

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PANTRONICS HOLDINGS LIMITED

桐成控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 1611

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2018

Financial Highlights	Six months ended 31 March		
	2018	2017	% Change
	HK\$'000	HK\$'000	
Revenue	161,032	137,672	17.0%
Gross profit	22,419	30,218	(25.8%)
Gross profit margin	13.9%	21.9%	(36.6%)
Profit before income tax (excluding listing expenses and relocation costs)	5,110	13,094	(61.0%)
Profit before income tax	1,250	5,173	(75.8%)
Profit attributable to owners of the Company	986	2,163	(54.4%)
Basic and diluted earnings per share	HK cents 0.33	HK cents 0.77	(57.1%)
Interim dividend	—	HK cents 5.0	N/A

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	986	2,163
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	<u>3,852</u>	<u>(1,910)</u>
Other comprehensive income for the period, net of tax	<u>3,852</u>	<u>(1,910)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>4,838</u></u>	<u><u>253</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 March 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	30 September 2017 <i>HK\$'000</i> <i>(Audited)</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		45,029	36,089
Prepayments for the purchase of property, plant and equipment		—	3,702
Prepaid land lease payments under operating leases		304	321
		45,333	40,112
Current assets			
Inventories		42,769	43,886
Trade and other receivables	12	72,526	65,539
Amounts due from fellow subsidiaries		249	908
Amount due from the immediate holding company		—	13
Cash and bank balances		68,165	90,231
		183,709	200,577
Current liabilities			
Trade and other payables	13	49,752	56,737
Bank borrowings		55,726	61,871
Provision	14	—	1,208
Tax payable		7,331	10,566
		112,809	130,382
Net current assets		70,900	70,195
Total assets less current liabilities		116,233	110,307
Non-current liabilities			
Deferred tax liabilities		1,837	1,711
Net assets		114,396	108,596
EQUITY			
Share capital	15	300	300
Reserves		114,096	108,296
Total equity attributable to owners of the Company		114,396	108,596

1. GENERAL INFORMATION

Pantronics 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 Flat/RM 1603A, 16/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong.

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, of a wide range of power-related and electrical/electronic products. The Directors consider these activities constitute one business segment, and is the basis upon which the Group reports its segment information.

The immediate holding company of the Company is New Wave Capital Limited (“NWC”), a company incorporated in the BVI with limited liability. The Directors of the Company consider the ultimate holding company to be SNH Global Holdings Limited (“SNHGH”), a company incorporated in the BVI with limited liability. The ultimate controlling party is Mr. Simon Nai-cheng Hsu.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standard 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 30 September 2017, except for the adoption of the accounting policy for government grants and the new and revised HKFRSs (which include individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as disclosed below.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Interim Financial Statements are unaudited but, have been reviewed by BDO Limited in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The Interim Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 September 2017.

The Interim Financial Statements are presented in thousands of Hong Kong Dollars ("HK\$'000"), unless otherwise stated.

(b) Adoption of amended HKFRSs – effective from 1 October 2017

In the current period, the Group has applied for the first time the following revised HKFRSs issued by the HKICPA, which are effective for the Group's financial statements for the annual financial period beginning on 1 October 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014 - 2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 - Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Group is not required to provide the additional disclosures in the Interim Financial Statements.

Amendments to HKAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of these amendments to HKAS 12 has no significant impact on the Interim Financial Statements.

Annual Improvements to HKFRSs 2014 - 2016 Cycle - Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The adoption of the amendments to HKFRS 12 has no impact on the Interim Financial Statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(c) 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 Interim Financial Statements.

Annual Improvements to HKFRSs 2014 - 2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards ¹
Annual Improvements to HKFRSs 2014 - 2016 Cycle	Amendments to HKAS 28, Investments in Associate and Joint Ventures ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 15	Clarifications to HKFRS 15, Revenue from Contracts with Customers ¹
Amendments to HKAS 19	Employee Benefits ²
Amendments to HKAS 28	Investments in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
HKFRSs (Amendments) HKFRS 9	Annual Improvements 2015 - 2017 Cycle ² Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²
HKFRS 16	Leases ²
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 2018

² Effective for annual periods beginning on or after 1 January 2019

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 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at 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.

Based on the Group’s financial instruments and risk management policies, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 may result in earlier recognition of credit losses on the Group’s financial assets measured at amortised cost taking into account the estimated credit risk of customers and other debtors the Group has business with and the actual impairment of receivables experienced. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

Amendments to HKFRS 15 - Clarifications to HKFRS 15, Revenue from Contracts with Customers

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

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.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK\$69,498,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

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.

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 Mainland China, Hong Kong, 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:

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC")		
– Mainland China	13,328	11,013
– Hong Kong (place of domicile)	859	814
USA	82,823	72,048
UK	23,749	17,942
Rest of Europe	9,437	13,419
Japan	19,942	14,631
Others	10,894	7,805
	<u>161,032</u>	<u>137,672</u>

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, each of them accounting for 10% or more of the Group’s revenue for the period, is set out below:

	Six months ended 31 March	
	2018 <i>HK\$’000</i> <i>(Unaudited)</i>	2017 <i>HK\$’000</i> <i>(Unaudited)</i>
Customer A	76,941	49,333
Customer B	19,740	13,771
Customer C	16,621	22,459
	<u>76,941</u>	<u>22,459</u>

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

	31 March 2018 <i>HK\$’000</i> <i>(Unaudited)</i>	30 September 2017 <i>HK\$’000</i> <i>(Audited)</i>
	Hong Kong	1,326
Mainland China	44,003	38,662
Others	4	4
	<u>45,333</u>	<u>40,112</u>

4. REVENUE

Revenue represents the total invoiced value of goods supplied less discounts and returns.

5. OTHER INCOME

	Six months ended 31 March	
	2018 <i>HK\$’000</i> <i>(Unaudited)</i>	2017 <i>HK\$’000</i> <i>(Unaudited)</i>
Gain on disposal of property, plant and equipment	1,097	—
Government grant	1,122	—
Sundry income	1,698	1,496
	<u>3,917</u>	<u>1,496</u>

The government grant represents compensation received from the PRC Government to compensate research and development costs incurred by the Company’s wholly-owned PRC-based subsidiary. There are no unfulfilled conditions relating to the grant.

6. INTEREST INCOME

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest earned on bank deposits and balances	102	23

7. FINANCE COSTS

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	1,023	642

8. PROFIT BEFORE INCOME TAX

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments		
under operating leases	17	17
Auditors' remuneration:		
– audit services	302	389
– other services	260	386
Cost of inventories recognised as expenses	138,613	107,454
Depreciation of property, plant and equipment	1,602	1,023
Exchange losses/(gains), net	1,434	(1,181)
Impairment loss on inventories	740	52
Minimum lease payments in respect of rented premises	4,341	3,961
Employee benefit expenses (including		
Directors' remuneration)	39,725	33,710

9. INCOME TAX EXPENSE

Income tax expense for the period comprises:

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax – Hong Kong:		
Provision for the period	61	1,240
Current income tax – Overseas:		
Provision for the period:		
Mainland China	183	1,656
USA	6	6
	189	1,662
Deferred tax liabilities	14	108
Income tax expense	264	3,010

Hong Kong profits tax is calculated at the rate of 16.5% (2017 - 16.5%) on the estimated assessable profits for the period.

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 and March 2018. The Group has subsequently objected to the assessment made. In addition, in July 2016, May 2017, November 2017 and December 2017, the same subsidiary received additional enquiries for information from the IRD. The Directors believe that the tax audit/enquiry is at its early stages and it is not practical, at this stage, to estimate the ultimate financial impact that this may have on the Group, if any.

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

The PRC corporate income tax is computed according to relevant laws and regulations in Mainland China. The income tax rate is 25% (2017 - 25%) for the period.

During the year ended 30 September 2015, dividends attributable to post 1 January 2008 earnings were remitted to Pantene Industrial Co. Limited (“Pantene Industrial”) 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\$1,837,000 (2017 - HK\$1,408,000) 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.

10. DIVIDENDS

At a Board Meeting held on 11 May 2017, the Directors approved the payment of an interim dividend of HK\$15,000,000 (5 HK cents per ordinary share) in relation to the year ended 30 September 2017. This dividend was distributed on 23 June 2017 to shareholders whose names were recorded in the Register of Members of the Company on 8 June 2017.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 March 2018.

11. EARNINGS PER SHARE

Basic earnings per share

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

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	986	2,163
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	300,000,000	282,346,154
	HK cents	HK cents
	(Unaudited)	(Unaudited)
Basic earnings per share	0.33	0.77

Note:

The weighted average of 282,346,154 ordinary shares used in the calculation of basic earnings per share for the six months ended 31 March 2017, comprised: (i) 200,000 ordinary shares of the Company in issue as at 30 September 2016; (ii) 236,800,000 ordinary shares of the Company issued and allotted to the immediate holding company, NWC, at par value of HK\$0.001 each pursuant to the shareholder's resolution dated 17 November 2016 as if this issue had occurred at 1 October 2016; and (iii) 63,000,000 ordinary shares allotted by way of the public offer and placing on the Stock Exchange of Hong Kong on 21 November 2016.

Diluted earnings per share

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the shares for the six months ended 31 March 2018.

There were no potential dilutive ordinary shares outstanding during the six months ended 31 March 2018 and 31 March 2017, and hence, the diluted earnings per share is the same as the basic earnings per share.

12. TRADE AND OTHER RECEIVABLES

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	64,619	56,172
Less: impairment provisions	—	—
	<hr/>	<hr/>
Trade receivables – net	64,619	56,172
Prepayments and other receivables	7,907	9,367
	<hr/>	<hr/>
	<u>72,526</u>	<u>65,539</u>

The Group operates an asset-backed lending facility based on certain of its trade receivables. The discounting transactions do not meet the requirements in HKAS 39 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 31 March 2018, trade receivables of HK\$63,095,000 (30 September 2017 - HK\$57,270,000) 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 31 March 2018, the asset-backed lending liabilities amounted to HK\$27,770,000 (30 September 2017 - HK\$36,763,000).

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

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 - 60 days	39,557	47,063
61 - 90 days	14,679	7,521
91 - 120 days	10,311	1,588
More than 120 days	72	—
	<hr/>	<hr/>
	<u>64,619</u>	<u>56,172</u>

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 30 to 100 days (30 September 2017 - 30 to 100 days) to its trade customers depending on their credit status and geographical location during the period. 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:

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Neither past due nor impaired	43,009	50,130
0 - 60 days past due	20,046	6,042
61 - 90 days past due	1,411	—
91 - 120 days past due	108	—
Over 120 days past due	45	—
	<u>21,610</u>	<u>6,042</u>
	<u><u>64,619</u></u>	<u><u>56,172</u></u>

Trade receivables that are past due but not impaired related to a number of independent customers that have a good track record with the Group. 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.

13. TRADE AND OTHER PAYABLES

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	28,779	35,615
Other payables and accruals	20,973	21,122
	<u>49,752</u>	<u>56,737</u>

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

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 - 60 days	19,449	24,795
61- 90 days	3,959	6,178
More than 90 days	5,371	4,642
	<u>28,779</u>	<u>35,615</u>

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

14. PROVISION

	Onerous contract	
	31 March 2018	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
At 1 October 2017/2016 (audited)	1,208	—
Utilisation of provision	(1,208)	—
	<hr/>	<hr/>
Carrying amount at 31 March 2018/2017 (unaudited)	<u>—</u>	<u>—</u>

The provision at 1 October 2017 comprised an onerous contract representing the estimated present value of the future lease payments that the Group was obliged to make under a non-cancellable operating lease contract.

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.001 each	Amount HK\$
Authorised:		
At 31 March 2017, 30 September 2017 and 31 March 2018	500,000,000	500,000
	<hr/>	<hr/>
Issued and fully paid:		
At 1 October 2016	200,000	200
Issue of shares on 17 November 2016 (note (i))	236,800,000	236,800
Issue of shares pursuant to the public offer and placing on 21 November 2016 (note (ii))	63,000,000	63,000
	<hr/>	<hr/>
At 30 September 2017 and 31 March 2018	<u>300,000,000</u>	<u>300,000</u>

Notes:

- (i) Pursuant to the shareholder's resolution dated 17 November 2016, 236,800,000 ordinary shares were issued and allotted to the immediate holding company, NWC, at par value of HK\$0.001 each.
- (ii) On 21 November 2016, pursuant to the shareholder's resolution dated 17 November 2016, 63,000,000 ordinary shares ("New Shares") at par value of HK\$0.001 each, were issued and allotted by way of the public offer and placing on the Main Board of the Stock Exchange of Hong Kong. In addition to the 63,000,000 New Shares above, NWC placed an additional 27,000,000 ordinary shares ("Sale Shares") at par value of HK\$0.001 each at a price of HK\$1.50 per share. In summary, 90,000,000 shares, comprising 63,000,000 New Shares and 27,000,000 Sale Shares, representing 30% of the Company's issued and fully paid share capital were offered by way of the public offer (27,000,000 New Shares) and placing (63,000,000 shares comprising 36,000,000 New Shares and 27,000,000 Sale Shares) on the Main Board of the Stock Exchange of Hong Kong. Dealings in the Company's shares on the Main Board of the Stock Exchange of Hong Kong commenced on 21 November 2016.

- (iii) All the shares issued during the year ended 30 September 2017 ranked pari passu in all respects with the then existing shares in issue.

16. SHARE PREMIUM

	<i>HK\$'000</i> <i>(Unaudited)</i>
At 1 October 2016	—
Arising from the public offer and placing (note (i))	94,437
Arising from the transactions costs attributable to the public offer and placing (note (ii))	<u>(8,935)</u>
At 31 March 2017, 30 September 2017 and 31 March 2018	<u><u>85,502</u></u>

Notes:

- (i) As detailed in note 15 above, on 21 November 2016, the Company listed 63,000,000 ordinary shares at par value of HK\$0.001 each at a price of HK\$1.50 per share on the Main Board of the Stock Exchange of Hong Kong. Of the gross proceeds of HK\$94,500,000, HK\$63,000 was credited to the Company's share capital and the remaining HK\$94,437,000 was credited to the share premium account.
- (ii) The transaction costs attributable to the issue of the shares of HK\$8,935,000 were deducted from the 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.

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. Details of the share options granted are set out in the Group's annual consolidated financial statements for the year ended 30 September 2017.

During the six months ended 31 March 2018 and 2017, no share options were granted, exercised, lapsed or forfeited.

At 31 March 2018, the total number of share options outstanding were 7,000,000 (30 September 2017 – 7,000,000) and the weighted average remaining contractual life was 3,290 days (30 September 2017 – 3,472 days).

Share-based compensation expenses of HK\$962,000 were charged to the condensed consolidated statement of profit or loss for the six months ended 31 March 2018 (31 March 2017 – HK\$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group has experienced a 17.0% increase in revenue, with a 56.0% increase in sales to its largest customer, a positive result for the Company showing incremental growth in its underlying customer base and geographical markets.

Despite the increased revenue, this has not been matched with a corresponding increase in gross profit due to increased raw material costs, predominantly copper, higher labour costs and increased depreciation associated with the high levels of capital expenditure which have taken place in conjunction with the relocation of the manufacturing facility from Songgang to a self-contained leasehold manufacturing site in Guangming New District, Shenzhen, the PRC.

Costs associated with the move including relocation costs, duplicate rental and factory maintenance-associated costs of approximately HK\$3.9 million have also negatively impacted the result for the period. Excluding these one-time costs, the adjusted profit before income tax for the period was HK\$5.1 million compared to a prior year result of HK\$13.1 million, (excluding one-time listing costs of HK\$5.9 million).

As well as increasing raw material costs, the Group has been adversely impacted by the appreciation of the Renminbi against the US Dollar and higher than expected legal and professional costs.

Undoubtedly, our business operations have faced challenges in the period under review including the physical relocation of the production facilities and labour shortages at a time when customer demand has seen a significant increase. While the result for the period is disappointing, we have been encouraged by the increased revenue experienced in the first half of the financial year.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by HK\$23.3 million or 17.0% from HK\$137.7 million for the six months ended 31 March 2017 to HK\$161.0 million for the six months ended 31 March 2018, primarily due to an improvement in trading conditions across the Group's geographical and customer base. Specifically, revenues to its largest customer, mostly solenoid coils, increased by 56.0%.

Cost of sales

Cost of sales, primarily comprising raw materials, direct labour and manufacturing overheads, amounted to HK\$138.6 million and HK\$107.5 million for the six months ended 31 March 2018 and 31 March 2017, respectively, representing 86.1% and 78.1% of revenue for the six months ended 31 March 2018 and 31 March 2017, respectively. While the cost of sales has moved in line with revenue, increases in raw material costs, predominantly copper, and labour costs have significantly increased the cost of sales.

Gross profit and gross profit margin

The Group's gross profit was HK\$22.4 million and HK\$30.2 million, representing a gross profit margin of 13.9% and 21.9% for the six months ended 31 March 2018 and 31 March 2017, respectively.

The lower gross margin % reflects a combination of higher raw material costs, predominantly copper costs, coupled with increased labour costs and additional manpower resources required to prepare for and complete the relocation of the manufacturing plant in Songgang to a self-contained, leasehold manufacturing facility in Guangming.

Other income

Other income, which includes gains on disposal of property, plant and equipment, government grants, certification and inspection fees, sample sales and rework costs recharged to customers, increased by approximately HK\$2.4 million from HK\$1.5 million for the six months ended 31 March 2017 to HK\$3.9 million for the six months ended 31 March 2018. The increase is due to, among others, the receipt of a HK\$1.1 million government grant and HK\$1.1 million in relation to the gain on disposal of property, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses increased by HK\$0.1 million or 2.4% from HK\$3.7 million for the six months ended 31 March 2017 to HK\$3.8 million for the six months ended 31 March 2018.

Administrative expenses

Administrative expenses increased by HK\$4.1 million or 24.6% from HK\$16.3 million for the six months ended 31 March 2017 to HK\$20.4 million for the six months ended 31 March 2018. This increase includes, among others, increased legal fees, adverse exchange differences resulting from the strengthening of the Renminbi against the US Dollar and the inclusion of HK\$3.5 million move-related costs.

Finance costs

Finance costs have increased by HK\$0.4 million from HK\$0.6 million for the six months ended 31 March 2017 compared to HK\$1.0 million for the six months ended 31 March 2018, in line with the increased level of borrowings in the Group.

Listing expenses

The Group incurred listing costs of HK\$5.9 million for the six months ended 31 March 2017 in relation to its listing on the Main Board of the Stock Exchange of Hong Kong on 21 November 2016.

Profit before income tax

The Group's profit before income tax has decreased by HK\$3.9 million or 75.8% from HK\$5.2 million for the six months ended 31 March 2017 to HK\$1.3 million for the six months ended 31 March 2018. Excluding the impact of costs associated with the move including relocation costs, duplicate rental and factory maintenance-related costs of approximately HK\$3.9 million for the six months ended 31 March 2018 and duplicate rental costs of HK\$1.4 million and listing costs of HK\$5.9 million for the six months ended 31 March 2017, the adjusted profit before tax of HK\$5.1 million for the six months ended 31 March 2018 compares to an adjusted profit before tax of HK\$13.1 million for the six months ended 31 March 2017. Despite increased revenues, the increase in raw material and labour costs coupled with the strengthening of the Renminbi against the US Dollar have had a material adverse impact on our profit before income tax.

Income tax expense

Our income tax expense decreased by approximately HK\$2.7 million or 91.2% from HK\$3.0 million for the six months ended 31 March 2017 to HK\$0.3 million for the six months ended 31 March 2018. The effective tax rate for the six months ended 31 March 2018 and 31 March 2017 was 21.1% and 58.2%, respectively. Excluding the impact of non-deductible listing costs, the effective rate would have been 27.2% in 2017.

Profit for the period

Our profit for the period decreased by approximately HK\$1.2 million or 54.4% from HK\$2.2 million for the six months ended 31 March 2017 to HK\$1.0 million for the six months ended 31 March 2018. The lower profits reflect the costs associated with the relocation incurred in the current period and, despite higher revenues, the impact of higher raw material prices, predominantly copper and higher labour costs.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 31 March 2018 (31 March 2017 – interim dividend of HK\$15.0 million (5 HK cents per ordinary share)).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We finance our operations primarily through cash generated from operations and bank borrowings. However, the cash flows for the six months ended 31 March 2017 were significantly affected by the Company's listing on the Main Board of the Stock Exchange of Hong Kong on 21 November 2016, while those for the six months ended 31 March 2018 have been impacted by the relocation of the manufacturing plant in Songgang to a self-contained, leasehold manufacturing facility in Guangming. The Group's net cash as at 31 March 2018, together with the position as at 30 September 2017 is summarised below:

	31 March 2018	30 September 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and equivalents	68,165	90,231
Less: interest-bearing bank borrowings	<u>(55,726)</u>	<u>(61,871)</u>
Net cash	<u>12,439</u>	<u>28,360</u>
Debt to equity ratio	<u>N/A</u>	<u>N/A</u>

Cash and cash equivalents, denominated in HK\$, US Dollars and Renminbi, include short-term bank deposits carrying interest at prevailing market rates.

The working capital position of the Group remains healthy. Now the relocation plan is substantially complete, we expect that our liquidity position will be strengthened by using a combination of cash generated from operating activities and bank borrowings.

CASH FLOW FROM OPERATING ACTIVITIES

Net cash used in operating activities was HK\$13.3 million for the six months ended 31 March 2018 (31 March 2017 – HK\$11.6 million used in operating activities). Contributing to the higher usage was a lower operating profit, increases in working capital and the incidence of restructuring costs off-set by lower income tax paid.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash used in investing activities was HK\$3.3 million for the six months ended 31 March 2018 compared to HK\$0.6 million in the comparative period. The current period outflow includes HK\$4.5 million of capital expenditure (31 March 2017 – HK\$0.6 million) and HK\$1.1 million proceeds from the disposal of property, plant and equipment. The capital expenditure of HK\$4.5 million is stated net of HK\$3.7 million of prepayments for the purchase of property, plant and equipment at 30 September 2017, which have subsequently been transferred to property, plant and equipment in the current period.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities was HK\$7.2 million for the six months ended 31 March 2018 compared to HK\$50.2 million generated from financing activities for the six months ended 31 March 2017. The prior period cash flow includes HK\$94.5 million gross proceeds from the shares issued pursuant to the public offer, offset by HK\$8.9 million of transaction costs debited to equity, dividend payments of HK\$30.0 million and a HK\$5.0 million decrease in bank borrowings. The outflow for the six months ended 31 March 2018 includes interest paid of HK\$1.0 million and a HK\$6.1 million decrease in bank borrowings.

CAPITAL EXPENDITURE

Capital expenditure in the period, financed by internal resources and credit facilities, amounted to HK\$4.5 million (31 March 2017 – HK\$0.6 million). The capital expenditure of HK\$4.5 million is stated net of HK\$3.7 million of prepayments for the purchase of property, plant and equipment at 30 September 2017 which have subsequently been transferred to property, plant and equipment in the current period.

CHARGE ON GROUP ASSETS

At 31 March 2018, the banking facilities of the Company's wholly owned subsidiaries based in Hong Kong and China, amounted to approximately HK\$114.5 million (30 September 2017 – HK\$113.2 million), comprising overdraft, confidential invoicing, import loans and a term loan. The facilities are secured against certain keyman insurance, debentures over all of the assets of Pantene Industrial, certain corporate guarantees from the Company and, in the case of the confidential invoice facility, an assignment over specific trade receivables. At 31 March 2018, the amount drawn down under the confidential invoice facility was HK\$27.8 million (30 September 2017 – HK\$36.8 million), the import loans facility was HK\$9.8 million (30 September 2017 – HK\$11.7 million) and the term loan was HK\$18.1 million (30 September 2017 – HK\$13.4 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period under review, there have been no material acquisitions or disposals of subsidiaries and associated companies by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the joint venture company as disclosed in the paragraph headed "Outlook" below, the Group has no other future plans for material investments or capital assets as at the date of this announcement.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities (30 September 2017 – HK\$nil).

COMMITMENTS

As at 31 March 2018, the Group had approximately HK\$5.8 million (30 September 2017 – HK\$14.2 million) of capital commitments in relation to the purchase of new machines and equipment for the installation of new production lines and leasehold improvements in the new manufacturing facility in Guangming.

Our contract commitments at 31 March 2018 include minimum lease payments under non-cancellable operating leases in respect of rented premises of approximately HK\$69.5 million (30 September 2017 – HK\$72.1 million).

FOREIGN CURRENCY RISK

The Group's principal operating subsidiaries carry out their operations in the PRC, including Hong Kong. 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.

EMPLOYEES

At 31 March 2018, the Group had 811 employees (30 September 2017 - 819) working in Hong Kong, the PRC 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 the six months ended 31 March 2018 amounted to approximately HK\$39.7 million (31 March 2017 – HK\$33.7 million).

USE OF PROCEEDS FROM THE LISTING

Our Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 21 November 2016. The net proceeds from the listing of the Company, based on an offer price of HK\$1.50 per share and after deducting underwriting fees and related expenses, amounted to approximately HK\$62.5 million.

In January 2018, the Company announced that it had substantially completed the relocation of its manufacturing premises from the facility in Songgang to a manufacturing facility in Guangming. Because the relocation took longer than originally anticipated and certain estimates used in the Prospectus allocation have been superseded by actual costs, the plan of the use of proceeds, while not significantly different from the original allocation, has nonetheless changed.

	Actual net proceeds as per Prospectus allocation <i>HK\$million</i>	Incurred up to 31 March 2018 (including VAT) <i>HK\$million</i>
Streamlining and modernising production processes and relocation of the production facility:		
Purchase of plant and equipment	29.4	23.3
Leasehold improvements	15.4	10.7
Inventory build	10.3	10.3
Relocation costs	6.9	11.9
	<hr/>	<hr/>
	62.0	56.2
General working capital	0.5	0.5
	<hr/>	<hr/>
	62.5	56.7
	<hr/> <hr/>	<hr/> <hr/>
Unutilised at 31 March 2018		5.8
		<hr/>
		62.5
		<hr/> <hr/>

Although the physical relocation is now complete and the new facility is fully operational, plans to purchase the remaining items of plant and equipment have been deferred until further feasibility on their effectiveness is carried out, in line with the Group's objective to streamline and modernise its manufacturing processes.

The Group however, is fully committed to its business development plan and will strive to meet in full its undertakings and commitments as set out in the Prospectus.

The unused net proceeds have been deposited with banks in Hong Kong.

OUTLOOK

One of the Group's major strategic initiatives was to relocate its production facilities to a self-contained leasehold manufacturing site. This was completed in January 2018 in conjunction with considerable investment in state of the art plant and equipment. Now that the relocation is complete, we can concentrate on our principal business objective of achieving sustainable growth in our current business and strengthening our capability to secure more business opportunities.

The new facility with its streamlined and modern production processes will allow us to increase capacity, enjoy the economies of scale and production efficiencies so we can compete more successfully and improve our financial performance.

Hand in hand with the new facilities, we recognise that our principal activities, the manufacture of solenoid coils, battery charger solution and power supply and LED lighting, are characterised by rapid technological advances. In order to keep up to date with the evolving advancements and customer demands, we are strengthening our product development capabilities by continuing to invest in highly-competent and well-trained employees as well as using our existing facilities, such as plastic-injection moulding, to expand our core competencies.

New product development and proactive marketing of our skills and competencies are pivotal to our future growth plans. In order to promote and enhance our product and corporate recognition, we need to engage more directly in marketing and promotional activities. We have already restructured our sales team and have undertaken additional recruitment and resource to engage in more market networking activities to promote and expand our customer base.

A major part of our strategic plan continues to be the expansion and growth of our market share in our solenoid coil business. According to industry market research, the total production of solenoid coils in China is expected to grow significantly in the next few years. Our market share in China is relatively small. As discussed in the Prospectus, we have entered into a non-legally binding memorandum of understanding with our largest customer, to establish a joint venture company with our internal resources to engage in the production of solenoid coils in China and subsequently supply to our largest customer and other potential customers. The Directors believe that the joint venture arrangement will enable us to increase our market share, benefit in the expected growth in China and develop highly price-competitive products.

The first six months of fiscal 2018 have been extremely busy with the relocation of our production facility. Encouragingly, revenue has increased when compared to the same period last year but, at the same time, increasing raw material prices, predominantly copper, have eroded our gross profit margins. The full benefits to be derived from the relocation will not be fully realised in fiscal 2018. While we will do everything in our power to minimise the impact of higher raw material costs, we anticipate that margins will continue to be adversely impacted for the remainder of the financial year. However, we do not anticipate a repetition of the relocation-associated costs expensed in the six months ended 31 March 2018.

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

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

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") with effect from 27 October 2016. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The main purpose of the Scheme is to recognise and acknowledge the contributions eligible participants have made to the Group. On 3 April 2017, 7,000,000 share options to subscribe for 7,000,000 ordinary shares of HK\$0.001 each in the Company were granted. During the six months ended 31 March 2018, no share options were granted, exercised, lapsed or forfeited. As at the date of this announcement, the outstanding number of share options available for issue under the Scheme was 23,000,000 representing 7.7% of the number of issued shares of the Company.

The movement in the number of share options under the Scheme during the period is as follows:

	Date of grant	Exercise price HK\$	Outstanding at 1 October 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 March 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	—	—	—	3,100,000
			<u>7,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,000,000</u>
Weighted average exercise price			<u>HK\$1.50</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>HK\$1.50</u>

The options granted on 3 April 2017 (the "Valuation Date") with an exercise price of HK\$1.50 per share, are vested for a period of three years immediately after the date of the grant by one-third each anniversary and will be fully vested on 3 April 2020. Options granted are exercisable after one year but not exceeding ten years from the date of the grant. The first tranche of options granted on 3 April 2017 has been vested on 3 April 2018, being the first anniversary of the date of grant.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct governing Directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and there were no events of non-compliance throughout the period under review.

CORPORATE GOVERNANCE CODE

The Company has adopted all the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules. Throughout the period under review, the Company complied with all applicable code provisions of the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Pochin Christopher Lu (Chairman), Mr. Danny J Lay and Ms. Hui Leung Ching Patricia.

The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting systems and internal control procedures and review of the Group’s financial information. The Interim Financial Statements of the Group for the six months ended 31 March 2018 have been reviewed by the Audit Committee.

The Interim Financial Statements of the Group for the six months ended 31 March 2018 have been reviewed by the external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF THE INTERIM REPORT

The Company’s interim report for the six months ended 31 March 2018 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and on the website of the Company (www.pantronicshk.com).

By order of the Board
PANTRONICS HOLDINGS LIMITED
Chairman
Simon Nai-cheng Hsu

Hong Kong, 17 May 2018

As at the date of this announcement, the Board comprises (1) Mr. Henry Woon-hoe Lim and Mr. Ho Hon Ching as the executive Directors; (2) Mr. Simon Nai-cheng Hsu as the non-executive Director; and (3) Mr. Pochin Christopher Lu, Mr. Danny J Lay and Ms. Hui Leung Ching Patricia as the independent non-executive Directors.