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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 enquires, 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

	For the six months ended		Change
	30 June		
	2021	2020	
	(Unaudited)	(Unaudited)	
Revenue (<i>HK\$'000</i>)	1,551,575	932,146	+66%
Profit attributable to owners of the Company (<i>HK\$'000</i>)	30,146	13,059	+131%
Basic earnings per share (<i>HK cents</i>)	4.62	2.00	+131%
Interim dividend per share (<i>HK cent</i>)	1.00	–	N/A

The board of directors (the “**Board**”) of Hi-Level Technology Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	833,538	524,933	1,551,575	932,146
Cost of sales		(802,621)	(505,091)	(1,495,368)	(897,694)
Gross profit		30,917	19,842	56,207	34,452
Other income		200	220	539	492
Other gain or loss		(224)	(160)	–	(170)
Impairment loss under expected credit loss model, net of reversal/(provision)		35	(17)	739	(47)
Distribution costs		(3,990)	(4,133)	(7,326)	(7,082)
Administrative expenses		(6,474)	(4,595)	(13,079)	(9,631)
Finance costs		(580)	(1,025)	(883)	(2,431)
Profit before taxation		19,884	10,132	36,197	15,583
Income tax expense	4	(3,241)	(1,655)	(6,051)	(2,524)
Profit for the period	6	16,643	8,477	30,146	13,059
Total comprehensive income for the period		16,643	8,477	30,146	13,059
Earnings per share (HK cents)					
– Basic & diluted	7	2.55	1.30	4.62	2.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		1,523	1,806
Right-of-use assets		9,164	8,331
Club membership		266	266
Rental deposits	8	846	777
		<u>11,799</u>	<u>11,180</u>
Current Assets			
Inventories		428,404	239,680
Trade and other receivables	8	282,065	165,558
Debt instruments at fair value through other comprehensive income	9	7,924	1,477
Amount due from a related party	13	14	—
Bank balances and cash		112,525	140,961
		<u>830,932</u>	<u>547,676</u>
Current Liabilities			
Trade and other payables	10	426,707	310,335
Contract liabilities	11	31,504	10,279
Lease liabilities		6,182	8,194
Amount due to a related party	13	—	91
Taxation payable		11,620	6,429
Bank borrowings		181,754	54,667
		<u>657,767</u>	<u>389,995</u>
Net Current Assets		<u>173,165</u>	<u>157,681</u>
Total assets less current liabilities		<u>184,964</u>	<u>168,861</u>
Non-current Liability			
Lease liabilities		2,418	142
		<u>182,546</u>	<u>168,719</u>
Capital and Reserves			
Share capital	12	6,528	6,528
Reserves		176,018	162,191
Total Equity		<u>182,546</u>	<u>168,719</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Shareholder's contribution reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	6,528	54,329	25,000	1,708	-	448	80,706	168,719
Profit for the period	-	-	-	-	-	-	30,146	30,146
Total comprehensive income for the period	-	-	-	-	-	-	30,146	30,146
Dividend paid	-	-	-	-	-	-	(16,319)	(16,319)
At 30 June 2021	<u>6,528</u>	<u>54,329</u>	<u>25,000</u>	<u>1,708</u>	<u>-</u>	<u>448</u>	<u>94,533</u>	<u>182,546</u>
At 1 January 2020	6,528	54,329	25,000	(3,495)	-	448	55,107	137,917
Profit for the period	-	-	-	-	-	-	13,059	13,059
Total comprehensive income for the period	-	-	-	-	-	-	13,059	13,059
Dividend declared	-	-	-	-	6,528	-	(6,528)	-
At 30 June 2020	<u>6,528</u>	<u>54,329</u>	<u>25,000</u>	<u>(3,495)</u>	<u>6,528</u>	<u>448</u>	<u>61,638</u>	<u>150,976</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended	
	30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(134,516)	27,388
Net cash (used in) from investing activities	(59)	294
Net cash from (used in) financing activities	106,139	(31,350)
Net decrease in cash and cash equivalents	(28,436)	(3,668)
Cash and cash equivalents at beginning of the period	140,961	114,485
Cash and cash equivalents at end of the period, represented by bank balances and cash	112,525	110,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing on 7 January 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as for the adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are effective for the Group’s financial year beginning 1 January 2021, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the six months ended 30 June 2021 are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

Adoption of new or amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued an amended HKFRSs that is first effective for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The amended HKFRS has no material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

3. REVENUE

Revenue represents the sales of electronic components with/without the provision of independent design house service to external parties. The following is an analysis of the Group's revenue by the geographical locations of customers.

	Revenue by geographical market			
	For the three months ended		For the six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The PRC	518,738	332,495	960,832	561,360
Hong Kong	277,843	177,977	541,226	342,357
Taiwan	31,169	14,313	39,351	25,484
Others	5,788	148	10,166	2,945
	<u>833,538</u>	<u>524,933</u>	<u>1,551,575</u>	<u>932,146</u>

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

	Revenue from customer individually contributing over 10% of the Group's revenue			
	For the three months ended		For the six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	N/A*	85,652	N/A*	179,262

* The corresponding revenue does not contribute over 10% of the total revenue of the Group.

4. INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
Hong Kong Profits Tax	3,235	1,632	6,045	2,501
PRC Enterprise Income Tax ("EIT")	6	23	6	23
	<u>3,241</u>	<u>1,655</u>	<u>6,051</u>	<u>2,524</u>

The Hong Kong Profit Tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for the first HK\$2 million of qualified entity's assessable profits is calculated at 8.25%, which is in accordance with the two-tiered profit tax rates regime with effect from the year of assessment 2018/19.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25%.

5. DIVIDEND PAID

The final dividend of HK2.5 cents per share amounting to HK\$16,319,250 for the financial year ended 31 December 2020 was approved on 18 May 2021 and paid on 4 June 2021.

6. PROFIT FOR THE PERIOD

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):				
Director's remuneration	–	–	300	300
Staff costs:				
Salaries and other allowances	3,199	2,776	5,728	4,666
Retirement benefit scheme contributions	734	295	1,311	575
Total staff costs	<u>3,933</u>	<u>3,071</u>	<u>7,039</u>	<u>5,241</u>
Auditor's remuneration	230	333	442	680
Bank interest income	(200)	(65)	(471)	(306)
Net exchange loss	224	160	–	170
Cost of inventories recognized as an expense	785,697	490,868	1,466,636	884,098
Reversal of allowance for inventories	(1,529)	(3,552)	(1,529)	(5,658)
Impairment loss under expected credit loss model, net of (reversal)/provision – trade receivables	(35)	17	(739)	47
Depreciation of property, plant and equipment	182	183	370	365
Depreciation of right-of-use assets	1,532	872	2,794	1,740
Government grants	–	(157)	–	(187)
Operating lease rental in respect of office and warehouses paid/payable to – third parties	835	699	1,554	1,398
– substantial shareholder and its subsidiaries	662	249	1,439	498

7. EARNINGS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings:				
Profit for the period attributable to owners of the Company, for the purpose of basic earnings per share	<u>16,643</u>	<u>8,477</u>	<u>30,146</u>	<u>13,059</u>
	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	2021	2020
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of shares:				
Number of ordinary shares for the purpose of basic earnings per share	<u>652,770</u>	<u>652,770</u>	<u>652,770</u>	<u>652,770</u>

8. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	247,754	146,126
Other receivable, deposits and prepayments	38,138	23,929
Total trade and other receivables	285,892	170,055
Less: allowance for expected credit losses	(2,981)	(3,720)
Net trade and other receivables	282,911	166,335
Less: receivables within twelve months shown under current assets	(282,065)	(165,558)
Rental deposits shown under non-current assets	846	777

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 presented based on the invoice date at the end of each reporting period:

	30 June 2021 '000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
1–30 days	176,164	96,052
31–60 days	52,751	35,137
61–90 days	18,839	14,715
91–180 days	–	207
181–365 days	–	15
	247,754	146,126

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables held for collecting contractual cash flows or factoring to bank	7,924	1,477

10. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	412,295	295,407
Other payables and accruals	14,412	14,928
Total trade and other payables	426,707	310,335

The credit period on trade payables ranged from 30 days to 120 days.

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
1–30 days	274,686	207,592
31–60 days	123,451	83,570
61–90 days	14,151	3,875
91–120 days	–	–
121–365 days	7	5
Over 1 year	–	365
	412,295	295,407

11. CONTRACT LIABILITIES

The contract liabilities mainly related to the advance considerations received from customers. As at 30 June 2021, the aggregated amount of transaction price allocated to performance obligations under the Group's existing contract is HK\$31,504,000 (2020: HK\$10,279,000).

The performance obligation related to the revenue from customers for contracts that are unsatisfied (or partially unsatisfied) are expected to be recognised within one year after the reporting dates. The Group applies the practical expedient and does not disclose information about any remaining performance obligation that is a part of contract that has original expected duration of one year or less.

12. SHARE CAPITAL

	30 June 2021	
	Number of ordinary shares '000	Amount HK\$'000 (Unaudited)
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At beginning of the period	<u>652,770</u>	<u>6,528</u>
At 30 June 2021 (unaudited)	<u><u>652,770</u></u>	<u><u>6,528</u></u>

13. AMOUNTS DUE FROM/TO A RELATED PARTY

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Amount due from a related party (<i>note a</i>)	<u>14</u>	<u>–</u>
Amount due to a related party (<i>note b</i>)	<u>–</u>	<u>91</u>

notes:

- (a) The amount due from a related party represented an amount due from a subsidiary of S.A.S. Dragon Holdings Ltd. (“**S.A.S. Dragon**”). It is trade-related, unsecured, interest free with an average credit period of 60 days and denominated in HK\$ which is other than the functional currency of the relevant group entities.

The following is an ageing analysis of the amount due from a related party presented based on the due date at the end of each reporting period.

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Not past due	<u>14</u>	<u>–</u>

- (b) The amount due to a related party represented an amount due to a subsidiary of S.A.S. Dragon. It is trade-related, unsecured, interest free with an average credit period of 60 days and denominated in HK\$ which is other than the functional currency of the relevant group entities.

The following is an ageing analysis of the amount due to a related party presented based on the due date at the end of each reporting period.

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Not past due	<u>–</u>	<u>91</u>

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent (2020: Nil) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 16 September 2021. The dividend warrants are expected to despatch to shareholders on or about 27 September 2021.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 14 September 2021 to 16 September 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30pm on 13 September 2021.

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.

Our sales of Innolux panel solutions recorded significant growth in the second quarter as compared with the corresponding period of last year because of the strong shipments for tablets, networking and automotive applications. Also, we benefited from the increase in the price of liquid crystal displays.

As Chinese brands began releasing new price-competitive 5G smartphones in the market, our new generation smartphone panel module solutions were well adopted by different smartphone brands during the period under review.

Also, we benefited from the growth of domestic smart speaker and vehicle infotainment products that stimulated our sales of Rockchip IC and Innolux panels solutions to well-known mainland branded manufacturers.

OUTLOOK

Looking forward, we are optimistic to maintain the growth momentum of the Group in the second half of 2021. With the introduction of the 5G communication network, it is expected to drive the demand for panels for smartphones, automotive and wearable devices, becoming the main growth driver for small and medium-sized panels. The tablets market is still robust in second half of 2021 as the demand for home office and distance learning is still strong.

The Company will continue to provide our target customers with efficient IC solutions for various Artificial Intelligence & Internet of Things applications, such as vehicle infotainment, smart robotic appliances, industrial automation, gaming and digital signage.

The Company has started to develop IC solutions of portable fast charging power devices for consumer products such as mobile phones and mobile computers (tablets and notebooks) and expected to deliver meaningful shipment quantity by end of 2021.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group achieved sales revenue of HK\$1,551,575,000, increased 66% from HK\$932,146,000 recorded in the corresponding period of 2020.

Gross Profit

Gross profit for the six months ended 30 June 2021 was HK\$56,207,000, increased 63% from HK\$34,452,000 recorded in the corresponding period of 2020. Gross profit margin was 3.6% decreased from 3.7% recorded in the corresponding period of 2020.

Distribution Costs and Administrative Expenses

The Group's operating costs for the reporting period were HK\$20,405,000 (2020: HK\$16,713,000), representing an increase of 22% as compared to the corresponding period in 2020.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2021 was HK\$30,146,000, increased by 131% as compared with HK\$13,059,000 recorded in the corresponding period of 2020.

Liquidity and Financial Resources

As at 30 June 2021, the Group's current ratio was 126% (31 December 2020: 140%). The Group's principal sources of funds are used to finance working capital and the growth and expansion of the Group's operations. The Group's principal sources of funds are cash generated from operations and bank borrowings. As at 30 June 2021, the Group had bank balances and cash of HK\$112,525,000 (31 December 2020: HK\$140,961,000) and bank borrowings of HK\$181,754,000 (31 December 2020: HK\$54,667,000).

The Group recorded debtors turnover of 23 days for the period under review (2020: 23 days) based on the amount of the average of beginning and ending debtors divided by revenue for the respective period, multiplied by 181 days (2020: 182 days).

The Group recorded inventory turnover and average payable period of 40 days and 43 days respectively for the period under review (2020: 41 days and 45 days respectively) based on the amount of the average of beginning and ending inventory and creditors as at 30 June 2021, divided by cost of sales for the respective period and multiplied by 181 days (2020: 182 days).

GEARING RATIO

As at 30 June 2021, the Group's net gearing ratio was 38% (31 December 2020: net cash), which is calculated based on the Group's net debt (calculated as total bank borrowings minus bank balances and cash) of approximately HK\$69,229,000 (31 December 2020: net cash) and Group's total equity of approximately HK\$182,546,000 (31 December 2020: HK\$168,719,000).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 12 to the condensed financial statements.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

CHARGE ON ASSETS

As at 30 June 2021, the Group's factored trade receivables with the carrying value of approximately HK\$39 million (2020: HK\$5 million) were pledged to a bank to secure general banking facilities granted to the Group.

FOREIGN CURRENCY RISK

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.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital commitments (31 December 2020: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2021, the Group did not hold any significant investment in equity interest in any other company and there were no material acquisitions and disposals of subsidiaries by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2021.

INFORMATION ON EMPLOYEES

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme. As at 30 June 2021, the employee headcount of the Group was approximately 100 (31 December 2020: 100).

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 the 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 30 June 2021 (HK\$ million)	Balance as at 30 June 2021 (HK\$ million)	Expected timeline of full utilization of the balance
Upgrading the Group's ERP system	4.6	4.6	0.6	4.0	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	1.2	7.5	By end of 2021
	11.2	11.2	3.7	7.5	
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	4	1.6	By end of 2021
– Others	5.6	–	–	–	N/A
	11.2	11.2	9.6	1.6	
General working capital	3.0	3.0	3.0	–	N/A
Total	30.0	30.0	16.9	13.1	

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

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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**”) through the six months ended 30 June 2021, except for the following deviation:

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.

RELATIONSHIP BETWEEN BOARD MEMBERS

Both Mr. Shea Chun Lok, Quadrant (“**Mr. Shea**”) and Dr. Yim Yuk Lun, Stanley *BBS JP* (“**Dr. Yim**”) serve on the boards of the Company and Asia Allied Infrastructure Holdings Limited (“**Asia Allied**”). Mr. Shea is the executive director, chief financial officer and company secretary of Asia Allied and is an independent non-executive Director of the Company (the “**INED**”). Dr. Yim is the chairman and executive Director of the Company and is an independent non-executive director of Asia Allied. Taking into consideration their roles in the business activities of, and the relationship between the two companies, the Company considers that such cross-directorship relationship would not affect Mr. Shea in performing his duties as the INED.

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 unaudited consolidated financial statements for the six months ended 30 June 2021.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, confirmed to the Company their compliance with the Code of Conduct throughout the six months ended 30 June 2021.

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 business partners for their long-term supports and dedication.

Finally, I wish you all stay healthy.

On behalf of the Board
Hi-Level Technology Holdings Limited
Dr. Yim Yuk Lun, Stanley BBS JP
Chairman

Hong Kong, 6 August 2021

As at the date of this announcement, the Board comprises four executive directors, namely Dr. Yim Yuk Lun, Stanley BBS JP, 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This report will also be posted on the Company’s website at www.hi-levelhk.com.