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HUOBI TECHNOLOGY HOLDINGS LIMITED
火币科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 1611)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Financial Highlights

	For the year ended 30 September		
	2019	2018	*Change*
	HK$'000	*HK$'000*	*%*
Revenue	**312,341**	345,411	(9.6%)
Gross profit	**57,815**	56,641	2.1%
Gross profit margin	**18.5%**	16.4%	12.8%
Profit before income tax	**8,692**	10,860	(20%)
Profit before income tax (excluding relocation costs and costs associated with the sale of shares)	**8,692**	18,063	(51.9%)
(Loss)/profit for the year attributable to owners of the Company	**(6,076)**	6,591	(192.2%)
Basic (loss)/earnings per share	**HK cents (1.9889)**	HK cents 2.1947	(190.6%)
Diluted earnings per share	**N/A**	HK cents 2.1939	N/A
Net cash	**4,000**	63,652	(93.7%)
Total equity	**146,745**	134,887	8.8%

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENT

On 19 July 2019, Huobi Investment Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase Agreement with Huobi (International) Investment Limited ("Huobi Int'l"), a wholly-owned entity of Mr. Li Lin ("Mr. Li"), to purchase 100% of Win Techno Inc, for total consideration of HK$6.0 million (the "Acquisition").

As at 19 July 2019, Mr. Li is indirectly holding approximately 65.24% issued shares in the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Group under Chapter 14A.07 of the Listing Rules. As Huobi Int'l is a wholly-owned entity of Mr. Li, Huobi Int'l is considered to be an associate of Mr. Li, and hence the Acquisition constitutes a connected transaction under the Listing Rules.

The Acquisition was completed on 30 July 2019 and the details are disclosed in the announcement of the Company dated 30 July 2019.

CHANGE OF COMPANY NAMES

Subsequent to the end of the reporting period, pursuant to (i) the passing of the special resolution at the extraordinary general meeting of the Company held on 9 October 2019; and (ii) the issue of the Certificate of Name change by the Registry of Corporate Affairs in the British Virgin Islands on 11 October 2019, the change of the official registered English name of the Company from "Pantronics Holdings Limited" to "Huobi Technology Holdings Limited" and replacement of "桐成控股有限公司" by "火币科技控股有限公司" as the Company's Chinese name become effective from 11 October 2019. With effect from 9:00 a.m. on 18 November 2019, the English stock short name of the Company for trading in the Shares on the Stock Exchange has changed from "PANTRONICS HLDG" to "HUOBI TECH" and the Chinese stock short name of the Company has changed from "桐成控股" to "火幣科技". The website of the Company has also changed from www.pantronicshk.com to www.huobitech.com with effect from 1 November 2019.

PERFORMANCE REVIEW

The Group recorded a total revenue of approximately HK$312.3 million for the year ended 30 September 2019 ("FY2019"), representing a decrease of approximately 9.6% or HK$33.1 million from HK$345.4 million for the year ended 30 September 2018 ("FY2018").

The gross profit of the Group was HK$57.8 million for FY2019, representing an increase of approximately 2.1% or HK$1.2 million from gross profit of HK$56.6 million for FY2018.

The net profit of the Group decreased from HK$6.6 million recorded for FY2018 to a net loss of HK$6.1 million recorded for FY2019.

Loss per share of the Group for FY2019 was HK$1.9889 cents (FY2018: earnings per share of HK$2.1947 cents).

BUSINESS REVIEW

Power-related & electrical/electronic products business

The revenue of the Group from power-related & electrical/electronic product businesses were HK$309.9 million for FY2019, representing a decrease of approximately HK$35.5 million or 10.3% as compared with that for FY2018. The decrease was primarily due to the weakening of trading conditions across the geographical and customer base. Specifically, revenue from its largest customer decreased by 6.4%.

Cost of sales, mainly comprising raw materials, direct labour and manufacturing overheads, amounted to HK$252.9 million and HK$288.8 million for FY2019 and FY2018 respectively. Due to the completion of factory relocation and the replacement of automated production equipment, the costs of production have been reduced and the production efficiency have been increased accordingly. As a result, our cost of sales has decreased by 12.4% for FY2019 from FY2018.

The gross profit was HK$57.0 million and HK$56.6 million, representing a gross profit margin of 18.4% and 16.4% for FY2019 and FY2018 respectively for the power-related & electrical/electronic products business.

The higher gross profit margin percentage reflects a combination of higher production and development capabilities due to our relocation of manufacturing facilities to Guangming New District, Shenzhen, and favourable raw material costs, predominantly copper costs when compared to FY2018.

Selling and distribution expenses decreased by HK$2.2 million or 27.5% from HK$8.0 million for FY2018 to HK$5.8 million for FY2019 regarding power-related & electrical/electronic products business. The decrease was mainly attributable to the decrease in sale and a favourable shipment term from the largest customer obtained by the Group.

Technology solution businesses

The Group has acquired Win Techno Inc, a company provides data centre and cloud based services in July 2019. The Group wishes to provide high quality customized services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors.

Within 2 months of FY2019, the revenue of the newly acquired businesses is around HK$2.5 million, which was mainly attributable from the provision of data centre services.

The gross profit of the aforementioned was HK$0.8 million, representing a gross profit margin of 33.5% of the business in FY2019.

The said business has also been granted as an Advanced Consulting Partner by Amazon Web Services ("AWS") to provide its cloud service and other add-on services such as virtual assets payment channel. This new service again intends to leverage the large customer base from its shareholders and affiliates in the blockchain, virtual assets and fintech sector. With the benefit of high gross profit margin, the management is expecting a steady growth in this business in the future.

NON-OPERATING EXPENSES OVERVIEW

Other income

Other income, which includes gain on disposal of property, plant and equipment, government grant, certification and inspection fees, sample sales and rework costs recharged to customers, has increased by approximately HK$1.3 million from HK$6.9 million for FY2018 to HK$8.2 million for FY2019, mainly due to the increase of HK$3.7 million in government grant received, offset by the decrease in gain on disposal of property, plant and equipment of HK$1.1 million.

Administrative expenses

Administrative expenses increased by HK$4.4 million or 10.4% from HK$42.2 million for FY2018 to HK$46.6 million for FY2019.

The increase includes, among others, increase in staff costs resulting from recruiting high calibre personnel during the year.

Finance costs

Finance costs have increased by HK$3.0 million from HK$2.5 million for FY2018 to HK$5.5 million for FY2019, which were in line with the increased level of borrowings/loans in the Group.

Profit before income tax

The Group's profit before income tax for FY2019 has decreased by HK$2.2 million from HK$10.9 million to HK$8.7 million.

Excluding the costs of the relocation including relocation costs, duplicate rental and factory maintenance-related cost of HK$3.8 million, and HK$3.4 million of costs associated with the sale of shares and subsequent composite offer, the adjusted profit before tax was HK$18.1 million for FY2018. Decrease in profit before income tax is due to the result of increase in overall expenses and finance costs.

Income tax expense

Income tax expense increased by approximately HK$10.5 million from HK$4.3 million for FY2018 to HK$14.8 million for FY2019.

The increase is attributed from the impact of a one-off expense of approximately HK$6.9 million from the one-time transfer of land use rights and certain buildings from one PRC wholly-owned subsidiary to another as part of an internal restructuring/reorganisation of the Group.

(Loss)/profit after income tax

The Group's profit after income tax decreased from approximately HK$6.6 million for FY2018 to a loss of HK$6.1 million for FY2019, representing decrease of HK$12.7 million.

Excluding the impact of a one-off tax expense of approximately HK$6.9 million from the one-time transfer of land use right and certain buildings from one PRC wholly-owned subsidiary to another as part of an internal restructuring/reorganisation of the Group, the Group experienced an adjusted profit after income tax of HK$0.8 million for FY2019, compared with an adjusted profit after income tax of HK$13.8 million for FY2018, excluding the costs of the relocation, duplicate rental, factory maintenance-related cost and cost associated with the sale of shares and subsequent composite offer of HK$7.2 million.

Dividend

The Directors do not recommend the payment of a final dividend for FY2019 (FY2018: HK$Nil).

OUTLOOK

In the FY 2019, the Group has made its efforts to maintain a relatively stable business performance. Looking forward to the next fiscal year, we will continue to encounter challenges from many external uncertainties, including China-US trade frictions, fluctuation of raw material costs and shrinking market demands. Nevertheless, the Group has completed its factory relocation and replacement of automated production equipment. We can expect our production costs to be further reduced and production efficiency to be subsequently improved. At the same time, we expect our new technology solutions business to grow continuously, establish long-term cooperation with global blockchain and virtual assets practitioners, and provide high-quality technical services, including cloud and data centre services. The Group will also actively develop blockchain based technology solutions, especially virtual assets trading systems' technology solution, which will target global market and be promoted globally.

More importantly the successful loan arrangement with our controlling shareholder sheds a positive light for the Group. We will effectively utilise the current abundant financial reserves. On one hand, whilst actively maintaining the long term relationship with our core clients of manufacturing business, we will put more effort on developing new customers base and new markets, and on transforming the manufacturing business by developing high quality and high profit margin products. On the other hand, we will closely follow global fintech trend, and strive for business diversification and explore opportunities in blockchain technology and fintech to enhance the future development prospects of the Group.

The Group intends to promote blockchain technology to various institutions or government organization by providing training or seminars, and/or other manners, so as to raise global awareness of blockchain technology. The Group also intends to strategize international financial market, to leverage licensed financial institutions, and to build up new generation financial infrastructure for the virtual assets industry based on blockchain technology.

The Board (the "Board") of directors (the "Director(s)") of Huobi Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 September 2019 together with the comparative figures for the year ended 30 September 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(Re-presented)
Revenue	*4*	**312,341**	345,411
Cost of sales and services		**(254,526)**	(288,770)
Gross profit		**57,815**	56,641
Other income	*5*	**8,193**	6,918
Interest income	*6*	**576**	199
Selling and distribution expenses		**(5,800)**	(8,019)
Administrative expenses		**(46,556)**	(42,180)
Impairment loss on trade receivables	*8*	**–**	(205)
Finance costs	*7*	**(5,536)**	(2,494)
Profit before income tax	*8*	**8,692**	10,860
Income tax expense	*9*	**(14,768)**	(4,269)
(Loss)/profit for the year		**(6,076)**	6,591
(Loss)/profit for the year attributable to owners of the Company		**(6,076)**	6,591

		2019	2018
		HK cents	*HK cents*
(Loss)/earnings per share	*11*		
– Basic		**(1.9889)**	2.1947
– Diluted		**N/A**	2.1939

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 September

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(6,076)**	6,591
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of financial statements of foreign operations	**(2,842)**	(2,383)
Other comprehensive income for the year, net of tax	**(2,842)**	(2,383)
Total comprehensive income for the year attributable to owners of the Company	**(8,918)**	4,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**47,371**	39,621
Prepaid land lease payments under operating leases		**251**	287
Goodwill		**174**	–
		47,796	39,908
Current assets			
Inventories		**26,609**	39,280
Trade and other receivables	*12*	**54,682**	65,949
Intangible asset		**78,394**	–
Pledged bank deposit		**7,851**	–
Cash and bank balances		**474,683**	205,995
		642,219	311,224
Current liabilities			
Trade and other payables	*13*	**47,162**	60,101
Contract liabilities		**4,540**	–
Bank and other borrowings		**9,362**	55,803
Tax payable		**12,493**	9,635
		73,557	125,539
Net current assets		**568,662**	185,685
Total assets less current liabilities		**616,458**	225,593
Non-current liabilities			
Bank and other borrowings		**461,321**	86,540
Deferred tax liabilities		**8,392**	4,166
		469,713	90,706
Net assets		**146,745**	134,887
EQUITY			
Share capital	*15*	**305**	305
Reserves		**146,440**	134,582
Total equity attributable to owners of the Company		**146,745**	134,887

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. GENERAL INFORMATION

Huobi Technology Holdings Limited (the "Company") was incorporated in the British Virgin Islands (the "BVI") as a limited liability company on 27 December 1990 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange of Hong Kong") on 21 November 2016. The address of the Company's registered office is Newhaven Corporate Services (BVI) Limited, 3rd Floor, J&C Building, P.O. Box 362, Road Town, Tortola, the BVI and its principal place of business is Room 1404–5, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.

Subsequent to the end of the reporting period, pursuant to a special resolution duly passed at the extraordinary general meeting of the Company held on 9 October 2019, the English name of the Company has been changed from "Pantronics Holdings Limited" to "Huobi Technology Holdings Limited", and the Chinese name of the Company changed from "桐成控股有限公司" to "火币科技控股有限公司", with effect from 11 October 2019.

The Company is an investment holding company and its subsidiaries (collectively, referred to as the "Group") are principally engaged in the contract manufacturing, on electronic manufacturing services basis, a wide range of power-related and electrical/electronic products and the provision of technology solution services. These business segments are the basis upon which the Group reports its primary segment information.

The immediate holding company of the Company is Huobi Global Limited, a company incorporated in the Cayman Islands with limited liability. The Directors of the Company consider the ultimate holding company to be Huobi Universal Inc., a company incorporated in the Cayman Islands with limited liability. The ultimate controlling party is Mr. Li Lin (李林).

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules").

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000"), unless otherwise stated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or amended HKFRSs – effective from 1 October 2018

The Group has applied the following new or amended HKFRSs issued by the HKICPA, which are relevant to the Group's financial statements, and applied by the Group for the first time during the year ended 30 September 2019.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 28	Investments in Associates and Joint Ventures

The impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are summarised below. The other new or amended HKFRSs that are effective from 1 October 2018 did not have any material impact on the Group's accounting policies.

HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for the Group's financial statements for annual financial periods beginning on 1 October 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 October 2018 has resulted in changes in accounting policies of the Group.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion). Under HKFRS 9, an embedded derivative is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification. The following accounting policies would be applied to the Group's financial assets including cash and bank balances, trade receivables, deposits and other receivables:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 October 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 October 2018 under HKAS 39**	**Carrying amount as at 1 October 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Trade and other receivables*	Loans and receivables	Amortised cost	64,618	64,618
Cash and bank balances	Loans and receivables	Amortised cost	205,995	205,995

* Excluded from trade and other receivables as disclosed in the consolidated statement of financial position of HK$65,949,000 as at 1 October 2018, is an amount of HK$1,331,000 representing prepayments.

(ii) Impairment on financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables and other financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period. Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL rate of collectively assessed trade receivables that were neither past due nor impaired is 0.09%, past due between 0 to 60 days is 0.49% and past due more than 60 days is 13.04%. The Group has considered that the adoption of HKFRS 9 simplified approach has not resulted in any significant increase in impairment loss on trade receivables as at 1 October 2018.

No impairment for other financial assets at amortised cost as at 1 October 2018 is recognised as the Group has considered that there has not been a significant increase in credit risk of such financial assets since initial recognition as at 1 October 2018 and the ECL rates on other receivables are assessed to be minimal and accordingly, the amount of impairment measured under the ECLs model is immaterial.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 30 September 2018, but are recognised in the statement of financial position on 1 October 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9, if any, are recognised in retained profits and reserves as at 1 October 2018. Accordingly, the information presented for prior year does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA").

If a debt investment had low credit risk at the DIA, the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (that is, 1 October 2018). As a result, the financial information presented for the year ended 30 September 2018 has not been restated.

Presentation of contract liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented.

Reclassification was made as at 1 October 2018 to be consistent with the terminology used under HKFRS 15: Contract liabilities recognised in relation to contract with customers were previously included in "trade and other receivables" and "trade and other payables" in the consolidated statement of financial position.

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at 1 October 2018. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported as at 30 September 2018	**Reclassification**	**Carrying amounts under HKFRS 15 as at 1 October 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade and other receivables	65,949	4,061	70,010
Current liabilities			
Trade and other payables	(60,101)	1,912	(58,189)
Contract liabilities	–	(5,973)	(5,973)

The Group considers that the application of HKFRS 15 does not have a material impact on the timing and amount of revenue recognised on sales of power-related and electrical/electronic products in the respective reporting periods upon its initial adoption and the details are set out below:

(i) Sales of power-related and electrical/electronic products

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised when the customer accepts the products. There is generally only one performance obligation. Revenue from sales of goods is recognised at a point in time. Invoices are usually payable within 30–100 days.

Some of the Group's contracts with customers from the sale of product provides standard warranty service for defective goods to assure that the product sold complies with the agreed-upon specifications within approximately 1 year following the date of delivery. The warranty gives rise to a separate performance obligation if a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications. Therefore, an entity shall allocate the transaction price to the product and the service. However, the Group has assessed the one year warranty it provides to customers on these products are customary in this industry and is there to ensure the product complies with agreed-upon specification only. Accordingly this warranty does not constitute an additional performance obligation and no allocation of the transaction price for this service is necessary.

Accordingly, there is no material impact of transition to HKFRS 15 on retained profits and the related tax as at 1 October 2018. There is no material impact on the Group's consolidated financial statements for the year ended 30 September 2019 except for the presentation of contract liabilities above.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs that have been issued but are not yet effective and have not been early adopted by the Group, in the preparation of the financial statements.

HKFRS 16	Leases[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 "Business Combinations"[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11 "Joint Arrangements"[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12 "Income Taxes"[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23 "Borrowing Costs"[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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.

The Group expects the adoption of the standards using the modified retrospective approach where the cumulative effects of initially applying HKFRS 16 is recognised as an adjustment to the opening balance of retained profits and comparative figures are not restated. Lease expenses in profit or loss are replaced by depreciation and interest expenses. Adoption of the new standard will be incurred higher expenses in the early years of lease terms, diminishing over the lease terms and will result lower expenses in the later part of the lease terms when comparing to HKAS 17.

As at 30 September 2019, the Group had non-cancellable operating lease commitments of approximately HK$57,979,000. Of these commitments, commitments of approximately HK$711,000 relating to low value leases will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments of approximately HK$57,268,000, the Group expects to recognise right-of-use assets of approximately HK$37,862,000, lease liabilities of HK$44,416,000 and a corresponding deferred tax liabilities of approximately HK$1,632,000 on 1 October 2019. The difference of HK$8,186,000 will be adjusted to the opening balance of retained profits. Net current assets will be HK$4,310,000 lower due to the presentation of a portion of the lease liabilities as a current liability. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

The Group expects that net profit after tax will decrease by approximately HK$767,000 for the year ending 30 September 2020 as a result of adopting the new standard.

Operating cash flows will increase and financing cash flows will decrease by approximately HK$8,927,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group will apply the standard from the mandatory adoption date for its financial year commencing on 1 October 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group will continue to assess the full impact of the adoption of HKFRS 16.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 "Income Taxes" by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The initial adoption of this interpretation has no significant impact on the Group's financial statements.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition of material to make it easier for entities to make materiality judgements.

The definition of material, an important accounting concept in HKFRSs, helps entities decide whether information should be included in their financial statements.

The initial adoption of the amendments to HKAS 1 and HKAS 8 would not have any significant impact on the Group's financial performance and financial position.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulate that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarify that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition-date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Directors so far concluded that the application of these new pronouncements is unlikely to have a significant impact on the Group's financial performance and financial position upon application.

3. SEGMENT INFORMATION

The Group has determined its operating segments and prepared segmental information based on regular internal financial information reported to the chief operating decision-makers, i.e. the Executive Directors of the Company, who are responsible for making strategic decisions. Since management regards the Group's business as a single operating segment, no further operating segment analysis thereof is presented. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports. Management considers the activities of the Group constitute a single segment based on a measure of revenue and operating result before income tax.

A measure of total assets for this single segment is the total assets on the consolidated statement of financial position. A measure of total liabilities for this single segment is the total liabilities on the consolidated statement of financial position.

Geographical information

The Group's operations are mainly located in People's Republic of China (including Hong Kong Special Administrative Region ("HKSAR")), the United Kingdom (the "UK"), the United States of America (the "USA") and Japan. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	2019	2018
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")		
– Mainland China	**33,142**	28,170
– HKSAR (place of domicile)	**5,018**	3,381
USA	**148,419**	177,396
UK	**35,742**	50,172
Rest of Europe	**14,630**	22,469
Japan	**42,017**	40,352
Others	**33,373**	23,471
	312,341	345,411

The revenue information above is based on the location of the customers.

"Others" above, represents sales to various countries which, individually represent less than 10% of the total revenue of the Group.

Revenue from major customers of the Group for the year is set out below:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**148,583**	158,773
Customer B	**41,808**	40,036
Customer C	**23,118**	34,439

Revenue from Customer C during the year ended 30 September 2019 contributed less than 10% of the total revenue of the Group.

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

	2019	2018
	HK$'000	*HK$'000*
HKSAR	**1,997**	395
Mainland China	**34,423**	39,510
Japan	**11,375**	–
Others	**1**	3
	47,796	39,908

4. **REVENUE**

Revenue includes sale of power-related and electrical/electronic products and the provision of services for the year.

The Group's disaggregated revenue from its major products and service lines are as follows:

	2019	2018
	HK$'000	*HK$'000*
Sales of:		
Solenoid coils	**162,143**	172,360
Power tool chargers	**39,442**	49,058
Printed circuit board assembly	**49,153**	46,871
Parts assembly	**27,349**	38,987
Others	**31,788**	38,135
Revenue recognised at a point in time	**309,875**	345,411
Provision of data centre services	**2,461**	–
Provision of cloud services	**5**	–
Revenue recognised over time	**2,466**	–
Total revenue	**312,341**	345,411

The Group has applied the practical expedient to its sales contracts for provision of data centre services and cloud services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**20**	1,090
Government grant	**4,834**	1,122
Sales of raw materials from cancelled orders	**1,489**	1,866
Sundry income	**1,850**	2,840
	8,193	6,918

The government grant represents subsidies received from the PRC Government to compensate manufacturing intelligence costs incurred by the Company's wholly-owned PRC-based subsidiary. There are no unfulfilled conditions relating to the grant.

6. INTEREST INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest earned on bank deposits and balances	**576**	199

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**958**	2,052
Imputed interest on other loan from the immediate holding company	**150**	–
Imputed interest on other loan from a non-controlling shareholder	**4,428**	442
	5,536	2,494

8. PROFIT BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments under operating leases	**36**	34
Auditors' remuneration		
– audit service	**830**	748
– review service	**275**	269
– other services	**18**	109
Cost of inventories recognised as expenses	**252,885**	288,770
Depreciation of property, plant and equipment	**4,691**	4,128
Exchange gains, net	**(241)**	(629)
Reversal of impairment loss on inventories	**(1,510)**	(731)
Minimum lease payments in respect of rented premises	**8,887**	14,390
Impairment loss on trade receivables *(note 12)*	**–**	205
Employee benefit expenses	**81,715**	82,444

9. INCOME TAX EXPENSE

The income tax expense for the year comprises:

	2019	2018
	HK$'000	*HK$'000*
Current income tax – HKSAR:		
Provision for the year	**3,292**	1,619
Current income tax – Overseas:		
Provision for the year:		
Mainland China	**10,636**	2,257
USA	**27**	28
	10,663	2,285
Under provision in respect of prior years – Overseas	**70**	136
	10,733	2,421
Deferred tax	**743**	229
Income tax expense	**14,768**	4,269

Hong Kong profits tax is calculated at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year, except for the first HK$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019.

A subsidiary of the Group received an enquiry for information from the Hong Kong Inland Revenue Department (the "IRD") in April 2015 due to a tax audit by the IRD on that subsidiary's profits tax affairs and received assessments for Hong Kong profits tax for prior years in March 2015, February 2016, December 2016, March 2018 and February 2019. The Group has subsequently objected to the assessments made. In addition, in July 2016, May 2017, November 2017, December 2017 and August 2018, the same subsidiary received additional enquiries for information from the IRD. Based on the available information, the Group had made a provision in regards of the tax audit. The Directors believe that the provision is adequate to reflect the potential tax liability at the current status. In April 2019, the subsidiary received the draft settlement from the IRD for discussion. The subsidiary is still under discussion with the IRD in concluding the final amount. However, the Directors consider that it is not practical, at this stage, to estimate the ultimate financial impact that this may have on the Group, if any.

The PRC corporate income tax is computed in accordance with the relevant laws and regulations in Mainland China. The income tax rate is 25% (2018: 25%) for the year. The current income tax charge includes an Enterprise Income Tax expense of HK$6,922,000 arising from the one-time transfer of certain land use rights and buildings from one PRC wholly-owned subsidiary to another as part of an internal restructuring/reorganisation of the Group.

Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

During the year ended 30 September 2015, dividends attributable to post 1 January 2008 earnings were remitted to Pantene Industrial Co. Limited from its wholly-owned PRC-based subsidiary, Shenzhen Pantai Electronic Co., Ltd. ("Shenzhen Pantai"). The Group has decided that, as it is probable that Shenzhen Pantai will continue to distribute earnings in the foreseeable future, a deferred tax provision of HK$3,335,000 (2018: HK$1,945,000) has been established at the end of the reporting period in relation to withholding tax based on 5% of post 1 January 2008 unremitted earnings.

The reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2019	2018
	HK\$'000	*HK\$'000*
Profit before income tax	**8,692**	10,860
Tax thereon at domestic rates applicable to profits or losses in the jurisdictions concerned	**3,954**	2,396
Tax effect of non-deductible expenses	**1,136**	1,276
Tax effect of non-taxable income	**(523)**	(388)
Tax effect of temporary differences arising from withholding tax on undistributed profits	**1,499**	302
Tax effect of one-time transfer of certain land use rights and buildings	**6,922**	–
Tax effect of temporary differences not recognised	**(1,666)**	(58)
Tax effect of tax losses not recognised	**2,795**	663
Under provision in respect of prior years	**70**	136
Others	**581**	(58)
Income tax expense	**14,768**	4,269

10. DIVIDENDS

There was no interim dividend for the years ended 30 September 2019 and 30 September 2018.

The Directors do not recommend the payment of a final dividend for the years ended 30 September 2019 and 30 September 2018.

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the relevant years.

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company	**(6,076)**	6,591
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**305,495,000**	300,314,517
	HK cents	*HK cents*
Basic (loss)/earnings per share	**(1.9889)**	2.1947

The calculation of basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares of 305,495,000 in issue during the year ended 30 September 2019.

The weighted average of 300,314,517 ordinary shares used in the calculation of basic earnings per share for the year ended 30 September 2018 comprised the 300,000,000 ordinary shares in issue at 30 September 2017, in addition to the weighted average of 5,495,000 share options exercised during the year ended 30 September 2018.

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption of the conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company relate to the share options under the Company's share option scheme.

No diluted loss per share for the year ended 30 September 2019 is presented as the exercise of share options would result in a reduction in loss per share for the year ended 30 September 2019.

The diluted earnings per share for the year ended 30 September 2018 is calculated as follows:

	2018
	HK$'000
Profit attributable to owners of the Company	6,591
Weighted average number of ordinary shares for the purpose of basic earnings per share	300,314,517
Adjustment for share options	111,585
Weighted average number of ordinary shares for the purpose of diluted earnings per share	300,426,102
	HK cents
Diluted earnings per share	2.1939

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**43,898**	60,786
Less: Impairment provisions	**–**	–
Trade receivables – net	**43,898**	60,786
Prepayments and other receivables	**10,784**	5,163
	54,682	65,949

Amount due from a fellow subsidiary of HK$1,234,000 (2018: HK$Nil), which is included in trade receivables, is unsecured, interest-free and trade in nature.

The Group operates an asset-backed lending facility based on certain of its trade receivables. The discounting transactions are with recourse and accordingly, do not meet the requirements in HKFRS 9 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted trade receivables. At 30 September 2019, trade receivables of HK$9,855,000 (2018: HK$61,013,000) continue to be recognised in the consolidated statement of financial position even though they have been legally transferred to the financial institutions. The proceeds of the discounting transactions are included in borrowings as asset-backed financing until the trade receivables are collected or the Group settles any losses suffered by the financial institutions. At 30 September 2019, the asset-backed lending liabilities amounted to HK$9,362,000 (2018: HK$33,013,000).

At the reporting date, the aged analysis of trade receivables, based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–60 days	**36,850**	51,561
61–90 days	**4,848**	5,992
91–120 days	**2,197**	3,210
More than 120 days	**3**	23
	43,898	60,786

Trade receivables that were neither past due nor impaired related to a large number of customers for whom there has been no recent history of default.

The Group allows credit periods ranging from 20 to 100 days (2018: 30 to 100 days) to its trade customers depending on their credit status and geographical location during the year. The Directors of the Company consider that the carrying amounts of trade and other receivables approximate to their fair values.

The aged analysis of the Group's trade receivables, based on due date, that were past due as at the reporting date but not impaired, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**39,117**	52,133
0–60 days past due	**4,759**	8,630
61–90 days past due	**19**	–
91–120 days past due	**–**	–
Over 120 days past due	**3**	23
	43,898	60,786

Trade receivables that were neither past due nor impaired related to a large number of customers for whom there has been no recent history of default. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality.

Movements in the provision for impairment of trade receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
At 1 October	**–**	–
Impairment loss *(note 8)*	**–**	205
Uncollectible amounts written off	**–**	(205)
At 30 September	**–**	–

The Group has provided in full against those receivables where evidence suggests that the amounts outstanding are not recoverable.

13. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**17,714**	31,942
Other payables and accruals	**29,448**	28,159
	47,162	60,101

At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–60 days	**13,183**	23,841
61–90 days	**3,434**	6,597
More than 90 days	**1,097**	1,504
	17,714	31,942

Amounts due to fellow subsidiaries of HK$3,554,000 (2018: HK$Nil), which are included in other payables and accruals, are unsecured, interest-free and repayable on demand.

The Directors of the Company consider that the carrying amounts of trade and other payables approximate to their fair values.

14. PROVISION

	Onerous contract	
	2019	2018
	HK$'000	*HK$'000*
At 1 October	**–**	1,208
Utilisation of provision	**–**	(1,208)
Carrying amount at 30 September included in current liabilities	**–**	–

The onerous contract at 1 October 2017 represented the estimated present value of the future lease payments on the Group's former factory premises in the PRC, that the Group was obliged to make under a non-cancellable operating lease contract. In January 2018, the Group moved its production base from its former factory premises in Songgang, Shenzhen, the PRC, to its current production facility in Guangming New District, Shenzhen, the PRC. The lease contract for the old factory premises expired on 31 March 2018.

15. SHARE CAPITAL

	Number of ordinary shares of HK$0.001 each	**Amount HK$**
Authorised:		
At 1 October 2017, 30 September 2018 and 30 September 2019	500,000,000	500,000
Issued and fully paid:		
At 1 October 2017	300,000,000	300,000
Issue of shares upon exercise of share options *(note (i))*	5,495,000	5,495
At 30 September 2018 and 30 September 2019	305,495,000	305,495

Notes:

(i) In June 2018 and September 2018, the subscription rights attaching to 794,332 share options and 4,700,668 share options respectively, in aggregate 5,495,000 share options, were exercised at a subscription price of HK$1.50 per share, resulting in the issue of 5,495,000 new shares at par value of HK$0.001 each for a total cash consideration of HK$8,242,000. HK$8,237,000 representing the difference between the subscription price and the par value was added to share premium. In addition, HK$2,498,000 representing that portion of the share option reserve in relation to the exercise of the share options during the year ended 30 September 2018, was transferred from the share option reserve to share premium account.

(ii) All the shares issued during the reporting period ranked pari passu in all respects with the then existing shares in issue.

16. SHARE PREMIUM

	HK$'000
At 1 October 2017	85,502
Arising from issue of shares on exercise of share options *(note (i))*	10,735
At 30 September 2018 and 30 September 2019	**96,237**

Note:

(i) As detailed in note 15(i) above, in June 2018 and September 2018, subscription rights attaching to 794,332 share options and 4,700,668 share options respectively, in aggregate 5,495,000 share options, were exercised at a subscription price of HK$1.50 per share, resulting in the issue of 5,495,000 new shares at par value of HK$0.001 each for a total cash consideration of HK$8,242,000. HK$8,237,000 representing the difference between the subscription price and the par value was added to share premium. In addition, HK$2,498,000 representing that portion of the share option reserve in relation to the exercise of the share options during the year ended 30 September 2018, was transferred from the share option reserve to share premium account.

17. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme for eligible participants of the Group. Participants may include: any employee (full time or part-time), Director, consultant or adviser of the Group; any substantial shareholder of the Group; and any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to be determined by the Board, based on their contribution or potential contribution to the development and growth of the Group.

As at 30 September 2019, the total number of shares available for issue under the scheme was 30,000,000 (2018: 30,000,000) representing around 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange of Hong Kong. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and to be exercised under the Scheme and any other share option scheme of the Company, must not in aggregate exceed 10% of the Company's shares in issue as at the listing date. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company, must not exceed 10% of the Company's shares in issue as at the date of the approval of the refreshed limit.

The number of shares issued and to be issued in respect of which options granted and which may be granted to any individual in any 12-month period up to the date of the grant, shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting. Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such further grant of options is required to be approved by shareholders at a general meeting of the Company, with voting to be taken by way of a poll.

Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK$1 to the Company as consideration for the grant. The subscription price of a share subject to options granted under the Scheme shall be a price determined by the Board and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheet on the date of the grant of the option;

(ii) the average closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and

(iii) the nominal value of a share on the date of the grant of the option.

On 3 April 2017, the Company granted 7,000,000 share options to Directors, employees and other eligible participants with an exercise price of HK$1.50 per share. The share options vest over a period of three years starting from the date of the grant by one-third each anniversary and are fully vested on 3 April 2020. The share options granted are exercisable after one year but not exceeding ten years from the date of the grant. For the year ended 30 September 2018, the Company recognised a share-based compensation charge to profit or loss in respect of these options granted of HK$2,233,000 (including a HK$815,000 accelerated vesting charge due to early vesting of share options as explained below).

794,332 share options were exercised under the rules of the Scheme between 1 October 2017 and 21 August 2018. On 21 August 2018, Huobi Global Limited (the "Offeror"), a company incorporated in the Cayman Islands with limited liability and Trinity Gate Limited, a company incorporated in the BVI with limited liability, New Wave Capital Limited and Mr. Simon Nai-cheng Hsu, entered into the sale and purchase agreement in relation to the sale and purchase of an aggregate of 215,576,000 sale shares, representing approximately 71.67% of the entire issued share capital of the Company. On the same day, six option shares vendors entered into six options shares agreements in relation to the sale and purchase of 4,166,668 option shares. A further 534,000 option shares were exercised following the sale and purchase agreement bringing the total of share option shares exercised in the year ended 30 September 2018 to 5,495,000.

Additionally, as part of the mandatory unconditional cash offer following the sale and purchase agreement, a cash offer was made by the Offeror and the Offeror received valid acceptances in respect of a total of 905,000 share options prior to 30 September 2018 under the cash offer. At the same time, the Company cancelled such share options and HK$396,000, representing the relevant portion of the share option reserve, was transferred to retained profits. On 5 October 2018, the Offeror received valid acceptances in respect of the remaining 600,000 share options and these share options were cancelled and accordingly, HK$295,000, representing the relevant portion of the share option reserve, was transferred to retained profits.

On 3 April 2019, the Company granted 6,192,000 share options to Directors, employees and other eligible participants with an exercise price of HK$3.13 per share. The share options vest over a period of three years starting from the date of the grant by one-third each anniversary and are fully vested on 3 April 2022. The share options granted are exercisable after one year but not exceeding ten years from the date of the grant. For the year ended 30 September 2019, the Company recognised a share-based compensation charge of HK$2,602,000 to profit or loss in respect of these options.

The fair value of the options granted on 3 April 2019 ("Valuation Date") has been calculated by an external valuer using the Binomial Option Pricing Model. The assumptions used were as follows:

	Granted on 3 April 2019
Grant date share price	HK$3.03
Exercise price	HK$3.13
Expected volatility	55.66%
Contractual option life	10 years
Risk-free rate	1.543%
Expected dividend yield	0%

The expected volatility is based on historical price volatility of similar listed companies in the past few years. The risk-free rate is the yields of Hong Kong government bonds and treasury bills as extracted from Bloomberg as at the Valuation Date. At the date the options were granted on 3 April 2019, this was determined to be 1.543%. The dividend yield of the Company of 0% has been adopted.

The assumptions used in computing the fair value of the share options are based on management's best estimate. The valuation of options is dependent upon a number of variables using subjective assumptions. Any changes in the variables may materially affect the estimation of the fair value of an option.

Based on the fair values derived from the above pricing model, the fair value of the share options granted during the year ended 30 September 2019 was approximately HK$8,854,000 (HK$1.4299 each), of which HK$2,602,000 was charged as share-based compensation expense to profit or loss for the year then ended.

There was no market vesting condition or non-market performance condition associated with the options granted.

The movement in the number of share options under the Scheme during the year ended 30 September 2019 are as follows:

	Date of grant	Exercise price	Outstanding at 1 October 2018	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 30 September 2019
		HK$					
Executive Directors							
Mr. Lee Chris Curl	3.4.2019	3.13	–	2,700,000	–	–	2,700,000
Mr. Lan Jianzhong	3.4.2019	3.13	–	600,000	–	–	600,000
Independent non-executive Directors							
Mr. Pochin Christopher Lu	3.4.2017	1.50	300,000	–	–	(300,000)	–
Mr. Danny J Lay	3.4.2017	1.50	300,000	–	–	(300,000)	–
Other eligible participants	3.4.2019	3.13	–	2,892,000	–	–	2,892,000
			600,000	6,192,000	–	(600,000)	6,192,000
Weighted average exercise price			HK$1.50	HK$3.13	–	HK$1.50	HK$3.13

Note:

The weighted average share price at the date of exercise of options exercised during the year was HK$Nil (2018: HK$4.04).

The movement in the number of share options under the Scheme during the year ended 30 September 2018 are as follows:

	Date of grant	Exercise price *HK$*	Outstanding at 1 October 2017	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 30 September 2018
Executive Directors							
Mr. Henry Woon-hoe Lim	3.4.2017	1.50	1,500,000	–	(1,500,000)	–	–
Mr. Ho Hon Ching	3.4.2017	1.50	1,000,000	–	(1,000,000)	–	–
Non-executive Director							
Mr. Simon Nai-cheng Hsu	3.4.2017	1.50	500,000	–	(500,000)	–	–
Independent non-executive Directors							
Mr. Pochin Christopher Lu	3.4.2017	1.50	300,000	–	–	–	300,000
Mr. Danny J Lay	3.4.2017	1.50	300,000	–	–	–	300,000
Ms. Hui Leung Ching Patricia	3.4.2017	1.50	300,000	–	–	(300,000)	–
Other eligible participants	3.4.2017	1.50	3,100,000	–	(2,495,000)	(605,000)	–
			7,000,000	–	(5,495,000)	(905,000)	600,000
Weighted average exercise price			HK$1.50	–	HK$1.50	HK$1.50	HK$1.50

As at 30 September 2019, the total number of share options outstanding were 6,192,000 (2018: 600,000)

For the share options outstanding as at 30 September 2019, the weighted average remaining contractual life was 3,472 days.

Share-based compensation expenses of HK$2,602,000 (2018: HK$2,233,000, including a HK$815,000 accelerated vesting charge due to the early vesting of share options issued by the Company in prior year in relation to the mandatory unconditional cash offer), were charged to the consolidated statement of profit or loss for the year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We finance our operations primarily through cash generated from operations and bank borrowings. However, the cash flows for FY2019 have been affected by the receipt of a HK$313.6 million loan from the immediate holding company. The Group's net cash as at 30 September 2019, together with the position as at 30 September 2018 is summarised below:

	30 September 2019 *HK$'000*	30 September 2018 *HK$'000*
Cash and cash equivalents	**474,683**	205,995
Less: interest-bearing bank borrowings	**(9,362)**	(55,803)
other borrowings	**(461,321)**	(86,540)
Net cash	**4,000**	63,652

Cash and cash equivalents, denominated in HK$, US Dollars, Renminbi and Japanese Yen.

As at 30 September 2019, the effective interest rates on the Group's floating rate borrowing range from 4.0% to 5.5% (30 September 2018: 3.0% to 5.5%) per annum.

CASH FLOW FROM OPERATING ACTIVITIES

Net cash generated from operating activities was HK$17.6 million for FY2019 (FY2018: HK$20.9 million). Contribution to the less cash flow in FY2019 were increases in working capital to HK$10.6 million.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash used in investing activities was HK$15.4 million for FY2019 compared to HK$3.9 million in the comparative period. The current period outflow mainly results from HK$2.6 million of capital expenditure and HK$5.9 million to acquire a Japanese entity (FY2018: HK$5.2 million of capital expenditure and HK$1.1 million proceeds from the disposal of property, plant and equipment).

CASH FLOW FROM FINANCING ACTIVITIES

Net cash generated from financing activities was HK$266.5 million for FY2019 compared to HK$100.4 million from financing activities for FY2018. The inflow for FY2019 includes proceed from other loan from the immediate holding company of HK$313.6 million, repayment of term loan and export loan of HK$13.4 million, interest paid of HK$1.0 million and net repayment of invoice discounting facility of HK$32.7 million.

CAPITAL EXPENDITURE

Capital expenditure in FY2019, financed by internal resources and credit facilities, amounted to HK$2.6 million (FY2018: HK$5.2 million).

TREASURY MANAGEMENT

During the year end 30 September 2019, there has been no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

We closely review our trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

For exchange risk management, the Group's foreign currency risk is mainly concentrated on the fluctuation of the US dollar against the Renminbi. While the Group has no formal hedging policy, it seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain forward foreign exchange contracts to minimise any currency risks, when necessary.

CHARGE ON GROUP ASSETS

At 30 September 2019, the banking facilities of the Company's wholly-owned subsidiaries based in Mainland China and HKSAR, amounted to approximately HK$31,365,000 (30 September 2018: HK$116,500,000) comprising asset-back lending facility. The facilities are secured against certain bank deposits, corporate guarantees from the Company and in the case of the asset-backed lending facility, an assignment over specific trade receivables. At 30 September 2019, the amount drawn down under the asset-backed lending facility was HK$9,362,000 (30 September 2018: HK$33,013,000), the import loan facility was HK$Nil (30 September 2018: HK$9,603,000) and the term loan was HK$Nil (30 September 2018: HK$13,187,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 19 July 2019, the Group entered into a sale and purchase agreement for the acquisition of 100% of the equity interest in Win Techno Inc., which is principally engaged in the provision of data centre services and cloud based services, at a consideration of HK$6,000,000 which has been settled by cash. The acquisition was made with the aim to explore new business opportunities and achieve long-term return to the shareholders.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any material contingent liabilities (30 September 2018: HK$Nil).

COMMITMENTS

As at 30 September 2019, the Group had capital commitments of HK$817,000 in respect of purchase of property, plant and equipment (30 September 2018: HK$Nil).

Our contract commitments at 30 September 2019 include minimum lease payments under non-cancellable operating leases in respect of rented premises and office equipment of approximately HK$58.0 million (At 30 September 2018: HK$60.2 million).

FOREIGN CURRENCY RISK

The Group's principal operating subsidiaries carry out their operations in the PRC (including HKSAR) and Japan. Entities in the Group regularly transact in currencies other than their respective functional currencies with regard to the sale and purchase of products. As a consequence, certain trade receivables and borrowings are denominated in foreign currencies. While the Group has no formal hedging policy, it does seek to manage its foreign currency exposures by constructing natural hedges as well as entering into certain foreign exchange contracts to minimise any currency exposure risks, when necessary.

EMPLOYEES

At 30 September 2019, the Group had 672 employees (30 September 2018: 811) working in the Mainland China, HKSAR, Japan and the USA. The Group has adopted certain bonus programmes, which are determined annually based on certain criteria including performance of the Company and individual employees. The total employment costs (including remuneration of the Directors and mandatory provident fund contributions) for FY2019 amounted to approximately HK$81.7 million (30 September 2018: HK$82.4 million).

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme (the "Scheme") adopted by way of written resolutions passed on 27 October 2016. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Scheme is a share incentive scheme and has been established to recognise and acknowledge the contributions eligible participants have made to the Group. The Scheme is valid and effective for a period of ten years commencing on the date of adoption of the Scheme, unless terminated earlier by the shareholders in general meeting.

Participants of the Scheme may include: any employee (full-time or part-time), Director, consultant or adviser of our Group; any substantial shareholder of our Group; and any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, to be determined by the Board, based on their contribution or potential contribution to the development and growth of the Group.

As at the date of this report, the total number of shares available for issue under the Scheme was 30,000,000, representing around 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange of Hong Kong. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and to be exercised under the Scheme and any other share options schemes of the Company, must not in aggregate exceed 10% of the Company's shares in issue. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company, must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The number of shares issued and to be issued in respect of which options granted and which may be granted to any individual in any 12-month period up to the date of the grant, shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting. Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such further grant of options is required to be approved by shareholders at a general meeting of our Company, with voting to be taken by way of poll.

Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK$1.00 to the Company as consideration for the grant. The subscription price of a share subject to options granted under the Scheme shall be a price determined by the Board and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheet on the date of grant of the option;

(ii) the average closing price of the shares as stated in the Stock Exchange of Hong Kong's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and

(iii) the nominal value of a share on the date of grant of the option.

The details of the exercise price and number of options outstanding during the year which have been granted to, exercised and cancelled by the eligible participants are as follows:

	Date of grant	**Exercise price**	**Outstanding at 1 October 2018[3]**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Outstanding at 30 September 2019**
		HK$	*Number*	*Number*	*Number*	*Number*	*Number*
Executive Directors							
Mr. Lee Chris Curl	3.4.2019	3.13	–	2,700,000	–	–	2,700,000
Mr. Lan Jianzhong	3.4.2019	3.13	–	600,000	–	–	600,000
Independent non-executive Directors							
Mr. Pochin Christopher Lu[1]	3.4.2017	1.50	300,000	–	–	(300,000)	–
Mr. Danny J Lay[2]	3.4.2017	1.50	300,000	–	–	(300,000)	–
Other eligible participants	3.4.2019	3.13	–	2,892,000	–	–	2,892,000
			600,000	6,192,000	–	(600,000)	6,192,000

The options granted are vested for a period of three years immediately after the date of the grant by one-third each anniversary and are fully vested on 3 April 2022.

Notes:

(1) Mr. Pochin Christopher Lu resigned as an independent non-executive Director with effect from 11 October 2018.

(2) Mr. Danny J Lay resigned as an independent non-executive Director with effect from 11 October 2018.

(3) All total outstanding 600,000 share options held by Mr. Pochin Christopher Lu and Mr. Danny J Lay as at 30 September 2018 have been cancelled on 5 October 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules. Specific enquiries have been made of all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out the Model Code during the year ended 30 September 2019 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

During the year ended 30 September 2019, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save as and except for the deviations from (1) code provision A.2.1 of the CG Code relating to the separate roles of chairman and chief executive officer and the roles should not be performed by the same individual, and (2) code provision C.2.5 of the CG Code in respect of an internal audit function of the Group.

The Board believes that the arrangement that Mr. Li Lin is the Chairman and also serves the function of CEO is necessary for the future development of the Company as Mr. Li possesses over 10 years of experiences in corporate management. The dual role arrangement could provide strong and consistent market leadership and is critical for effective management and business development of the Group. As all major decisions are made in consultation with the members of the Board, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board, and such dual role arrangement will not undermine the current corporate governance structure of the Group.

PURCHASE, SALES OR REDEMPTION OF 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 year ended 30 September 2019.

AUDIT COMMITTEE

The Company has established an Audit Committee on 27 October 2016 with written terms of reference aligned with Rule 3.21 of the Listing Rules and code provision C.3 of the CG Code. The Audit Committee is to serve as a focal point for communication among other Directors, the external auditor, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits.

Up until 11 October 2018, the Audit Committee comprised three independent non-executive Directors, namely Mr. Pochin Christopher Lu (former chairman of the Audit Committee), Mr. Danny J Lay and Ms. Hui Leung Ching Patricia. On that date, all the above members resigned and were replaced by Mr. Yip Wai Ming (chairman of the Audit Committee), Mr. Duan Xiongfei and Mr. Zhou Guohua. On 22 February 2019, Mr. Zhou Guohua resigned and was replaced by Mr. Ngai Matthew Cheuk Yin. Therefore the composition of Audit Committee is Mr. Yip Wai Ming (chairman of the Audit Committee), Mr. Duan Xiongfei and Mr. Ngai Matthew Cheuk Yin.

The primary duties and a summary of work done of the Audit Committee include:

– to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve and review the remuneration and terms of engagement of the external auditors;

– to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– to develop and implement policy on engaging external auditor to supply non-audit services;

– to monitor the integrity of financial statements and the annual report and accounts and interim report, and to review significant financial reporting judgements contained in them;

– to discuss the risk management and the internal control systems with the management of our Group to ensure that the management of our Group has performed its duty to have effective internal control systems;

- to conform to any requirement, direction and regulation that may from time to time be contained in the Memorandum and Articles of Association or imposed by the Listing Rules or applicable law; and

- to review the continuing connected transactions.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

The Board has had no disagreement with the Audit Committee's view on the re-appointment of the external auditor.

The annual financial results of the Group for the year ended 30 September 2019 have been reviewed by the Audit Committee.

SCOPE OF WORK PERFORMED BY THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of other comprehensive income and the related notes thereto for the year ended 30 September 2019 as set out in this announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2019. The work performed by BDO Limited 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 BDO Limited on this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 March 2020 to 20 March 2020, both days inclusive, in order to determine the identity of the shareholders of the Company who are entitled to attend the Annual General Meeting ("AGM") on 20 March 2020, during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54 Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 16 March 2020.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as at the date of this announcement, the Directors confirm that the Company has maintained at all times during the year ended 30 September 2019 sufficient public float requirement as prescribed by the Listing Rules.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE 2019 ANNUAL REPORT

This announcement is published on the website of the Stock Exchange of Hong Kong at www.hkexnews.hk and on the website of the Company at www.huobitech.com. The Company's 2019 Annual Report containing all of the information as required by the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange of Hong Kong and on the website of the Company in due course.

By order of the Board
HUOBI TECHNOLOGY HOLDINGS LIMITED
Lee Chris Curl
Executive Director

HKSAR, 16 December 2019

As at the date of this announcement, the Board comprises (1) Mr. Li Lin, Mr. Lee Chris Curl and Mr. Lan Jianzhong as the executive Directors; and (2) Mr. Duan Xiongfei, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin as independent non-executive Directors.