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## **BOSA TECHNOLOGY HOLDINGS LIMITED**

**人和科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8140)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

The board (the “Board”) of directors (the “Directors”) of BOSA Technology Holdings Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (together as the “Group”) for the six months ended 31 December 2019. This announcement, containing the full text of the 2019/2020 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities (“GEM Listing Rules”) on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in relation to information to accompany preliminary announcements of interim results. Printed version of the 2019/2020 interim report of the Company containing the information required by the GEM Listing Rules will be despatched to the shareholders in due course.

The Company’s interim results announcement is published on the GEM website at <http://www.hkgem.com> and the Company’s website at [www.bosa-tech.com](http://www.bosa-tech.com).

By Order of the Board  
**BOSA Technology Holdings Limited**  
**Lim Su I**

*Chief Executive Officer and Executive Director*

Hong Kong, 12 February 2020

*As at the date of this announcement, the executive Directors are Mr. Lim Su I and Mr. Paulino Lim; the non-executive Director is Mr. Kwan Tek Sian; and the independent non-executive Directors are Mr. Chan Chi Keung, Alan, Ms. Chu Wei Ning and Mr. Ng Ming Hon.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.bosa-tech.com](http://www.bosa-tech.com).*

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of BOSA Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## **CORPORATE INFORMATION**

### **NON-EXECUTIVE DIRECTOR**

Mr. Kwan Tek Sian (*Chairman*)

### **EXECUTIVE DIRECTORS**

Mr. Lim Su I

Mr. Paulino Lim

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Chan Chi Keung Alan

Ms. Chu Wei Ning

Mr. Ng Ming Hon

### **AUDIT COMMITTEE**

Mr. Ng Ming Hon (*Chairman*)

Mr. Kwan Tek Sian

Mr. Chan Chi Keung Alan

### **REMUNERATION COMMITTEE**

Mr. Chan Chi Keung Alan (*Chairman*)

Mr. Paulino Lim

Mr. Ng Ming Hon

### **NOMINATION COMMITTEE**

Mr. Kwan Tek Sian (*Chairman*)

Ms. Chu Wei Ning

Mr. Ng Ming Hon

### **COMPANY SECRETARY**

Ms. Lam Yuen Man Maria

(*resigned on 31 December 2019*)

Ms. Cheng Kee See

(*appointed on 1 January 2020*)

### **AUTHORIZED REPRESENTATIVES**

Mr. Paulino Lim

Ms. Lam Yuen Man Maria

(*resigned on 31 December 2019*)

Ms. Cheng Kee See

(*appointed on 1 January 2020*)

### **COMPLIANCE OFFICER**

Mr. Paulino Lim

### **REGISTERED OFFICE**

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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Kowloon, Hong Kong

## **CORPORATE INFORMATION**

### **INDEPENDENT AUDITORS**

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2nd Floor, 625 Kings Road  
North Point  
Hong Kong

### **COMPLIANCE ADVISER**

Kingsway Capital Limited  
7/F, Tower One, Lippo Centre  
89 Queensway  
Hong Kong

### **PRINCIPAL BANKERS**

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road, Hong Kong

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **STOCK CODE**

8140

### **COMPANY WEBSITE**

[www.bosa-tech.com](http://www.bosa-tech.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OVERVIEW

According to the advance estimates on Gross Domestic Product (“GDP”) for fourth quarter of 2019 and the whole year of 2019 released by the Census and Statistics Department on 3 February 2020, GDP decreased by 2.9% in real terms in the fourth quarter of 2019 from a year earlier, compared with the decrease of 2.8% in the third quarter of 2019. For 2019 as a whole, GDP decreased by 1.2% in real terms from 2018.

A Government spokesman said that according to the advance estimates, GDP contracted by 2.9% in real terms in the fourth quarter of 2019 from a year earlier, marking the second consecutive quarter of year-on-year contraction. The local social incidents with violence during the quarter took a further heavy toll on economic sentiment as well as consumption- and tourism-related activities. The outlook for the Hong Kong economy in 2020 is subject to high uncertainties, including those stemming from the pace of global economic recovery, US-Mainland trade relations and the local social incidents. It also depends much on the development of the novel coronavirus infection in Hong Kong and Asia, which could further weigh on economic sentiment, consumption- and tourism-related activities and even economic performance of some Asian economies. Amid the volatile economic atmosphere globally and locally, market competition has become increasingly fierce, exerting pressure on the Group’s profit margin.

On the other hand, according to the Government’s 2019–2020 Budget Speech, the Government is expecting to raise supply of residential property with almost 200,000 units in the next 3–5 years in public and private housing sectors. Also, the Government sets aside HK\$22 billion to implement the first batch of government projects. This is a particularly positive and reassuring message about the outlook of the industry. It is expected that the ongoing and new infrastructure projects will increase demand for splicing systems.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The Group's customers are primarily main contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong. Construction projects that the Group service can generally be categorised into public sector projects and private sector projects.

The Group will continue to cautiously monitor the business opportunities and continue to strengthen its competitiveness in the market to enhance the profitability of the Group and interests of the shareholders of the Company.

## OUTLOOK

The Directors believe that the successful listing of the Shares of the Company on the GEM of the Stock Exchange on 12 July 2018 could enhance the Group's profile and the net proceeds received will strengthen the Group's financial position and enable the Group to implement its business plan. The Group intends to further strengthen its position as a leading provider of mechanical splicing services for the reinforced concrete construction industry in Hong Kong and to create long term value for its stakeholder. Details of the implementation plan were set out in the prospectus of the Company dated 28 June 2018 (the "Prospectus") under the section "Future Plans and Use of Proceeds".

## FINANCIAL HIGHLIGHT AND OVERVIEW

	For the six months ended		Change %
	2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Unaudited)	
Revenue	<b>34,766</b>	26,614	30.6
Gross profit	<b>11,349</b>	8,641	31.3
Net profit and total comprehensive income before listing expenses	<b>4,259</b>	2,727	56.2
Net profit and total comprehensive income after listing expenses	<b>4,259</b>	2,314	84.1
Earnings per share ( <i>HK cents</i> )	<b>0.53</b>	0.29	82.8



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the six months ended 31 December 2019 (the “Period”), all of the Group’s revenue was generated from the provision of services of processing and connecting reinforcing bars in Hong Kong. Accordingly, the Group has only one single operating segment and one geographical segment during the Period.

The Group’s revenue increased by approximately HK\$8.2 million or approximately 30.6%, from approximately HK\$26.6 million for the six months ended 31 December 2018 to approximately HK\$34.8 million for the Period, which was mainly due to increase in new projects and customers during the Period.

### Cost of Sales

The Group’s cost of sales increased by approximately HK\$5.4 million or approximately 30.0%, from approximately HK\$18.0 million for the six months ended 31 December 2018 to approximately HK\$23.4 million for the Period, which were mainly due to increase in cost of coupler and direct labor cost which were in line to the increase in revenue.

### Gross Profit

The Group’s gross profit increased by approximately HK\$2.7 million or approximately 31.3%, from approximately HK\$8.6 million for the six months ended 31 December 2018 to approximately HK\$11.3 million for the Period, which were mainly due to reasons disclosed above.

### Other Income

The Group’s other income decreased by approximately HK\$1.0 million or approximately 50%, from approximately HK\$2.0 million for the six months ended 31 December 2018 to approximately HK\$1.0 million for the Period. Such decrease was mainly attributable to the decrease in rebar testing income during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Administrative Expenses**

The Group's administrative expenses decreased slightly by approximately HK\$0.2 million or approximately 3.0%, from approximately HK\$6.6 million for the six months ended 31 December 2018 to approximately HK\$6.4 million for the Period. No material fluctuation was noted.

## **Profit and Total Comprehensive Income Attributable to Owners of the Company**

The Group's profit and total comprehensive income attributable to owners of the Company increased by approximately HK\$2.0 million or approximately 87.0%, from approximately HK\$2.3 million for the six months ended 31 December 2018 to approximately HK\$4.3 million for the Period.

## **Liquidity and Financial Resources**

The Group practiced prudent financial management and maintained a strong and sound financial position during the six months ended 31 December 2019. As of 31 December 2019, the Group had cash and bank balances of approximately HK\$54.7 million (30 June 2019: approximately HK\$58.7 million) and the current ratio, calculated as the total current assets divided by total current liabilities, was approximately 5.0 times as at 31 December 2019 (30 June 2019: approximately 5.9 times). The gearing ratio, representing total borrowings divided by total equity, was Nil as at 31 December 2019 (30 June 2019: Nil). In view of the Group's current level of cash and bank balances, funds generated internally from operations, the Board is confident that the Group will have sufficient resources to meet its financial needs for its operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Foreign Exchange Exposure

The Group purchased all of the couplers used in our business operations from Taiwan. These purchases were denominated in New Taiwan Dollar (“TWD”). The Group expects to continue to make coupler purchases in Taiwan in the near future. Accordingly, fluctuations in TWD against HK\$ may result in exchange losses or gains and affect our results of operations.

The management considered that the Group has sufficient foreign exchange to meet its foreign exchange liabilities as they become due, which will be funded by cash generated for operating activities. The Group has not entered into any agreement to hedge our exchange rate exposure relating to TWD and will continue to monitor its foreign exchange exposure. The Group will consider hedging significant foreign currency exposure should the need arises and no derivative financial instruments were held by the Group as at 31 December 2019 for speculative purposes.

## Contingent Liabilities

As at 30 June 2019, the Group was involved in a litigation related to claims of defamation and malicious falsehood against a subsidiary of the Company for alleging that plaintiff’s coupler system infringes the patent of BOSA R&D. Having considered merits and the possible damages of the said legal proceedings as advised by the counsel of the Group, the Directors are of the view that no provision for contingent liabilities is required to be made as at 31 December 2019 in this regard.

Saved as disclosed above and at 31 December 2019, the Group did not have any material contingent liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Dividend**

The board of directors (the “Board”) does not recommend the payment of dividend respect for the Period (for the six months ended 31 December 2018: Nil).

## **Pledge of Assets**

The Group’s obligations under finance leases were secured by the lessor’s charge over the leased assets. As at 31 December 2019, the Group had secured and unguaranteed obligations under finance leases of approximately HK\$152,000 (as at 30 June 2019: approximately HK\$182,000), which were secured by motor vehicles of the Group.

Save as disclosed above, the Group did not have pledged assets as at 31 December 2019 (at 30 June 2019: Nil).

## **Capital Structure**

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 24 October 2016. Its shares were listed on GEM of the Stock Exchange on 12 July 2018. The Company’s capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination its cash and cash equivalents and cash flows generated from operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Future Plans for Material Investment and Capital Assets**

The Group did not have any other plans for material investment and capital assets as at 31 December 2019 save for the acquisition a parcel of land to open new workshop in Hong Kong, details of which are set out in the prospectus under the section “Future Plans and Use of Proceeds”.

## **Significant Investments Held, Acquisitions and Disposals**

There were no significant investments held, acquisitions or disposals of subsidiaries, associates, joint venture and affiliated companies by the Group during the Period.

The Group did not have any other material plans for significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures as at 31 December 2019.

## **Employees and Remuneration Policies**

As at 31 December 2019, the Group had 42 full-time employees (2018: 38 employees), including the Directors. Total staff costs (including Directors’ emoluments and part-time employees) were approximately HK\$8.4 million for the Period as compared to approximately HK\$7.4 million for the six months ended 31 December 2018. Such increase was mainly due to (i) the increase in average number of employees for the Period; and (ii) increments in salary in respect of basic salary, incentives and bonus during the Period.

Remuneration is determined with reference to duties, responsibilities, experience and skills. On top of basic salaries, the Group provides discretionary bonuses to our senior management and key employees as incentive bonuses.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Comparison between Business Objectives and Actual Business Progress

The following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress for the six months ended 31 December 2019:

<b>Business Objective and Strategy</b>	<b>Business plan and activity for the six months ended 31 December 2019</b>	<b>Actual business progress as at 31 December 2019</b>
Acquire a parcel of land to open new workshop within the New Territories of Hong Kong	<ul style="list-style-type: none"> <li>• Finalise selection of a parcel of land</li> <li>• Purchase a parcel of land</li> <li>• Commence construction of a new workshop or adapt existing structure for purposes of the new workshop (as the case may be)</li> <li>• New workshop begins to operate</li> </ul>	The Group is searching a suitable parcel of land. Nil amount was utilized as at 31 December 2019
Placing resources into research and development	<ul style="list-style-type: none"> <li>• Employ one additional qualified technical staff to join our research and development team and carry out research and development activities</li> </ul>	The Group has modified and reengineered 2 threading machines and 2 cutting machines. HK\$920,000 was utilized up to 31 December 2019

# MANAGEMENT DISCUSSION AND ANALYSIS

<b>Business Objective and Strategy</b>	<b>Business plan and activity for the six months ended 31 December 2019</b>	<b>Actual business progress as at 31 December 2019</b>
	<ul style="list-style-type: none"><li>• Conduct research and development activities to enhance quality and cost-effectiveness of the Group's services</li><li>• Explore ways to enhance and improve the automated features of the Group's machines to increase efficiency and reduce human errors, including developing our next generation of the Group's self-developed CNC crimping machines and CNC threading machines</li><li>• Develop two prototypes of our next generation machines and collect data points on reliability, efficiency and other metrics</li><li>• Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market</li><li>• Continue to prepare production manuals and update quality assurance protocols</li></ul>	

# MANAGEMENT DISCUSSION AND ANALYSIS

## Use of Listing Proceeds

The Company's shares were listed on GEM of the Stock Exchange on 12 July 2018 for which the Company issued 200,000,000 new shares at HK\$0.30 per share. The net listing proceeds received by the Company, after deducting underwriting fees and other related expenses, are approximately HK\$37.8 million. These proceeds are intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market. As at the date of this report, the Group does not anticipate any change to the plan as to the use of listing proceeds. All unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Hong Kong.

As at 31 December 2019, the net listing proceeds has been applied and utilized as follows:

	<b>Total net proceeds from share offer <i>HK\$ million</i></b>	<b>Utilized as at 31 December 2019 <i>HK\$ million</i></b>	<b>Total remaining net proceeds available as at 31 December 2019 <i>HK\$ million</i></b>
Use of net proceeds			
Acquire a parcel of land to open new workshop within the New Territories of Hong Kong	35.3	–	35.3
Placing resources into research and development	2.4	0.9	1.5
General working capital	0.1	–	0.1



# MANAGEMENT DISCUSSION AND ANALYSIS

## Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

*Any failure to maintain an effective quality control system could have a material adverse effect on the Group's business and operations*

The quality and consistency of the Group's services are critical to its ability to retain its customers and acquire and attract new customers. The Group's quality control system is dependent on a number of factors, including a timely update to suit the ever-changing business needs as well as its ability to ensure that the Group's quality control policy and guidelines are followed. Any failure to maintain the effective and adequate quality control system could result in defects in its services that could negatively impact the Group's reputation and expose the Group to claims by its customers. Any such dispute would incur additional costs or damage to the Group's business reputation and corporate image, as well as disrupt the Group's business operations.

*The Group does not enter into any formal contract with its customers (with certain exceptions). The Group's customers request services from the Group on an order by order basis, which exposes the Group to potential volatility in our revenue*

Except for two major customers with whom the Group has entered into two written contracts for two projects, the Group does not enter into any long-term contract with its customers. Therefore, the Group's customers are not obligated in any way to continue placing orders with the Group at the historical level or at all. The Group cannot guarantee that the Group will receive any orders from its existing customers or that the Group will be able to continue its business relationship with them on the current terms or at all.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's services are provided based on actual orders received from its customers. The Group's customers may cancel or defer their orders. The Group's customers' orders may vary from period to period, and it is difficult to accurately forecast future order quantities. There is no assurance that any of the Group's customers will continue to place orders with the Group in the future at the same volume, or at the same margin, as compared to prior periods, or at all. The Group may not be able to locate alternative customers to place new orders. There is also no assurance that the volume or margin of its customers' orders will be consistent with the Group's expectations. As a result, the Group's results of operations may vary from period to period and may fluctuate significantly in the future.

*Any failure, damage or loss of the Group's equipment may materially and adversely affect the Group's operations and financial performance*

The Group's services rely on our equipment, which includes reinforcing bar cutting machines, and self-developed CNC crimping machines and CNC threading machines. If the Group fail to maintain its equipment or cope with any latest development trends or demands or to cater to different needs and requirements of different customers, its overall competitiveness and thus its financial performance and results of operations may be materially and adversely affected.

In addition, there is no assurance that our equipment will not be damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. The Group's equipment may break down or fail to function normally due to wear and tear or mechanical or other issues. The Group does not maintain insurance covering loss of or damage to our equipment. If any failed, damaged or lost equipment cannot be repaired and/or replaced in a timely manner, the Group's operations and financial performance could be materially and adversely affected.

Furthermore, the Group plans to acquire additional equipment to enhance its technical ability and to strengthen its capability to cater to different needs and requirements of different customers. As a result of the purchase of additional equipment, it is expected that additional depreciation will be charged to the profit or loss and may, therefore, affect the Group's business, financial condition and results of operations.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

The Board is pleased to present the unaudited condensed consolidated financial information of the Group for the six months ended 31 December 2019, which has been reviewed by the audit committee of the Company, together with the comparative figures for the corresponding periods in 2018, as follows:

	Notes	Three months ended		Six months ended	
		31 December		31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	5	<b>20,436</b>	13,277	<b>34,766</b>	26,614
Cost of sales		<b>(13,984)</b>	(8,743)	<b>(23,417)</b>	(17,973)
Gross profit		<b>6,452</b>	4,534	<b>11,349</b>	8,641
Other income	6	<b>479</b>	934	<b>954</b>	1,992
Other losses	6	<b>(256)</b>	(60)	<b>(320)</b>	(230)
Selling and distribution expenses		<b>(311)</b>	(162)	<b>(340)</b>	(260)
Administrative expenses		<b>(3,122)</b>	(3,316)	<b>(6,376)</b>	(6,572)
Listing expense		-	-	-	(413)
Finance costs	7	<b>(29)</b>	-	<b>(43)</b>	(1)
Profit before taxation	8	<b>3,213</b>	1,930	<b>5,224</b>	3,157
Taxation	9	<b>(655)</b>	(457)	<b>(958)</b>	(843)
Profit for the period		<b>2,588</b>	1,473	<b>4,266</b>	2,314

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2019*

	Three months ended 31 December		Six months ended 31 December	
<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operation	2	–	(7)	–
Profit and total comprehensive income for the period attributable to the owners of the Company	2,560	1,473	4,259	2,314
Earnings per share				
Basic (HK cents)	10      0.32	0.19	0.53	0.29

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

		<b>31 December</b>	30 June
		<b>2019</b>	2019
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Plant and equipment	12	7,464	6,520
Right-of-use assets		4,231	–
Deposits		463	99
		<u>12,158</u>	<u>6,619</u>
<b>Current assets</b>			
Inventories	14	3,267	3,960
Trade receivables	15	26,322	16,894
Other receivables, deposits and prepayments	13	1,650	2,638
Bank balances	16	54,703	58,703
		<u>85,942</u>	<u>82,195</u>
<b>Current liabilities</b>			
Trade payables	17	9,007	5,924
Other payables, deposits received and accrued charges		3,296	4,470
Reinstatement provision	18	80	850
Bank overdrafts	19	–	1,275
Tax payable		2,291	1,333
Lease liabilities		2,429	–
Obligations under finance leases			
— due within one year		–	61
		<u>17,103</u>	<u>13,913</u>
Net current assets		<u>68,839</u>	<u>68,282</u>
Total assets less current liabilities		<u>80,997</u>	<u>74,901</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2019*

		31 December 2019	30 June 2019
	<i>Notes</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities	20	109	109
Reinstatement provision	18	140	140
Lease liabilities		1,976	–
Obligations under finance leases			
— due after one year		–	121
		2,225	370
		78,772	74,531
<b>Capital and reserves</b>			
Share capital	21	41	41
Reserves		78,731	74,490
Equity attributable to the owners of the Company		78,772	74,531

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 July 2018 (audited)	21	8,489	5,647	24	7,910	22,091
Profit for the period	-	-	-	-	2,314	2,314
Other comprehensive expense for the period	-	-	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	2,314	2,314
Share issued pursuant to the initial public offer (the "IPO")	20	59,980	-	-	-	60,000
Transaction costs attributable to the IPO	-	(7,949)	-	-	-	(7,949)
Balance at 31 December 2018 (unaudited)	<u>41</u>	<u>60,520</u>	<u>5,647</u>	<u>24</u>	<u>10,224</u>	<u>76,456</u>
<b>Balance at 1 July 2019 (audited)</b>	<b>41</b>	<b>59,936</b>	<b>5,647</b>	<b>(9)</b>	<b>8,916</b>	<b>74,531</b>
Effect of adoption of HKFRS16	-	-	-	-	(18)	(18)
<b>Balance at 1 July 2019 (restated)</b>	<b>41</b>	<b>59,936</b>	<b>5,647</b>	<b>(9)</b>	<b>8,898</b>	<b>74,513</b>
Profit for the period	-	-	-	-	4,266	4,266
Other comprehensive expense for the period	-	-	-	(7)	-	(7)
Total comprehensive (expense) income for the period	-	-	-	(7)	4,266	4,259
<b>Balance at 31 December 2019 (unaudited)</b>	<u><b>41</b></u>	<u><b>59,936</b></u>	<u><b>5,647</b></u>	<u><b>(16)</b></u>	<u><b>13,164</b></u>	<u><b>78,772</b></u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 31 December 2019*

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	31 December 2018 HK\$'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	5,224	3,157
Adjustments for:		
Depreciation of plant and equipment	1,362	1,583
Depreciation of right-of-use assets	1,018	–
Bank interest income	(119)	(3)
Finance costs	44	1
	7,529	4,738
Operating cash flows before movements in working capital	7,529	4,738
Decrease/(increase) in inventories	693	(872)
(Increase)/decrease in trade receivables	(9,428)	1,255
Decrease/(increase) in other receivables, deposits and prepayments	1,029	(3,332)
Increase in trade payables	2,883	1,218
Decrease in other payables and accrued charges	(1,347)	(5,316)
Decrease in reinstatement provision	(770)	–
Decrease in amount due to a related company	–	(4)
	589	(2,313)
Cash from/(used in) operations	589	(2,313)
Tax paid	–	(4,878)
	589	(7,191)
<i>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</i>	<b>589</b>	<b>(7,191)</b>
<b>INVESTING ACTIVITIES</b>		
Bank interest received	119	3
Purchases of plant and equipment	(2,306)	(3,513)
	(2,187)	(3,510)
<i>NET CASH USED IN INVESTING ACTIVITIES</i>	<b>(2,187)</b>	<b>(3,510)</b>



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	31 December 2018 HK\$'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(5)	(1)
Proceeds from issuance of shares	–	54,448
Repayments of lease liabilities	<b>(1,083)</b>	–
Repayments of obligations under finance leases	–	(73)
	<hr/>	<hr/>
<i>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</i>	<b>(1,088)</b>	54,374
	<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>(2,686)</b>	43,673
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
	<b>57,428</b>	9,955
Effect of foreign exchange rate changes	<b>(39)</b>	2
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances</b>		
	<b>54,703</b>	53,630
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL

BOSA Technology Holdings Limited (the “Company”) was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 24 October 2016. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 July 2018.

The addresses of the Company’s registered office and the principal place of business are PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Room D, 29/F., King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

Upon Listing, the substantial shareholder of the Company is Kin Sun Creative Company Limited (“Kin Sun”). Kin Sun is a limited liability company incorporated in Hong Kong and wholly-owned by Mr. Kwan Tek Sian (“Mr. Kwan”), who is a non-executive director of the Company.

The Company is an investment holding company. The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 31 December 2019 have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance, and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Adoption of new or revised HKFRSs effective in the current period

In the Period, the Group has adopted all the new or revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2019. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s Interim Financial Statements and amounts reported for the Period and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### **Provision of expected credit losses (“ECL”) for trade receivables (upon application of HKFRS 9)**

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on past due information groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group’s historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

## 5. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount during the period. The Group’s operations and revenue is solely derived from provision of mechanical splicing services in Hong Kong during the period. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

### **Geographical information**

No geographical segment information is presented as the Group’s revenue are all derived from Hong Kong based on the location of services provided and the Group’s rental deposits and plant and equipment amounting to HK\$7,927,000 as at 31 December 2019 (30 June 2019: HK\$6,619,000) are all located in Hong Kong by physical location of assets.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. REVENUE AND SEGMENTAL INFORMATION (Continued)

### Information about major customers

Revenue attributed from customers that accounted for 5% or more of the Group's total revenue during the period is as follows:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>8,466</b>	2,447
Customer B	<b>3,141</b>	N/A*
Customer C	<b>3,002</b>	N/A*
Customer D	<b>2,442</b>	1,902
Customer E	<b>2,040</b>	N/A*
	<u><u>2,040</u></u>	<u><u>          </u></u>

\* The corresponding revenue did not contribute over 5% of the total revenue of the Group.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 6. OTHER INCOME AND OTHER LOSSES

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Handling charge	637	1,811
Insurance compensation	14	17
Bank interest income	119	3
Others	184	161
	<u>954</u>	<u>1,992</u>
<b>Other losses</b>		
Net exchange losses	(320)	(230)
	<u>(320)</u>	<u>(230)</u>

## 7. FINANCE COSTS

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on obligations under finance leases	–	1
Interest on lease liabilities	43	–
	<u>43</u>	<u>–</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 8. PROFIT BEFORE TAXATION

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as an expense	<b>12,089</b>	8,017
Depreciation of plant and equipment	<b>1,362</b>	1,583
Directors' remuneration	<b>2,011</b>	2,055
Other staff costs		
Salaries and other benefits	<b>6,115</b>	5,067
Retirement benefits scheme contributions	<b>273</b>	242
Total staff costs	<b>8,399</b>	7,364
Research expenses	<b>167</b>	138
Depreciation of right-of-use assets	<b>1,018</b>	–
Minimum lease payments under operating leases in respect of land and buildings	<b>–</b>	1,552
	<b>–</b>	<b>1,552</b>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 9. TAXATION

	Six months ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current tax	<u>958</u>	<u>843</u>
	<u>958</u>	<u>843</u>

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2.0 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2.0 million (2018: 16.5%) during the Period.

No deferred taxation has been provided as the Group has no material unprovided deferred tax assets or liabilities which are expected to be crystallised in the foreseeable future (six months ended 31 December 2018: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u><b>4,266</b></u>	<u>2,314</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>800,000</b></u>	<u>788,043</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for both periods have been determined on the assumption that the Reorganisation and the Capitalisation Issue effective on 1 July 2016, the share subdivision completed on 19 June 2018, and the Share Offer made on 12 July 2018 as stated in note 21.

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. DIVIDEND

No dividend has been paid, declared or proposed by the Company during the six months ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (six months ended 31 December 2018: nil).

## 12. PLANT AND EQUIPMENT

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
As the beginning of the period	<b>6,520</b>	4,385
Additions	<b>2,306</b>	4,966
Depreciation	<b>(1,362)</b>	(2,831)
	<hr/>	<hr/>
At the end of the period	<b><u>7,464</u></b>	<u>6,520</u>

At 31 December 2019, the carrying values of motor vehicles included amounts of approximately HK\$160,000 (30 June 2019: approximately HK\$184,000) in respect of assets held under finance leases.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>31 December</b>	30 June
	<b>2019</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Rental and utilities deposits	<b>513</b>	731
Prepayments	<b>609</b>	922
Retention receivables	<b>862</b>	862
Other receivables	<b>129</b>	222
	<u><b>2,113</b></u>	<u>2,737</u>
Presented as non-current assets	<b>463</b>	99
Presented as current assets	<u><b>1,650</b></u>	<u>2,638</u>
Total	<u><b>2,113</b></u>	<u>2,737</u>

## 14. INVENTORIES

	<b>31 December</b>	30 June
	<b>2019</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Couplers at cost	<u><b>3,267</b></u>	<u>3,960</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. TRADE RECEIVABLES

The Group's credit terms of 15–45 days is granted to customers. An ageing analysis of the trade receivables presented based on the invoice date, which is approximate the dates of rendering the services, at the end of the reporting period.

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
0–30 days	<b>7,548</b>	4,183
31–60 days	<b>7,896</b>	4,393
61–90 days	<b>5,375</b>	2,935
Over 90 days	<b>5,503</b>	5,383
	<b><u>26,322</u></b>	<u>16,894</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good credit quality.

As at 31 December 2019, included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$19,308,000 (30 June 2019: HK\$12,621,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there was settlement subsequent to the end of the reporting period or there was continuous settlements by respective customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. TRADE RECEIVABLES (Continued)

In determining the recoverability of a trade receivable, the Group considers current creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances. The Group has policy regarding impairment losses on trade receivables which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the current creditworthiness and the past collection history of each customer. The management of the Group believes that no impairment is required.

## 16. BANK BALANCES

Bank balances comprise bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate of 0.01% per annum.

## 17. TRADE PAYABLES

The credit period on purchase of inventories is 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>31 December 2019 HK\$'000 (Unaudited)</b>	30 June 2019 HK\$'000 (Audited)
0–30 days	<b>2,792</b>	1,765
31–60 days	<b>2,250</b>	2,031
61–90 days	<b>2,201</b>	1,074
Over 90 days	<b>1,764</b>	1,054
	<b>9,007</b>	5,924

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. REINSTATEMENT PROVISION

	<i>HK\$'000</i>	
At 1 July 2018		399
Additions		710
Utilised		<u>(119)</u>
At 30 June 2019		990
Utilised		<u>(770)</u>
As at 31 December 2019		<u><u>220</u></u>
	<b>31 December</b>	30 June
	<b>2019</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Presented as non-current liabilities	<b>140</b>	140
Presented as current liabilities	<b>80</b>	<u>850</u>
Total	<b>220</b>	<u><u>990</u></u>

## 19. BANK OVERDRAFTS

	<b>31 December</b>	30 June
	<b>2019</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Unsecured:		
Repayable within one year or on demand	<u><u>–</u></u>	<u><u>1,275</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 20. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the period:

	<b>Accelerated tax allowance</b> <i>HK\$'000</i>
At 1 July 2017	(215)
Credit to profit or loss for the year	<u>90</u>
At 30 June 2018	(125)
Credit to profit or loss for the year	<u>16</u>
At 30 June 2019 and 31 December 2019	<u><u>(109)</u></u>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 21. SHARE CAPITAL

Share capital as at 30 June 2019 and 31 December 2019 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Par value	Number of shares	Amount	
			HK\$	HK\$'000
Ordinary shares				
Authorised:				
At 1 July 2017 ( <i>note i</i> )	HK\$1	100,000	100,000	100
Subdivision of shares ( <i>note ii</i> )	HK\$0.0001	999,900,000	–	–
Increase in authorised share capital ( <i>note iii</i> )	HK\$0.0001	<u>9,000,000,000</u>	<u>900,000</u>	<u>900</u>
At 30 June 2019 and 31 December 2019	HK\$0.0001	<u><u>10,000,000,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,000</u></u>
Issued and fully paid:				
At 1 July 2017	HK\$1	20,500	20,500	21
Subdivision of shares ( <i>note ii</i> )	HK\$0.0001	<u>204,979,500</u>	<u>–</u>	<u>–</u>
At 30 June 2018	HK\$1	205,000,000	20,500	21
Capitalisation issue ( <i>note iv</i> )	HK\$0.0001	395,000,000	–	–
Share Offer ( <i>note iv</i> )	HK\$0.0001	<u>200,000,000</u>	<u>20,000</u>	<u>20</u>
At 30 June 2019 and 31 December 2019	HK\$0.0001	<u><u>800,000,000</u></u>	<u><u>40,500</u></u>	<u><u>41</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 21. SHARE CAPITAL (Continued)

*Notes:*

- (i) The Company was incorporated in the Cayman Islands on 24 October 2016. The initial authorised share capital of the Company was HK\$100,000 divided into 100,000 ordinary shares with a par value of HK\$1.00 each.

Upon incorporation, one share of the Company was issued to Mr. P. Lim. On 26 May 2017, 7,100, 1,100, 1,100 and 699 shares of the Company were allotted and issued to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively, for share swap.

During the year ended 30 June 2017, the Group entered into a loan settlement agreement between Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in respect of settlement of the amounts due to shareholders of HK\$5,500,000 by issuing 10,000 shares of the Company at an issue price of HK\$550 per share of the Company.

On 26 May 2017, 500 shares of the Company were allocated and issued at cash consideration of HK\$3,000,000 to the Pre-IPO Investor.

- (ii) On 19 June 2018, each issued and unissued share of par value of HK\$1.00 each in the share capital of the Company was divided into 10,000 shares of par value of HK\$0.0001 each (the "Subdivision"). After the Subdivision, the Company's issued share capital was HK\$20,500 divided into 205,000,000 shares of par value of HK\$0.0001 each.
- (iii) On 19 June 2018, the authorised share capital of the Company was increased from HK\$100,000 divided into 1,000,000,000 shares of par value of HK\$0.0001 each to HK\$1,000,000 divided into 10,000,000,000 shares of par value of HK\$0.0001 each by the creation of 9,000,000,000 additional shares of HK\$0.0001 each.
- (iv) The shares of the Company have been listed on GEM of the Stock Exchange on 12 July 2018. On the same date, 395,000,000 new shares of the Company of HK\$0.0001 each were issued through capitalisation of HK\$39,500 standing to the credit of share premium account of the Company. Also, 200,000,000 new shares of the Company of HK\$0.0001 each were issued at an offer price of HK\$0.30 per share.

## **OTHER INFORMATION**

### **SHARE OPTION SCHEME**

The Company has conditionally adopted the share option scheme (“Share Option Scheme”), which was approved by written resolutions passed by the shareholders (the “Shareholders”) of the Company’s shares (the “Shares”) on 19 June 2018 and became unconditional on 12 July 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 31 December 2019, there was no option outstanding, granted, cancelled, exercised or lapsed.

### **DIRECTORS’ RIGHT TO ACQUIRE SHARE OR DEBENTURES**

Apart from the aforesaid Share Option Schemes, at no time during the Period was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

### **DIRECTORS AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2019, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

## OTHER INFORMATION

### (I) Long Position in the Ordinary Shares and Underlying Shares of the Company

#### (i) *Interests in the Company*

##### *Interests in ordinary shares*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>% of the Company's issued voting shares</b>
Mr. Kwan Tek Sian	Interest in a controlled corporation	301,463,415	37.7%
Mr. Lim Su I	Beneficial owner	73,170,732	9.2%
Mr. Paulino Lim	Beneficial owner	40,975,610	5.1%

#### (ii) *Interests in the associated corporation*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Number of shares held</b>	<b>% of the Company's issued voting shares</b>
Mr. Kwan Tek Sian	Kin Sun Creative Company Limited	10,000	100.0

Save as disclosed above, as at 31 December 2019, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

#### Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
Kin Sun Creative Company Limited <sup>Note 1</sup>	Beneficial owner	301,463,415	37.7%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%
Mr. Wang Wann-Bao	Beneficial owner	64,390,244	8.0%
Ms. Chiu Yin Mei <sup>Note 2</sup>	Beneficial owner	40,975,610	5.1%
Ms. Ha Jasmine Nim Chi <sup>Note 3</sup>	Interest of spouse	301,463,415	37.7%
Ms. Chan Ching <sup>Note 4</sup>	Interest of spouse	73,170,732	9.2%
Ms. Liu Li Wen <sup>Note 5</sup>	Interest of spouse	64,390,244	8.0%
Ms. Wang Yu-Ju <sup>Note 6</sup>	Interest of spouse	64,390,244	8.0%
Ms. Ng Pei Ying <sup>Note 7</sup>	Interest of spouse	40,975,610	5.1%

## OTHER INFORMATION

### *Notes:*

1. Mr. Kwan Tek Sian beneficially owns 100% of the entire issued shares of Kin Sun Creative Company Limited. Therefore, Mr. Kwan Tek Sian is deemed, or taken to be, interested in 301,463,415 Shares held by Kin Sun Creative Company Limited for the purposes of the SFO.
2. Ms. Chiu Yin Mei is our administration manager.
3. Ms. Ha Jasmine Nim Chi, spouse of Mr. Kwan Tek Sian, is deemed, or taken to be, interested in 301,463,415 Shares in which Mr. Kwan Tek Sian is interested for the purposes of the SFO.
4. Ms. Chan Ching, spouse of Mr. Lim Su I, is deemed, or taken to be, interested in 73,170,732 Shares in which Mr. Lim Su I is interested for the purposes of the SFO.
5. Ms. Liu Li Wen, spouse of Mr. Yang Tien-Lee, is deemed, or taken to be interested in 64,390,244 Shares in which Mr. Yang is interested for the purposes of the SFO.
6. Ms. Wang Yu-Ju, spouse of Mr. Wang Wann-Bao, is deemed, or taken to be interested in 64,390,244 Shares in which Mr. Wang is interested for the purposes of the SFO.
7. Ms. Ng Pei Ying, spouse of Mr. Paulino Lim, is deemed, or taken to be, interested in 40,975,610 Shares in which Mr. Paulino Lim is interested for the purposes of the SFO.

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **INTERIM DIVIDENDS**

The Board does not recommend the payment of a dividend in respect of the Period (for the six months ended 31 December 2018: Nil).

### **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 31 December 2019.

## **OTHER INFORMATION**

### **DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS**

Save as disclosed above and the service contract/appointment letter with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the period or at any time during the period and up to the date of this report.

### **NON-COMPETITION UNDERTAKING**

Each of Kin Sun Creative Company Limited and Mr. Kwan Tek Sian has jointly and severally, irrevocably and unconditionally, undertaken to the Company that he/it shall not, and he/it shall procure that none of his/its respective close associates and/or persons and companies controlled by them (other than members the Group) shall not, except through his or its interests in the Company, whether as principal or agent and whether undertaken directly or indirectly through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business within any of the territories within Hong Kong or any of the territories where any member of the Group carries and/or will carry on business from time to time upon listing of the Company.

Mr. Yang Tien-Lee has also irrevocably and unconditionally, undertaken to our Company that he shall not and he shall procure that none of his close associates and/or persons and companies controlled by Mr. Yang shall not, except through his interests in the Company, whether as principal or agent and whether undertaken directly or indirectly through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group within Hong Kong upon listing of the Company.

## **OTHER INFORMATION**

Pursuant to their respective undertakings, each of them is required to make an annual declaration on compliance with his/its non-competition undertakings for the relevant financial year in the Company's annual report.

For the year ended 30 June 2019, each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee confirmed their compliance with the terms of non-competition undertaking. The independent non-executive Directors reviewed their respective confirmation and confirmed each of them has complied with the non-competition undertaking in accordance with its terms.

Each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee shall provide confirmation in respect of their compliance with the terms of non-competition undertaking for the year 2019/2020. The independent non-executive Directors shall then review their respective confirmation to advise if each of them has complied with the non-competition undertaking in accordance with its terms for the year 2019/2020.

### **CONFLICT OF INTERESTS**

Saved as disclosed above and during the Period, none of the Directors, the substantial Shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

### **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by Kingsway Capital Limited, compliance adviser of our Company, neither Kingsway Capital Limited nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Kingsway Capital Limited had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2019.



## **OTHER INFORMATION**

### **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) on 19 June 2018, which operates under terms of reference approved by the Board. The Audit Committee currently comprises three independent non-executives Directors, namely Mr. Ng Ming Hon, Mr. Kwan Tek Sian and Mr. Chan Chi Keung Alan. Mr. Ng Ming Hon is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the Period.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. During the six months ended 31 December 2019, the Board considers that the Company has complied with all the provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

### **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 31 December 2019.

### **PUBLICATION OF THE INTERIM REPORT**

The 2019/2020 Interim report of the Company containing all the information required by GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at [www.bosa-tech.com](http://www.bosa-tech.com) and the “HKExnews” website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).