,205**	200,200
Less: receivables within twelve months shown under current assets	**(175,195)**	(199,353)
Rental deposits shown under non-current assets	**10**	847

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 ageing analysis of trade receivables net of allowance for credit losses presented based on due date at the end of each reporting period:

	2019	2018
	HK$'000	HK$'000
Not past due	**105,964**	86,430
Overdue by:		
1–30 days	**32,886**	61,976
31–60 days	**4,162**	5,685
61–90 days	**98**	3,034
Over 90 days	**2**	4,075
	143,112	161,200

9. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**239,400**	147,536
Other payables and accruals	**12,808**	10,435
Total trade and other payables	**252,208**	157,971

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

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

	2019	2018
	HK$'000	HK$'000
Not past due	**135,745**	85,850
Overdue by:		
1–30 days	**81,692**	30,617
31–90 days	**21,949**	30,876
Over 90 days	**14**	193
	239,400	147,536

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$0.01 each			
Authorised:			
At 1 January 2018, 31 December 2018 and 2019		2,000,000,000	20,000,000
Issued and fully paid:			
At 1 January 2018		626,660,000	6,266,600
Exercise of share options	(a)	23,610,000	236,100
At 31 December 2018		650,270,000	6,502,700
Exercise of share options	(b)	2,500,000	25,000
At 31 December 2019		652,770,000	6,527,700
Balance presented in HK$'000			
At 31 December 2019			6,528
At 31 December 2018			6,503

notes:

(a) During the year ended 31 December 2018, 23,610,000 share options were exercised and 23,610,000 ordinary shares were issued at the exercise price of HK$0.31 per share.

(b) During the year ended 31 December 2019, 2,500,000 share options were exercised and 2,500,000 ordinary shares were issued at the exercise price of HK$0.31 per share.

The new shares rank passu with the existing shares in all respect.

11. EVENTS AFTER REPORTING PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had a severe negative impact on the operations of the Group, as part of the Group's operations are located in the PRC. The Group had to stop part of its operating activities since the beginning of February 2020 due to mandatory government quarantine and voluntary measures in an effort to contain the spread of the epidemic and had resumed its operating activities at its full capacity by mid of February 2020.

Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

DIVIDENDS

The Board has recommended a final dividend of HK1.0 cent per share (2018: final dividend of HK1.0 cent per share) for the year ended 31 December 2019 subject to approval by the shareholders at the forthcoming annual general meeting. Total dividend for the year is HK2.0 cent per share (2018: HK1.0 cent per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 14 May 2020 to 20 May 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attending and voting at the AGM, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 13 May 2020. The record date for the attending and voting at the AGM is 13 May 2020.

The Register of Members will be closed from 24 June 2020 to 29 June 2020, 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 must be lodged with the Company's Share Registrars in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 23 June 2020. Dividend warrants will be dispatched on 8 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is primarily engaged in the sale of electronic components (mainly integrated circuit ("**IC**") and panels) for consumer electronic products such as mobile internet devices ("**MID**"), electronic learning aids ("**ELA**"), multi-media player (car infotainment system), smartphone panel modules, set-top boxes ("**STB**") and video image device together with the provision of IDH services to original brand manufacturers and original design manufacturers.

Although the trade war and tariff dispute has weakened demand in consumer electronic market in 2019, the company's overall business is stable. Revenue of the Group for 2019 decreased 2.9% as compared with last year.

MID

MID segment of tablet and smart home speaker products delivered the largest revenue of the Group. In 2019, the sales of tablet solutions increased as compared with 2018 as we received more orders from certain well-known mainland and international branded smart home speaker manufacturers that have qualified our Innolux panel solutions.

Smartphone Panel Module

Our sales of smartphone panel modules decreased compared with 2018 as the demand of domestic TFT LCD panels was still weak under the trade war and tariff dispute in 2019.

STB

The Company's main sales market performance of STB solutions in South America and North Africa are stable. However, the sales market in the Middle East did not meet the Company's expectations because of its political instability. Overall, sales of STB solutions increased slightly as compared with 2018.

Car Infotainment System

Sales of cars in China fell in 2019 because of the trade war between China and US. The demand of car infotainment systems was weak compared with 2018.

Video Image Device

The main market of video image device products such as aerial cameras, hunting cam and sports cameras are mainly Europe and US. We benefited from receiving sizeable orders from our video image device customers in using our IC solutions on these products.

ELA

Due to excess supply of domestic LCD panels products that led to downward pressure on panel prices, the sales of our ELA solutions declined as compared with 2018.

OUTLOOK

Given the outbreak of COVID-19, the upgrading of 5G smart phones and communication network devices, coupled with the expanding use of smart speaker products will drive the demand of consumer electronics and the Company is optimistic about its sales performance in 2020.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the Group achieved sales revenue of HK$1,801,130,000 decreased by 2.9% from HK$1,855,277,000 recorded in 2018.

Gross Profit

For the year ended 31 December 2019, gross profit was HK$64,465,000 increased by 16.7% from HK$55,258,000 recorded last year. Gross profit margin was 3.6%, increased from 3.0% recorded in 2018.

Distribution Costs and Administrative Expenses

For the year ended 31 December 2019, the Group's operating costs were HK$39,950,000 (2018: HK$44,830,000), representing a decrease by 10.9% compared to the corresponding period in 2018.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2019 was HK$14,652,000 increased by 250.7% as compared with HK$4,178,000 recorded in 2018.

Liquidity and Financial Resources

The Group's principal sources of funds are cash generated from operations and bank borrowings. As of 31 December 2019, the Group's current ratio was 132% (31 December 2018: 128%). As of 31 December 2019, the Group had bank balances and cash of HK$114,485,000 (31 December 2018: HK$115,082,000) and bank borrowings of HK$147,577,000 (31 December 2018: HK$304,656,000). As of 31 December 2019, the Group's net gearing ratio was 24% (31 December 2018: 136.4%), which is calculated based on the Group's net debt (calculated as total bank borrowings minus bank balances and cash) of approximately HK$33,092,000 (31 December 2018: HK$189,574,000) and Group's total equity of approximately HK$137,917,000 (31 December 2018: HK$139,013,000).

The Group recorded debtors turnover of approximately 31 days for the year under review (2018: 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 56 days and 41 days respectively for the year under review (2018: approximately 53 days and 33 days respectively) based on the amount of the average of beginning and ending inventory and creditors as at 31 December 2019, 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 are not significant as HK$ is pegged to US$ and transactions denominated in US$ and Renminbi are mainly carried out by entities with the same functional currency. The exchange rate of Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Employee and Remuneration Policy

As 31 December 2019, the Group employed approximately 100 employees in the Greater China region. We ensure 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.

USE OF PROCEEDS FROM THE LISTING AND CHANGE IN USE OF PROCEEDS

On 7 January 2016, the Company has offered 150,000,000 shares for subscription by way of placing and raised net proceeds of approximately HK$30 million.

The change of use of the net proceeds was approved by the Board of Directors of the Company on 15 March 2018.

The revised use of net proceeds from the Placing is set out as follows:

Uses	Original allocation (HK$ million)	Revised allocation (HK$ million)	Actual use of proceeds as at 31 December 2019 (HK$ million)	Balance as at 31 December 2019 (HK$ million)	Expected timeline of full utilization of the balance
Upgrading the Group's ERP system	4.6	4.6	0.4	4.2	By end of 2021
Expanding the Group's ELA business by engaging in:					
— Research and development staff expenses	2.5	2.5	2.5	—	N/A
— Equipment purchases	8.7	8.7	0.8	7.9	By end of 2021
	11.2	11.2	3.3	7.9	
Expanding the Group's product range by engaging in:					
— Car infotainment	2.8	2.8	2.8	—	N/A
— Drones Wi-Fi Transmission	2.8	2.8	2.8	—	N/A
— Artificial Intelligence and Internet-of-Things	—	5.6	0.9	4.7	By end of 2021
— Others	5.6	—	—	—	N/A
	11.2	11.2	6.5	4.7	
General working capital	3.0	3.0	3.0	—	N/A
Total	30.0	30.0	13.2	16.8	

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date 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 2019.

CORPORATE GOVERNANCE

The Group has complied with the applicable code provisions in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") for the year ended 31 December 2019, 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (***www.hi-levelhk.com***) and the Stock Exchange of Hong Kong Limited (***www.hkex.com.hk***). The Company currently expects that the 2019 annual report will be dispatched to its shareholders and published on the websites of the Stock Exchange and the Company on or around 15 April 2020.

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 2019 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.

Finally, I wish you all stay healthy.

By order of the Board
Hi-Level Technology Holdings Limited
Dr. Yim Yuk Lun, Stanley *BBS JP*
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises four executive directors, namely Dr. 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.