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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019

The board (the “Board”) of directors (the “Directors”) of BOSA Technology Holdings Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together as the “Group”) for the year ended 30 June 2019. This announcement, containing the full text of the 2019 annual 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 annual results. Printed version of the 2019 annual 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 annual results announcement is published on the GEM website at <http://www.hkgem.com> and the Company’s website at www.bosa-tech.com.

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

Chief Executive Officer and Executive Director

Hong Kong, 30 September 2019

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 for a minimum period of 7 days from the date of its publication and on the Company’s website at 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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.

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”) 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 aspects 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

Mr. Ng Chit Sing (resigned on 2 October 2018)
Ms. Lam Yuen Man Maria
(appointed on 2 October 2018)

AUTHORIZED REPRESENTATIVES

Mr. Paulino Lim
Mr. Ng Chit Sing (resigned on 2 October 2018)
Ms. Lam Yuen Man Maria
(appointed on 2 October 2018)

COMPLIANCE OFFICER

Mr. Paulino Lim

REGISTERED OFFICE

P. O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room D, 29th Floor, King Palace Plaza
No. 55 King Yip Street, Kwun Tong
Kowloon, Hong Kong

INDEPENDENT AUDITORS

Baker Tilly Hong Kong Limited
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 BANKER

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
P. O. 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'S WEBSITE

www.bosa-tech.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of BOSA Technology Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2019 (the "Year").

PERFORMANCE FOR THE YEAR

The Group was successfully listed on GEM of the Stock Exchange (the "Listing") on 12 July 2018. With the capital raised from the Listing, the Group has enhanced its financial flexibility and reputation which will assist the Group with its future business development.

During the Year, the Group's revenue decreased by approximately HK\$5.8 million or 10.4%, from approximately HK\$55.3 million for the year ended 30 June 2018 to approximately HK\$49.5 million for the Year, as a result of decrease in quantity in couplers sold during the Year. In addition, the Group's net profit margin before non-recurring listing expenses also decreased from 14.1% for the year ended 30 June 2018 to 6.1% for Year.

PROSPECT

Looking ahead, although the global economy remains uncertain, the Board remains positive about the prospects of the construction market of Hong Kong, with the Government's continued commitment to infrastructure investments and housing policy by various short, medium and long term land supply initiatives. The Board will continue to diversify the customer base to broaden the revenue base.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our shareholders, customers, subcontractors and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and dedication.

Kwan Tek Sian

Non-executive Director and Chairman

Hong Kong, 30 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The trade conflicts between China and the United States of America has an adverse impact on the global economic performance and outlook and, inevitably, the economy in Hong Kong. Locally in Hong Kong, the social unrest which stemmed in early June and is still continuing as at the date of this announcement may have an impact on the award, commencement and progress of some projects. According to the advance estimates on Gross Domestic Product (“GDP”) for second quarter of 2019 released by the Census and Statistics Department on 31 July 2019, on a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 0.3% in real terms in the second quarter of 2019 when compared with the first quarter. Recently, the Secretary of Finance has pointed out that if the third quarter GDP continues to show a negative growth, technically speaking, the Hong Kong economy will be slipping into a period of recession. 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 2018–2019 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.

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 majority of the Group’s revenue during the two years ended 30 June 2019 was derived from 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.

Completed projects

During the Year, the Group had completed 133 (2018: 83) projects with revenue recognised of approximately HK\$9.4 million (2018: HK\$5.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Ongoing projects

As at 30 June 2019, the Group had 115 (2018: 103) ongoing projects. The revenue recognised for these contracts amounted to approximately HK\$40.1 million (2018: 50.3 million) for the Year. The management considered that all of the ongoing projects were on schedule and none of which would cause the Group to indemnify the third parties and increase the contingent liabilities nor any material adverse effect on the financial results of the Group. Details of top 5 ongoing projects (in terms of revenue recognised during the two years ended 30 June 2019) are as follows:

For the year ended 30 June 2019	Sector	Commencement date	Revenue <i>HK\$ million</i>
Central Kowloon Route — Yau Ma Tei East	Public	June 2018	2.7
Residential Development at Lai Chi Shan	Private	February 2018	2.3
Exhibition Station and Western Approach Tunnel	Public	July 2015	2.3
Residential development at Lohas Park (Phase 9)	Private	April 2018	2.1
Causeway Bay Typhoon Shelter to Admiralty Tunnels	Public	July 2015	1.8
For the year ended 30 June 2018			
Residential development at Lohas Park (Phase 7)	Private	January 2017	5.7
Private property development at Tai Wai	Private	April 2016	5.2
Office complex development at Kwun Tong	Private	June 2017	4.0
Liantang Henry Yuen Wai Boundary Control-Point and associated works	Public	January 2015	2.2
Residential development at Lohas Park (Phase 9)	Private	April 2017	2.0

Newly awarded projects

During the Year, the Group had secured 141 (2018: 96) newly awarded contracts with revenue recognised of approximately HK\$18.3 million (2018: HK\$16.4 million). Details of the top 5 newly awarded projects (in terms of revenue recognised during the two years ended 30 June 2019) are as follows:

For the year ended 30 June 2019	Sector	Commencement date	Revenue <i>HK\$ million</i>
Residential Development in Homantin	Private	August 2018	1.3
Data Centre Development at Kwai Chung	Private	September 2018	0.9
Development of IE2.0 Project A at TKO Industrial Estate	Private	September 2018	0.8
Development in Tuen Mun Area 54	Private	October 2018	0.8
Residential Development at Yuen Long Station	Private	August 2018	0.8
For the year ended 30 June 2018			
Residential development at Tin Shui Wai	Private	January 2018	1.9
Residential development at Lohas Park (Phase 9)	Private	April 2018	1.3
Hotel development at Tung Chung	Private	September 2017	1.1
Residential development at To Kwa Wan	Private	July 2017	1.0
Private property development at Kai Tak	Private	May 2018	0.9

MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended 30 June		
	2019	2018	Change
	HK\$'000	HK\$'000	%
Revenue	49,495	55,267	(10.4)
Gross profit	17,266	19,169	(9.9)
Gross profit margin	34.9%	34.7%	0.6
Net profit and total comprehensive income before listing expenses	2,999	7,812	(61.6)
Net profit (loss) and total comprehensive income (expense) after listing expenses	973	(1,140)	185.4
Earnings (loss) per share (HK cents)	0.13	(0.19)	168.4

FINANCIAL REVIEW

Revenue

During the two years ended 30 June 2019, all of the Group's revenue was generated from services of processing and connecting reinforcing bars in Hong Kong. Accordingly, the Group has only one single operating segment and one geographical segment.

	For the year ended 30 June					
	2019			2018		
	Number of projects with revenue contribution	HK\$ million	% of total revenue	Number of projects with revenue contribution	HK\$ million	% of total revenue
Private sector projects	220	39.8	80.4	152	46.1	83.4
Public sector projects	28	9.7	19.6	28	9.2	16.6
Total	248	49.5	100.0	180	55.3	100.0

The Group's revenue decreased by approximately HK\$5.8 million or 10.4% from approximately HK\$55.3 million for the year ended 30 June 2018 to HK\$49.5 million for the Year, which was mainly attributable to decrease in quantity of couplers sold during the Year due to the delay of projects relating to Shatin-Central link.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales consists primarily of coupler supplies, direct labour costs, direct overheads (including electricity charged and depreciation charges), consumables and rental costs for workshops. Direct labour costs comprise of labour costs of workers at workshops and direct overhead comprise of overhead of workshops. Consumables comprise of machine parts, such as springs and screws for equipment repair and maintenance, remote controls and devices for equipment operations at workshops.

The Group's cost of sales decreased by approximately HK\$3.9 million or 10.8% from approximately HK\$36.1 million for the year ended 30 June 2018 to HK\$32.2 million for the Year, which was in line with the decrease in revenue during the Year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$1.9 million or 9.9% from approximately HK\$19.2 million for the year ended 30 June 2018 to HK\$17.3 million for the the Year. The gross profit margin of the Group remained relatively stable at approximately 34.9% and 34.7% for the year ended 30 June 2019 and 2018, respectively.

Other income

The Group's other income consist primarily of handling charges, insurance compensation and bank interest income. The Group's other income increased by approximately HK\$1.5 million or 93.8% from approximately HK\$1.6 million for the year ended 30 June 2018 to HK\$3.1 million for the Year, which was mainly attributable to the increase in rebar testing income due to increasingly stringent regulatory compliance in rebar testing during the Year.

Other losses

The Group's other losses decreased by approximately HK\$0.2 million from approximately HK\$0.5 million for the year ended 30 June 2018 to HK\$0.3 million for the Year.

Selling and distribution expenses

The Group's selling and distribution expenses consist primarily of advertising and promotional expenses, which mainly represent the costs of attending industry seminars as well as costs of providing various souvenirs in such seminars.

The Group's selling and distribution expenses slightly decreased by approximately HK\$59,000 from approximately HK\$400,000 for the year ended 30 June 2018 to HK\$341,000 for the Year, which was mainly attributable to reduction in expenses for the Group's promotional needs and activities.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses consist primarily of office staff costs and Directors' remuneration, entertainment and marketing expenses, travelling and transportation expenses, depreciation charges, office expenses, legal and professional fees and other administrative expenses.

The Group's administrative expenses increased by approximately HK\$5.2 million or 51.0% from approximately HK\$10.2 million for the year ended 30 June 2018 to HK\$15.4 million for the Year, which was mainly attributable to the increase in professional fees, directors' remuneration and salaries costs, reinstatement costs and depreciation charges resulting from the additions to plant and equipment.

Listing expenses

The Group incurred listing expenses of approximately HK\$2.0 million for the Year (2018: HK\$9.0 million).

Finance costs

The Group's finance costs comprise primarily of leases for motor vehicles used by senior management.

The Group's finance costs slightly decreased by approximately HK\$4,000 from approximately HK\$7,000 for the year ended 30 June 2018 to HK\$3,000 for Year, which was mainly attributable to maturity of finance lease agreement of one of the motor vehicles during the year ended 30 June 2018.

Taxation

The Group's taxation decreased by approximately HK\$0.5 million or 27.8%, from approximately HK\$1.8 million for the year ended 30 June 2018 to HK\$1.3 million for the Year. The tax effects on (i) non-deductible expenses has contributed to the extent of taxation incurred in the year under review; and (ii) tax effect of unused tax losses not recognised.

Profit/(loss) for the year

As a result of the foregoing factors, the Group recorded a profit of approximately HK\$1.0 million for the Year, as compared with a loss of approximately HK\$1.2 million for the year ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the Year. As at 30 June 2019, the Group had bank balances of approximately HK\$58.7 million (2018: approximately HK\$10.0 million) and the current ratio (current assets divided by current liabilities) of the Group was 5.9 times as at 30 June 2019 (2018: 1.6 times). The Group's gearing ratio, representing total borrowings divided by total equity, was Nil as at 30 June 2019 (2018: 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.

Material acquisitions and disposals

There were no material acquisitions and disposals during the Year.

Foreign Exchange Exposure

The Group purchased all of the couplers used in business operations from Taiwan. These purchases were denominated in 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 the 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 our cash generated for operating activities. The Group has not entered into any agreement to hedge 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 30 June 2019 for speculative purposes.

Contingent Liabilities

Save as disclosed in note 36 to the audited consolidated financial statements in this annual report, the Group did not have material contingent liabilities as at 30 June 2018 and 2019.

Capital Commitment

As at 30 June 2019, the Group had the non-cancellable operating lease commitments in respect of office and workshop for approximately HK\$1.3 million (2018: approximately HK\$3.1 million).

Save as disclosed above, the Group did not have any material capital commitment as at 30 June 2018 and 2019.

Pledge of Assets

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets. As at 30 June 2019, the Group had secured and unguaranteed obligations under finance leases of approximately HK\$182,000 (2018: approximately HK\$98,000), which were secured by motor vehicles of the Group.

Save as disclosed above, the Group did not have pledged assets as at 30 June 2018 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Future Plans for Material Investment and Capital Assets

The Group did not have any other plans for material investment and capital assets as at 30 June 2019 save for the acquisition of a parcel of land to open new workshop in Hong Kong. Details of the implementation plan were set out in the Prospectus under the section "Future Plans and Use of Proceeds".

Employees and Remuneration Policies

As at 30 June 2019, the Group had 38 full-time employees (2018: 39 employees), including the Directors. Total staff costs (including Directors' emoluments and part-time employees) were approximately HK\$15.7 million for the Year as compared to approximately HK\$14.0 million for the year ended 30 June 2018. Such increase was mainly due to (i) the increase in average number of employees for the Year; and (ii) increments in salary in respect of basic salary, incentives and bonus during the Year. Remuneration is determined with reference to duties, responsibilities, experience and skills. On top of basic salaries, the Group provides discretionary bonuses to its senior management and key employees as incentive bonuses.

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 Year:

Business Objective and Strategy	Business plan for the Year	Actual business progress up to 30 June 2019
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	<ul style="list-style-type: none">Finalise selection of a parcel of landPurchase a parcel of landCommence construction of a new workshop or adapt existing structure for purposes of the new workshop (as the case may be)New workshop begins to operate	The Group is searching a suitable parcel of land. Nil amount was utilised as at 30 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Business Objective and Strategy	Business plan for the Year	Actual business progress up to 30 June 2019
Placing resources into research and development	<ul style="list-style-type: none">• Employ one additional qualified technical staff to join our research and development team and carry out research and development activities• Conduct research and development activities to enhance quality and cost-effectiveness of the Group's services• 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• Develop two prototypes of our next generation machines and collect data points on reliability, efficiency and other metrics• Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market• Continue to prepare production manuals and update quality assurance protocols	The Group has modified and reengineered 2 threading machines and 2 cutting machines during the Year and HK\$920,000 was utilised as at 30 June 2019.

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. Barring any unforeseen circumstances, the remaining proceeds will be utilised in 24 months.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019, the net listing proceeds has been applied and utilised as follows:

Use of net proceeds	Total net proceeds from share offer <i>HK\$ million</i>	Utilised as at 30 June 2019 <i>HK\$ million</i>	Total remaining net proceeds available as at 30 June 2019 <i>HK\$ million</i>
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	35.3	–	35.3
Placing resources into research and development	2.4	0.9	1.5
General working capital	0.1	–	0.1

Event after reporting period

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the Year.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian

Mr. Kwan Tek Sian (“Mr. Kwan”), aged 43, is the non-executive Director and Chairman of the Board. He was appointed as the Director on 18 August 2017 and is also a member of audit committee and chairman of nomination committee of the Company.

Mr. Kwan is primarily responsible for overall corporate strategies and development of the Group. Mr. Kwan is an entrepreneur with interests across multiple industries. He is an executive director of JMC Technologies Pte. Ltd., a Singapore-based company that is principally engaged in providing information technology solutions to multinational technology companies. He is also a director of Bionic Vision Technologies Pty. Ltd., a privately held Australian based company that develops visual prostheses to restore vision to the blind. Mr. Kwan is a principal of State Path Capital Limited, a joint venture company involved in investing in technology companies. Mr. Kwan is an investor of Bionic Vision Technologies Pty. Ltd., he owns shares in it through State Path Capital Limited. Mr. Kwan is beneficially interested in approximately 35.5% of the issued shares of PepCap Resources Inc. (Symbol:WAV.V), a capital pool company (as defined under the rules of the TSX Venture Exchange) which indirectly holds mining interests in Indonesia, and which shares are listed on TSX Venture Exchange. Mr. Kwan holds a bachelor of science, master of health science and a graduate diploma in Law.

EXECUTIVE DIRECTORS

Mr. Lim Su I

Mr. Lim Su I (“Mr. K. Lim”), aged 53, is the executive Director and Chief Executive Officer of the Company. He was appointed as the Director on 18 August 2017. Mr. K. Lim has over 19 years of experience in the construction industry. Mr. K. Lim is primarily responsible for overall corporate strategies, development, sales and marketing activities, and management of the Group. Mr. K. Lim obtained his bachelor degree in Civil Engineering from The University of Melbourne in 1991.

Prior to joining the Group, Mr. K. Lim was a site agent/section engineer in Hong Kong Construction (Holdings) Limited (formerly Kumagai Gumi (HK) Limited) for the years from 1998 to 2004, and was the sales manager and business consultant in Dextra Pacific Limited, provision of mechanical, for the years from 2004 to 2012.

Mr. K. Lim is the brother of Mr. P. Lim, an executive Director of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

Mr. Paulino Lim

Mr. Paulino Lim (“Mr. P. Lim”), aged 45, is the executive Director and Chief Operating Officer of the Company. He is also one of the founders of the Group. He was appointed as the Director on 18 August 2017 and is also a member of remuneration committee of the Company.

Mr. P. Lim is primarily responsible for the overall corporate management and operation of the Group. He obtained his bachelor degree in Science from La Trobe University in Australia in 1997. From January 2008 to June 2012, Mr. P. Lim was the Sales and Marketing Manager of Global Securitylink Pty Ltd in Australia where he was responsible for quality control, technical support, sales and marketing activities, and management of subcontractors, human resources, accounts and inventory.

Mr. P. Lim is the brother of Mr. K. Lim, an executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Keung Alan

Mr. Chan Chi Keung Alan (“Mr. Chan”), aged 55, is the independent non-executive Director of the Company. His appointment as an independent non-executive Director of the Company was approved on 19 June 2018 and he is also a member of audit committee and chairman of remuneration committee of the Board.

Mr. Chan obtained a bachelor of science degree in Civil Engineering from the Aston University at Birmingham, England in July 1986 and a bachelor of laws degree in China Law from the China University of Political Science and Law at Beijing, PRC in June 1999. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong in February 1992. He has practiced corporate and commercial law for more than two decades.

Mr. Chan was the vice president of legal department in NagaCorp Limited (Stock Code: 3918) for the period from January 2014 to May 2014 and is acting as senior general counsel in Imperial Pacific International Holdings Limited since January 2015 to present.

Mr. Chan has been an independent non-executive director of (i) Focus Media Network Limited (Stock Code: 8112), a company listed on the GEM; and (ii) Fortunet e-Commerce Group Limited (previously named Chang Feng Axle (China) Company Limited) (Stock Code: 1039), a company listed on the main board of the Stock Exchange since June 2011 and September 2014 respectively. He also served as independent non-executive director of L&A International Holdings Limited (Stock Code: 8195), a company listed on the GEM, from September 2014 to October 2015.

Mr. Chan is a registered civil celebrant in Hong Kong. He is also a director of the Hong Kong Chiu Chow Chamber of Commerce Limited and a member of the Board of Directors of Theatre Space Foundation Limited. He was a council member of the China Overseas Friendship Association, Beijing, China (中華海外聯誼會理事) and a committee member by Special Appointment of the Eighth Zhuhai Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議珠海市第八屆委員會特聘委員).

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

Ms. Chu Wei Ning

Ms. Chu Wei Ning, aged 46, was appointed as independent non-executive Director of the Company on 19 June 2018 and is also a member of nomination committee of the Company.

Ms. Chu obtained a bachelor degree in Business Administration from the Chinese University of Hong Kong in May 1994 and a master degree of Business Administration from the University of Texas at Austin with Honors in May 1998. Ms. Chu has been a veteran investment banker and venture capital investment professional with over 15 years of experience. Ms. Chu was a founding member and the managing director of a private investment fund which focused on investments in telecommunications, media, and technology. Ms. Chu also held various capacities in the investment banking industry. She worked as the managing director of Horizon Ventures Limited, a Hong Kong-based private investment firm specialising in disruptive technologies investment, from May 2007 to January 2012. She was the founding member and an executive director, Private Equity Division of the Bank of China International Limited from August 2004 to December 2005. From 2002 to 2004, Ms. Chu was part of the merger and acquisition team of Tom Group Ltd., focusing primarily on direct investments in the Greater China region in the internet, outdoor advertising, sports, television and entertainment sectors. From April 2000 to January 2002, Ms. Chu was the vice president of Bear Stearns Asia Investment Banking Group, where Ms. Chu was responsible for origination and execution of regional corporate finance transactions in the telecom, media and technology sectors, an investment banking and securities trading and brokerage firm.

Ms. Chu has been an executive director of China Baoli Technologies Holdings Limited (Stock Code: 164) since 8 July 2015. She is also the chief executive officer and authorised representative of China Baoli Technologies Holdings Limited.

Mr. Ng Ming Hon

Mr. Ng Ming Hon, aged 43, was appointed as independent non-executive Director of the Company on 19 June 2018. Mr. Ng is the chairman of audit committee, member for each of remuneration committee and nomination committee of the Company.

Mr. Ng obtained his bachelor degree in Commerce, majoring in accounting, from Monash University in Australia in 1999 and became a member of CPA Australia in 1999.

Mr. Ng worked as financial controller of Yingda International Leasing Co., Ltd. from August 2013 to August 2016 and worked as chief financial officer of China ZhongDi Dairy Holdings Company Limited (Stock Code: 1492) from October 2014 to December 2015.

Mr. Ng has been the chief financial officer of Heilongjiang Foresun Cattle Industry Co., Ltd. since December 2015.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Yang Tien-Lee

Mr. Yang Tien-Lee is our technical manager. He is primarily responsible for quality control, and research and development. Mr. Yang joined the Group in March 2012 and has over 25 years of experience in engineering. Mr. Yang attended a two-year programme in civil engineering at Taoyuan Innovation Institute of Technology at Taiwan in 1989. Mr. Yang worked at two companies that specialised in producing couplers and other construction reinforcement materials for eight years. In 1998, Mr. Yang started his own business, BOSA (Taiwan), a company which specialises in producing couplers and bolts.

Ms. Chiu Yin Mei

Ms. Chiu Yin Mei is our administration manager. Ms. Chiu is principally responsible for overall administration, human resources and co-ordination. She joined the Group in July 2013 and has over 20 years of experience in the sales and marketing aspect of the construction industry.

Ms. Chiu graduated from Sara Beattie College in Hong Kong in 1992 with a Diploma in Executive Secretarial Studies. From August 1995 to February 1997, Ms. Chiu was the Marketing Service Officer of a trading company that distributed building materials and engineering equipment. Prior to joining the Group, from May 1997 to August 2011, Ms. Chiu worked as the Sales Support Officer of Dextra Pacific Ltd, a company that provided mechanical splicing services.

Ms. Lam Yuen Man Maria

Ms. Lam Yuen Man Maria was appointed as our company secretary on 2 October 2018. Ms. Lam is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators. She is also an Accredited Mediator. Ms. Lam holds a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University and a Master's degree in Management from the Macquarie University. Ms. Lam has worked with an international accounting firm and other leading listed and private group of companies prior to joining the Company and has extensive experience in company secretarial practice, assurance, treasury and finance experiences. Ms. Lam is not an employee of the Company but has been appointed as the company secretary and the authorised representative of the Company pursuant to the Company's engagement of an external company secretarial service provider to provide company secretarial services to the Company.

REPORT OF THE DIRECTORS

The directors of the Company (the “Directors”) have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group (the “Consolidated Financial Statements”) for the year ended 30 June 2019 (the “Year”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company, and the principal activity of its principal subsidiaries is to provide mechanical splicing services to the reinforced concrete construction industry in Hong Kong. Details of the principal activities of the principal subsidiaries of the Company are set out in note 34 to the Consolidated Financial Statements in this annual report.

The business review of the Group for the Year together the future business development as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the section headed “Management Discussion and Analysis” on pages 5 to 13 of this annual report. This discussion form part of the report of directors.

REORGANISATION AND SHARE OFFER

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. Pursuant to the reorganisation of the Group (“Group Reorganisation”) in preparation for the Listing, the Company became the ultimate holding company of the Group in May 2017. Details of the Group Reorganisation are set out in the section headed “History, Reorganisation and corporate structure” to the prospectus of the Company dated 28 June 2018 (the “Prospectus”).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The operations of the Group are subject to certain environmental requirements pursuant to the laws in Hong Kong such as Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). Discussion on the environmental policies and performance will set out in the Environmental, Social and Governance Report (the “ESG Report”), which will be published on the GEM website and the Company’s website in due course. The ESG Report forms part of the report of directors.

For the Year and up to the date of this report, the Board did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

REPORT OF THE DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements in a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the Year, to the best of the Company's knowledge, the Company has complied with the requirements under the memorandum of association and articles of association of the Company, the Listing Rules, the SFO, Companies Law (2016 Revision) of the Cayman Islands and other law applicable to the Company that have significant impact on the Group.

Details of the Company's compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in the Listing Rules are provided in the "Corporate Governance Report" from pages 32 to 45 of this annual report.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on, among other matters, the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

Customer relationship is crucial for mechanical splicing service providers to maintain long-term relationship with main contractors and subcontractors. Customers generally give preferences to long-term business partners, as they have track records of stable and reliable services. The Group has established a stable business relationship with its major customers, most of which are reputable main contractors and subcontractors. The Group's business has grown from serving a few customers to serving over 100 customers as at 30 June 2019. The Board is of the view that its operating history, together with the stable relationships with its major customers would increase its service quality and enable the Group to attract potential business opportunities.

During the Year, revenue derived from the Group's top five customers (by group) accounted for approximately 42.4% (2018: 58.5%) of the total revenue.

Suppliers

Couplers are the principal raw material used and purchased by the Group. The Group's couplers are all sourced from Taiwan, which are were manufactured by the OEM Factory. The Group selected the OEM factories to supply our couplers after considering that it is a successful market player in the Taiwan coupler market which assessment is in turn based on the supplier's qualification, reputation, and product quality and consistency. The Group entered into a long-term non-exclusive framework agreement with the OEM Factory according to which the OEM Factory agreed to supply all the necessary couplers to the Group in a timely manner and of the required specification and quality standard in the next 10 years until November 2026. The Directors consider that the Group has a well-established business relationship with its OEM Factory and supply of raw material is guaranteed.

REPORT OF THE DIRECTORS

Employees

The Group focuses on the talents of its employees as our most valuable asset. The Group strives to create a good workplace that its employees are happy and motivated to work in. The Group's employees are treated fairly with respect and the Group reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on its core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year are set out in note 26 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 30 June 2019 are set out in the consolidated statement of changes in equity on page 55 and note 35 to the Consolidated Financial Statements, respectively.

As at 30 June 2019, no reserve was available for distribution to the owners of the Company (2018: Nil).

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Financial Statements on pages 52 to 103.

The Directors have resolved not to recommend the declaration of a final dividend to shareholders of the Company for the Year (2018: Nil).

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 summarised 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 our 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.

REPORT OF THE DIRECTORS

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 its 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 us at the historical level or at all. The Group cannot guarantee that the Group will receive any orders from the Group's existing customers or that the Group will be able to continue its business relationship with them on the current terms or at all.

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 the Group's 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 its equipment, which includes reinforcing bar cutting machines, and self-developed CNC crimping machines and CNC threading machines. If the Group fails 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 the Group's 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 its 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.

FOUR YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last four financial years is set out on page 104. This summary does not form part of the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

Other than the Prospectus and the share option scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year and up to the date of this report.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

CHARITABLE DONATIONS

During the Year, the Group has made HK\$35,000 charitable donations.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	86.3%
— five largest suppliers in aggregate	100.0%
Sales	
— the largest customer	10.5%
— five largest customers in aggregate	42.4%

During the Year, none of our Directors, their close associates, or any shareholders of the Company who or which, to the knowledge of our Directors, owned more than 5% of the issued Shares of our Company, had any interest in any of the five largest customers of the Group.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company who held office during the Year and up to the date of this report were:

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

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 12 July 2018, which may be terminated by not less than three months' notice in writing served by either party on the other.

The non-executive Director and each of the independent non-executive Directors has signed an appointment letter with the Company with an initial term of three years commencing from 12 July 2018, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/appointment letter.

In accordance with Article 112 of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the Article 108(a) of Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation.

Accordingly, Mr. Kwan Tek Sian and Mr. Paulino Lim shall retire from office at the forthcoming annual general meeting to be held on 20 November 2019 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract/appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

REPORT OF THE DIRECTORS

CONFIRMATION ON INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed “Biographical Details of the Directors and Senior Management on pages 14 to 17 of this annual report.

CHANGES OF DIRECTORS’ INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, since the publication of interim report for the six months ended 31 December 2018, Mr. Chan Chi Keung Alan is appointed as a member of the Board of Directors of Theatre Space Foundation Limited. Save for the information above, the Company is not aware of any other change in the Directors’ information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article 191 of the Articles of Association of the Company, the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonest, or recklessness. The Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of the Company or the Directors (and/or other officers) or any of them to indemnify the Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to the Company.

Such provision was in force during the Year and up to the date of this report. In addition, the Company has also maintained Directors’ and officers’ liability insurance throughout the year, which provides appropriate cover for the Directors and officers of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' emoluments, which are determined by reference to market terms, seniority, his experiences, duties and responsibilities, are subject to shareholders' approval at annual general meeting.

Details of the Directors' emoluments and five highest paid individuals are set out in note 7 to the Consolidated Financial Statements of the annual report.

EMOLUMENT POLICY

The remuneration policy for our Directors and senior management was based on their experience, level of responsibility and general market conditions. Furthermore, for discretionary bonus to our Directors, our Remuneration Committee will assess performance of each executive Director and determine the terms of the specific bonus package of each executive Director and approve performance-based discretionary bonus, with reference to a number of corporate goals and objectives, including but not limited to, operating results, individual performance, market condition, profitability, overall net profit, working capital sufficiency and future payment obligations of the Group.

A remuneration committee was set up by the Board to develop the Group's remuneration policy and structure for remuneration of the directors and senior management of the Group.

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 27 to the Consolidated Financial Statements. None of them constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

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 Year or at any time during the Year and up to the date of this report.

NON-COMPETE 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.

REPORT OF THE DIRECTORS

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.

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, 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.

CONFLICT OF INTERESTS

Saved as disclosed above, during the Year and up to the date of this report, none of the directors, the substantial shareholders or the management 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.

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 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.

The purpose of the Share Option Scheme is to provide an incentive or reward for any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive directors) of our Company or its subsidiaries, and any suppliers, customers, consultants, agents and advisers for their contribution or potential contribution to the Company and/or any of its subsidiaries.

The Share Option Scheme shall be valid and effective for a period commencing from the date on which the Share Option Scheme was conditionally adopted by an ordinary resolution of the Shareholders of our Company and ending on the tenth anniversary of the Listing Date (both dates inclusive), after which time no further option will be granted.

As at 30 June 2019 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

REPORT OF THE DIRECTORS

Details of the principal terms of the Share Option Scheme are set out in paragraph headed “D. Share Option Scheme” in section headed “Statutory and General Information” in Appendix IV to the prospectus of the Company dated 28 June 2018.

Apart from the aforesaid Share Option Schemes, at no time during the Year 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 30 June 2019, none of the Directors and the chief executives of the Company had any interested 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, or the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange.

As at the date of this report, 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, or the Model Code were as follows:

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

(i) Interests in the Company

Interests in ordinary shares

Name of Director	Capacity	Number of shares held	% of the Company’s issued voting shares
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%

REPORT OF THE DIRECTORS

(ii) *Interests in the associated corporation*

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

Save as disclosed above, as at the date of this report, 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, or the Model Code.

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

As at 30 June 2019, there was no interest in the Shares and underlying Shares of the Company which were required to be notified 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, Immediately following completion of the capitalisation issue and the share offer, as at the date of this report, 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:

REPORT OF THE DIRECTORS

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	Beneficial owner	301,463,415	37.7%
Mr. Kwan Tek Sian ^{Note 1}	Interest in a controlled corporation	301,463,415	37.7%
Mr. Lim Su I ^{Note 2}	Beneficial owner	73,170,732	9.2%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%
Mr. Wang Wann-Bao	Beneficial owner	64,390,244	8.0%
Mr. Paulino Lim ^{Note 2}	Beneficial owner	40,975,610	5.1%
Ms. Chiu Yin Mei ^{Note 3}	Beneficial owner	40,975,610	5.1%
Ms. Ha Jasmine Nim Chi ^{Note 4}	Interest of spouse	301,463,415	37.7%
Ms. Chan Ching ^{Note 5}	Interest of spouse	73,170,732	9.2%
Ms. Liu Li Wen ^{Note 6}	Interest of spouse	64,390,244	8.0%
Ms. Wang Yu-Ju ^{Note 7}	Interest of spouse	64,390,244	8.0%
Ms. Ng Pei Ying ^{Note 8}	Interest of spouse	40,975,610	5.1%

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. Mr. Lim Su I and Mr. Paulino Lim are siblings.
3. Ms. Chiu Yin Mei is our administration manager.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.

REPORT OF THE DIRECTORS

Save as disclosed above, as at the date of this report, 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.

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 the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 32 to 45 in this annual report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 20 November 2019 (Wednesday) and the notice convening such meeting will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 November 2019 (Friday) to 20 November 2019 (Wednesday) (both days inclusive), during which period to transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 November 2019 (Thursday).

REPORT OF THE DIRECTORS

AUDITOR

On 1 August 2019, Deloitte Touche Tohmatsu has resigned as the auditor of the Company and Baker Tilly Hong Kong Limited has been appointed as the auditor of the Company to fill the casual vacancy following the termination of Deloitte Touche Tohmatsu, and to hold office as auditor until the conclusion of the next AGM of the Company. Save as disclosed above, the auditor of the Company remained unchanged over the past three years. The Board confirmed that there are no matters in respect of the change of auditor that need to be brought to the attention of the shareholders of the Company. For details, please refer to the Company's announcement of change of auditor published on 1 August 2019.

The Consolidated Financial Statements have been audited by Baker Tilly Hong Kong Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors is to be proposed at the AGM.

By order of the Board
BOSA Technology Holdings Limited

Lim Su I
Chief Executive Officer and Executive Director

Hong Kong, 30 September 2019

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND 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. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules.

During the year ended 30 June 2019 (the "Year"), the Company has applied the principles and complied with the code provisions set out in the CG Code except for the deviation from Code provision as stated and explained below.

Code provision C.1.2 provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under rule 5.01 and Chapter 17 of the GEM Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriates.

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 from the Listing Date to the date of this report.

THE BOARD OF DIRECTORS

Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board is primarily responsible for overall corporate strategies and development of the Group. The executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board's deliberation and decisions.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

CORPORATE GOVERNANCE REPORT

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board currently comprises six Directors, of whom two are executive Directors, one is non-executive Director, and three are independent non-executive Directors. The composition of the Board is as follows:

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

There was no change in the composition of the Board during the Year.

The relationship among members of the Board and biographical details and responsibilities of the Directors as well as the senior management are set out in the section “Biographical Details of the Directors and Senior Management”. The updated list of Directors and their role and function are published at the GEM website and the Company’s website at www.bosa-tech.com.

Save as disclosed in the section headed “Biographical Details of the Directors and Senior Management” to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Kwan Tek Sian is the non-executive Chairman of the Board. The primary role of the Chairman is to be responsible for overall corporate strategies and development of the Group. Mr. Lim Su I is the Chief Executive Officer of the Company. He is responsible for sales and marketing, monitors inventory level on a regular basis and places orders for couplers when he deems appropriate after considering customers’ demand, project progress and other essential factors.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board pursuant to Rule 5.05A of the GEM Listing Rules.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules in respect of their independence for the Year. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines throughout the Year.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board as a whole, with the assistance of nomination committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of INEDs.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 12 July 2018, which may be terminated by not less than three months' notice in writing served by either party on the other.

The non-executive Director and each of the independent non-executive Directors has signed an appointment letter with the Company with an initial term of three years commencing from 12 July 2018, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/appointment letter.

In accordance with the 112 of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the 108(a) of Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business.

Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

For the Year, the Company has held four Board meeting and four audit committees; while one meeting for each of the remuneration committee and nomination committee. The Chairman has met with all independent non-executive directors without the presence of the executive directors in compliance with the GEM Listing Rules.

Directors' Attendance at Board/Board Committee/General Meetings

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Total number of meetings held	4	4	1	1	1
Number of meetings Attended					
<i>Non-Executive Directors</i>					
Mr. Kwan Tek Sian Alan	4	4	N/A	1	0
<i>Executive Directors</i>					
Mr. Lam Su I	4	N/A	N/A	N/A	0
Mr. Paulino Lim	4	N/A	1	N/A	0
<i>Independent Non-executive Directors</i>					
Mr. Chan Chi Keung Alan	4	4	1	N/A	1
Ms. Chu Wei Ning	4	N/A	N/A	1	1
Mr. Ng Ming Hon	4	4	1	1	1

CORPORATE GOVERNANCE REPORT

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to all directors in advance. Notices of regular meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. All Directors are consulted to include additional matters in the agenda for such meetings.

Board paper together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep them apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. Queries raised by directors shall receive a prompt and full response by the management.

At the annual general meeting, the Chairman as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

The company secretary of the Company is responsible to take and keep minutes of all Board meetings and committee meetings. Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Upon reasonable request, the Company should provide separate independent professional advice to directors to assist them to discharge their duties in the appropriate circumstance.

Procedure for Seeking Independent Professional Advice by Directors

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the GEM Listing Rules and CG Code. The Company will develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

The Company has subscribed an insurance policy with an aim to indemnify its Directors and senior management from any losses, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective services agreements entered into with the Company.

CORPORATE GOVERNANCE REPORT

Induction and Continuous Professional Trainings of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

The Directors have also been informed of the requirement under Code Provision A.6.5 of the CG Code as set out in Appendix 15 to the GEM Listing Rules regarding continuous professional development.

For the Year, regulatory updates have been provided and sent to all the Directors, include briefing by the external auditor on changes or amendments to accounting standards at the Audit committee meetings and update by the Company Secretary on proposed amendments to the GEM Listing Rules from time to time.

The Company shall from time to time arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

BOARD COMMITTEES

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs.

Audit Committee

The Company established an audit committee pursuant to a resolution of our Directors passed on 19 June 2018 in compliance with Rule 5.28 to Rule 5.33 of the GEM Listing Rules. Written terms of reference in compliance with paragraphs C.3.3 and C3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The Company has updated the written terms of reference of audit committee on 21 September 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the audit committee are mainly, among other things, to make recommendation to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting and oversee risk management and internal control procedures of our Company.

The composition of the audit committee up to the date of this report is as follows:

Mr. Ng Ming Hon (*Chairman*)
Mr. Kwan Tek Sian
Mr. Chan Chi Keung Alan

The majority members of the members of the audit committee are independent non-executive Directors. None of them is a former partner of the Company's existing auditing firm. Mr. Ng Ming Hon, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee.

CORPORATE GOVERNANCE REPORT

During the Year, the audit committee held four meetings. Details of the attendance of the members of the audit committee are set out under “Directors’ attendance at Board/Board Committee/General Meetings” per above.

The summary of work of the audit committee meeting during the Year is as follows:

- To meet with the external auditors, review and make recommendations to the Board for approving the annual financial statement of the Group;
- To review and approved audit fee;
- To review the terms of engagement and make recommendation to the Board for the re-appointment of auditors of the Company, subject to the shareholders’ approval at the annual general meeting;
- To review the effectiveness of the Company’s risk management and internal control systems; and
- To review the adequacy of resources, qualifications and experience of staff of the Company’s accounting and financial reporting function, and their training programmes and budget.

The audit committee has not taken a different view from the Board regarding the selection and re-appointment of external auditor.

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of our Directors passed on 19 June 2018 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph B.1.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the remuneration committee are mainly, among other things, to determine, with delegated responsibility, the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of independent non-executive Directors. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee up to the date of this report is as follows:

Mr. Chan Chi Keung Alan (*Chairman*)
Mr. Paulino Lim
Mr. Ng Ming Hon

The remuneration committee is chaired by an independent non-executive Director and majority members of the remuneration committee are also independent non-executive Directors. The remuneration committee held one meeting during the Year. Details of the attendance of the members of the audit committee are set out under “Directors’ attendance at Board/Board Committee/General Meetings” per above.

CORPORATE GOVERNANCE REPORT

The summary of work of the remuneration committee meeting is as follows:

- To review and recommend to the Board on the Group’s remuneration policy and strategy;
- To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company ; and
- To review and recommend to the Board on the Directors’ fees of independent non-executive Directors.

Nomination Committee

The Company established a nomination committee pursuant to a resolution of our Directors passed on 19 June 2018. Written terms of reference in compliance with paragraph A.5.2 of the CG code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee are to review the structure, size and composition of the Board, assess independence of independent non-executive Directors and make recommendations to the Board on appointment of the Directors and succession planning for the Directors.

The composition of the nomination committee up to the date of this report is as follows:

Mr. Kwan Tek Sian (*Chairman*)
Mr. Ng Ming Hon
Ms. Chu Wei Ning

The nomination committee is chaired by the Chairman of the Board and majority members of the nomination committee are also independent non-executive Directors. The nomination committee held one meeting during the Year. Details of the attendance of the members of the audit committee are set out under “Directors’ attendance at Board/Board Committee/General Meetings” per above.

The summary of work of the nomination committee held is as follows:

- To review the existing Board’s structure, size and composition;
- To review and assess the independence of the independent non-executive Directors;
- To make recommendations on the retiring Directors of the Company; and
- To review the nomination policy.

CORPORATE GOVERNANCE REPORT

Board diversity policy

The Company recognises the benefits of having diversity in the composition of the Board and adopted its own board diversity policy.

The Company noted that that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group.

In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board with reference to the prescribed and available policies of the Group.

The nomination committee has monitored the implementation of the board diversity policy since its adoption, and also reviewed it regularly the implementation of the Board Diversity Policy to ensure its effectiveness and concluded that no revision to the policy is required.

Board Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code. The Nomination policy provides written guidelines regarding selection criteria and procedures for nominating suitable candidates for appointment as a new director of the Company or to fill a vacancy.

Board Nomination Process and Selection Criteria

When searching candidates for directorship, the nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management and professional referrals. In assessing the suitability of a proposed candidate, the Nomination Committee will take into account of criteria including, diversity of knowledge and experiences, qualifications, integrity, commitment in respect of available time and relevant interest and benefit to the Board diversity. For independent non-executive director, the candidate must also satisfy the independence requirements as set out under any applicable laws, rules and regulations.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

No corporate governance committee has been established and the Board has reviewed the corporate governance practices of the Company with reference to the CG Code as set out in Appendix 15 to the GEM Listing Rules. The summary of their work of is as follows:

- To review the Company's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of Directors and senior management of the Group;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual applicable to employees of the Group and the Directors; and
- To review the Company's compliance with CG Code and disclosure in the corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of financial reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for the Year which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditors' Report" of the Consolidated Financial Statements.

External Auditors' Remuneration

During the Year, the Company engaged Baker Tilly Hong Kong Limited as the external auditors. The fee in respect of audit services and non-audit services provided by Baker Tilly Hong Kong Limited for the year ended 30 June 2019 amounted to approximately HK\$0.9 million and approximately HK\$0.2 million respectively.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the Year.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management are responsible for implementing and maintaining the internal controls systems that covers strategic risk, compliance risk, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications.

During the Year, the audit committee of the Company, through the engagement of Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly"), reviewed the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and strategic risks. Baker Tilly reported to the audit committee that they have identified and evaluated the internal control and risk management mechanism of the Group and concluded that no significant deficiencies were identified and various recommendations had been made to audit committee and management for their consideration for the purpose on improvement on the risk management and control systems of the Group.

Based on the review of internal control and enterprise risk assessment of the Group by Baker Tilly, audit committee reported such findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations should be properly followed to ensure the sound and effectiveness of the risk and internal control systems of the Group can be maintained.

The Board and the audit committee admitted that through the internal control and enterprise risk assessment of the Group, which can evaluate and improve its effectiveness, and the Board, with the concurrence of the audit committee, considered that such systems including financial, operational and compliance were effective and adequate for the Year based on the work performed and report prepared by Baker Tilly. The Group will conduct a review on its risk management and internal control system annually.

Risk Management and Internal Control Systems Review

Internal Audit

During the Year, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit plan during the Year and reported the internal audit findings and recommendations to both the audit committee and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

CORPORATE GOVERNANCE REPORT

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and Securities and Futures Ordinance (“SFO”).

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

NON-COMPETITION UNDERTAKING

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 for the year ended 30 June 2019.

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 for the year ended 30 June 2019.

COMPANY SECRETARY

The Company appointed Ms. Lam Yuen Man Maria (“Ms. Lam”), an external service provider, as its company secretary. Mr. Lim Su I, an executive Director is the primary contact persons to Ms. Lam at the Company in respect of any compliance and company secretarial matters of the Company.

The biographical details of Ms. Lam are set out under the section headed “Biographical Details of Directors and Senior Management” of this annual report. During the Year, Ms. Lam, undertook over 15 hours’ professional training to update his skill and knowledge in compliance with the CG Code.

DIVIDEND POLICY

The declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company does not have any predetermined dividend pay-out ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, among others, the general financial condition of the Group, the capital and debt level of the Group, the future cash requirements and availability for business operations, business strategies and future development needs, the general market conditions and any other factions that the Board deems appropriate.

The Board will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any given periods.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

During the Year and up to the publication of this report, the Company's constitutional documents have not been amended.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 64 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 113 of the Articles of Association provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a member of the Company wishes to qualified to attend and vote a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are published on the Company's website at www.bosa-tech.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders and Investors

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading “The Procedures for Sending Enquiries to the Board” above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.bosa-tech.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on 20 November 2019. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Hong Kong, 30 September 2019

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF BOSA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of BOSA Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 52 to 103, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2018 were audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 21 September 2018.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Revenue recognition on provision of mechanical splicing services

We identified revenue recognition on provision of mechanical splicing services as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income. In addition, due to the significant volume of transactions, minor errors could, in aggregate, have a material impact on the consolidated financial statements.

An analysis of the Group's revenue for the year is set out in note 6 to the consolidated financial statements.

Our procedures in relation to revenue recognition on provision of mechanical splicing services included:

- understanding the revenue business process and testing the key controls over the recognition of revenue of provision of mechanical splicing services;
- performing monthly analysis for the past years to assess whether there is any unusual revenue trend over the current year;
- testing the revenue recognised, on a sample basis, to delivery notes and invoices; and
- using historical data on sales and cost of sales to perform substantive analytical procedures on revenue.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of trade receivables

We identified the valuation of trade receivables as a key audit matter due to the use of judgement and estimates by management in assessing the expected credit losses of trade receivables.

In determining the allowance for bad and doubtful debts, management considers current creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances.

As set out in notes 5 and 17 to the consolidated financial statements, the carrying amount of trade receivables is HK\$16,894,000 at 30 June 2019. No allowance for bad and doubtful debt was recognised during the year.

Our procedures in relation to the valuation of trade receivables included:

- understanding management's process in assessing the expected credit losses of trade receivables and determining allowance for bad and doubtful debts;
- testing the accuracy of ageing analysis of the Group's trade receivables, on a sample basis, to invoices;
- assessing the reasonableness of allowance for bad and doubtful debts with reference to current creditworthiness, the past collection history of customers, ageing analysis and subsequent settlement of individual balances; and
- testing subsequent settlements, on a sample basis, to source documents including but not limited to bank-in slips and remittance advices.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Choi Kwong Yu.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 30 September 2019
Choi Kwong Yu
Practising certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019 (Expressed in Hong Kong dollars)

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Revenue	6	49,495	55,267
Cost of sales		<u>(32,229)</u>	<u>(36,098)</u>
Gross profit		17,266	19,169
Other income	8	3,145	1,572
Other losses	8	(319)	(498)
Selling and distribution expenses		(341)	(400)
Administrative expenses		(15,416)	(10,224)
Listing expenses		(2,026)	(8,952)
Finance costs	9	<u>(3)</u>	<u>(7)</u>
Profit before taxation	10	2,306	660
Taxation	11	<u>(1,300)</u>	<u>(1,825)</u>
Profit/(loss) for the year		<u>1,006</u>	<u>(1,165)</u>
Other comprehensive (expenses)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		<u>(33)</u>	<u>25</u>
Profit/(loss) and total comprehensive income/(expense) for the year attributable to the owners of the Company		<u>973</u>	<u>(1,140)</u>
Earnings/(loss) per share			
— Basic and diluted (HK cents)	12	<u>0.13</u>	<u>(0.19)</u>

The notes on pages 57 to 103 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (Expressed in Hong Kong dollars)

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Plant and equipment	<i>14</i>	6,520	4,385
Deposits	<i>15</i>	99	628
		<u>6,619</u>	<u>5,013</u>
Current assets			
Inventories	<i>16</i>	3,960	2,913
Trade receivables	<i>17</i>	16,894	25,590
Other receivables, deposits and prepayments	<i>15</i>	2,638	6,264
Bank balances	<i>18</i>	58,703	9,955
		<u>82,195</u>	<u>44,722</u>
Current liabilities			
Trade payables	<i>19</i>	5,924	7,594
Other payables, deposits received and accrued charges	<i>20</i>	4,470	12,068
Reinstatement provision	<i>21</i>	850	–
Bank overdrafts	<i>22</i>	1,275	–
Amount due to a related company	<i>23</i>	–	232
Tax payable		1,333	7,128
Obligations under finance leases — due within one year	<i>24</i>	61	98
		<u>13,913</u>	<u>27,120</u>
Net current assets		<u>68,282</u>	<u>17,602</u>
Total assets less current liabilities		<u>74,901</u>	<u>22,615</u>
Non-current liabilities			
Obligations under finance leases — due after one year	<i>24</i>	121	–
Deferred tax liabilities	<i>25</i>	109	125
Reinstatement provision	<i>21</i>	140	399
		<u>370</u>	<u>524</u>
		<u>74,531</u>	<u>22,091</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (Expressed in Hong Kong dollars)

	Notes	2019 HK\$'000	2018 HK\$'000
Capital and reserves			
Share capital	26	41	21
Reserves		<u>74,490</u>	<u>22,070</u>
Equity attributable to the owners of the Company		<u><u>74,531</u></u>	<u><u>22,091</u></u>

The consolidated financial statements on pages 52 to 103 were approved and authorised for issue of the Board of Directors on 30 September 2019 and are signed on its behalf by:

Mr. Lim Su I
Director

Mr. Paulino Lim
Director

The notes on pages 57 to 103 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019 (Expressed in Hong Kong dollars)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(note i)</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2017	21	8,489	196	(1)	27,575	36,280
Loss for the year	-	-	-	-	(1,165)	(1,165)
Other comprehensive income for the year	-	-	-	25	-	25
Total comprehensive income/(expense) for the year	-	-	-	25	(1,165)	(1,140)
Dividend recognised as distribution <i>(note 13)</i>	-	-	-	-	(18,500)	(18,500)
Contribution from shareholder <i>(note ii)</i>	-	-	5,451	-	-	5,451
At 30 June 2018 and 1 July 2018	21	8,489	5,647	24	7,910	22,091
Profit for the year	-	-	-	-	1,006	1,006
Other comprehensive expense for the year	-	-	-	(33)	-	(33)
Total comprehensive (expense)/income for the year	-	-	-	(33)	1,006	973
Share issued pursuant to the initial public offering (the "IPO")	20	59,980	-	-	-	60,000
Transaction costs attributable to the IPO	-	(8,533)	-	-	-	(8,533)
At 30 June 2019	<u>41</u>	<u>59,936</u>	<u>5,647</u>	<u>(9)</u>	<u>8,916</u>	<u>74,531</u>

Notes:

- (i) Other reserve at 1 July 2017 represents the balance in relation to the shareholder's contribution arising from share-based payment arrangements attributable to the owners of the Company. Details refer to note 2(vii).
- (ii) The Pre-IPO Investor made contribution to the Company of approximately HK\$451,000 by waiving the dividends as entitled in September 2017 and the shareholders of the Company (other than the Pre-IPO Investor) made contribution to the Company of aggregate amount of HK\$5,000,000 by waiving the amounts due to shareholders in June 2018.

The notes on pages 57 to 103 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019 (Expressed in Hong Kong dollars)

	2019 HK\$'000	2018 HK\$'000
Operating activities		
Profit before taxation	2,306	660
Adjustments for:		
Depreciation of plant and equipment	2,831	2,977
Write-down of inventories	274	–
Bank interest income	(312)	(4)
Loan interest income	(135)	–
Finance costs	3	7
Operating cash flows before movements in working capital	4,967	3,640
Increase in inventories	(1,321)	(742)
Decrease/(increase) in trade receivables	8,696	(7,691)
(Increase)/decrease in other receivables, deposits and prepayments	(511)	2,623
(Decrease)/increase in trade payables	(1,670)	7,673
(Decrease)/increase in other payables and accrued charges	(5,986)	5,416
Increase/(decrease) in reinstatement provision	591	(142)
Decrease in amount due to a related company	(232)	(4,662)
Cash generated from operations	4,534	6,115
Taxation paid	(7,111)	(1,751)
Net cash (used in)/from operating activities	(2,577)	4,364
Investing activities		
Bank interest received	312	4
Purchases of plant and equipment	(4,770)	(2,565)
Net cash used in investing activities	(4,458)	(2,561)
Financing activities		
Interest paid	(3)	(7)
Share issue costs paid	(5,344)	(3,189)
Repayments to shareholders	–	(16,973)
Proceed from issuance of shares	60,000	–
Repayments of obligations under finance leases	(112)	(148)
Net cash from/(used in) financing activities	54,541	(20,317)
Net increase/(decrease) in cash and cash equivalents	47,506	(18,514)
Cash and cash equivalents at beginning of the year	9,955	28,566
Effect of foreign exchange rate changes	(33)	(97)
Cash and cash equivalents at end of the year	57,428	9,955
Represented by:		
Bank balances	58,703	9,955
Bank overdrafts	(1,275)	–
	57,428	9,955

The notes on pages 57 to 103 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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 (as defined below), 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 activities of its subsidiaries are set out in note 34.

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

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Before the completion of the reorganisation, Kin Sun, Mr. Yang Tien Lee (“Mr. Yang”), Mr. Wang Wann Bao (“Mr. Wang”) and Mr. Paulino Lim (“Mr. P. Lim”), hold equity interest of BOSA Technology (Hong Kong) Limited (“BOSA HK”), the operating subsidiary, amounting to 71%, 11%, 11% and 7%, respectively.

In preparation of the listing of the Company’s shares on GEM of the Stock Exchange (the “Listing”), the companies comprising the Company and its subsidiaries (collectively referred to as the “Group”) underwent a group reorganisation (“Reorganisation”) as described below.

- (i) On 8 July 2016, BOSA Investment Limited (“BOSA Investment”) was incorporated in the British Virgin Islands (“BVI”) as a limited liability company with an authorised share capital of 50,000 ordinary shares with a par value of United States dollar (“US\$”) 1 each. On the same day, 7,100 shares, 1,100 shares, 1,100 shares and 700 shares of BOSA Investment were issued and allotted to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively.
- (ii) On 12 July 2016, BOSA Technology Worldwide Limited (“BOSA Worldwide”) was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 ordinary shares with a par value of US\$1 each. On the same day, one share in BOSA Worldwide was issued, allotted, credited as fully paid, to BOSA Investment. BOSA Worldwide became a wholly-owned subsidiary of BOSA Investment since then.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (iii) On 24 October 2016, the Company was incorporated in the Cayman Islands as a limited liability company with an authorised share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each. On the same day, one share was issued and allotted to Mr. P. Lim.
- (iv) On 10 November 2016, BOSA Technology (R&D) Limited (“BOSA R&D”) was incorporated in the BVI as a limited liability company with an authorised share capital of 50,000 ordinary shares with a par value of US\$1 each. On the same day, one share in BOSA R&D was issued, allotted and credited as fully paid, to BOSA Investment. BOSA R&D became a wholly-owned subsidiary of BOSA Investment since then.
- (v) On 26 May 2017, each of the shareholders of BOSA HK transferred all of its or his shares in BOSA HK to BOSA Worldwide as follows:
 - a. Kin Sun transferred 7,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid 7,100 shares in BOSA Investment issued to Kin Sun;
 - b. Mr. Yang transferred 1,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid 1,100 shares in BOSA Investment issued to Mr. Yang;
 - c. Mr. Wang transferred 1,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid 1,100 shares in BOSA Investment issued to Mr. Wang; and
 - d. Mr. P. Lim transferred 700 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully paid 700 shares in BOSA Investment issued to Mr. P. Lim.

Upon completion of the transfers, BOSA HK became a wholly-owned subsidiary of BOSA Worldwide.

- (vi) On 26 May 2017, each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim and the Company entered into a sale and purchase agreement, pursuant to which the Company acquired the entire issued share capital of BOSA Investment held by Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in consideration of the issue of 7,100, 1,100, 1,100 and 699 shares of the Company to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively. Upon completion of share swap, BOSA Investment became a wholly-owned subsidiary of the Company and Kin Sun, Mr. Yang, Mr. Wang, and Mr. P. Lim have equity interest of the Company amounting to 71%, 11%, 11% and 7%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(vii) During the year ended 30 June 2013, Kin Sun granted options to Mr. Lim Su I (“Mr. K. Lim”) and Ms. Chiu Yin Mei (“Ms. Chiu”), the employees of BOSA HK, to purchase 12.5% and 7% of the issued share capital of BOSA HK at a consideration of HK\$687,500 and HK\$385,000, respectively, from Kin Sun. On 26 May 2017, Mr. K. Lim and Ms. Chiu exercised their options in full. In view of the Reorganisation, Kin Sun, Mr. K. Lim and Ms. Chiu agreed that the shares of the Company is transferred from Kin Sun instead of the shares of BOSA HK on 26 May 2017.

Upon completion of the exercise of these options, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim and Ms. Chiu hold equity interest of the Company amounting to 51.5%, 11%, 11%, 7%, 12.5% and 7%, respectively.

(viii) On 26 May 2017, Synergy Resources International Limited (“Pre-IPO Investor”), incorporated in the BVI and an independent third party, subscribed for 500 new shares of the Company for a cash consideration of HK\$3,000,000. Upon completion of this step, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Pre-IPO Investor hold equity interest of the Company amounting to 50.24%, 10.73%, 10.73%, 6.83%, 12.20%, 6.83% and 2.44%, respectively.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group since 26 May 2017 by interspersing the Company, BOSA Investment and BOSA Worldwide between shareholders and BOSA HK. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and amended standards, improvements and interpretations for the first time for their annual period commencing on 1 July 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

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

3.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong

Information about the Group's performance obligations and of HKFRS 15 are disclosed in notes 4 and 6 respectively.

There was no impact on the amounts recognised as at 1 July 2019 in relation to these assets from application of HKFRS 15.

3.2 HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets, trade receivables. Except for those which had been determined as credit impaired under HKAS 39, contract assets and trade receivables have been assessed by grouping based on past due analysis. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

There is no impact on the credit loss allowance which had been recognised against retained profits as at 1 January 2018 from application of HKFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹

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

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale, HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 16 Leases (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of approximately HK\$1,346,000 as disclosed in note 30. 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. However, the management of the Group does not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group.

The Group currently considers refundable rental deposits paid of approximately HK\$731,000 as at 30 June 2019 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost upon application of HKFRS 16 and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except for above, the management of the Group anticipates that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include 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.

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.

The principal accounting policies adopted are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 3) (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment loss on assets other than financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of its assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 July 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount of initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk in the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other income, gains and losses” line item.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables, deposits and prepayments and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risks since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 360 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)
(continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 360 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

*Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)
(continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and contract assets are assessed together as a group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 July 2018)

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables (before application of HKFRS 9 on 1 July 2018)

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (before application of HKFRS 9 on 1 July 2018) (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities including trade payables, other payables, deposits received and accrued charges and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee (continued)

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

Warranties

If a customer has the option to purchase a warranty separately, the Group accounts for the warranty as a separate performance obligation and allocates a portion of the transaction price to that performance obligation. If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

5 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, 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.

Provision of 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 of 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 32 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount in the ordinary course of the Group's business during the year. Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to receive. The Group's operations and revenue is solely derived from provision of mechanical splicing services in Hong Kong during the year. 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 4. 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\$6,619,000 (2018: HK\$5,013,000) as at 30 June 2019 are all located in Hong Kong by physical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A	N/A*	5,824
Customer B	N/A*	6,783
Customer C	N/A*	7,443
Customer D	5,151	6,389
Customer E	<u>5,220</u>	<u>5,870</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors', chief executive emoluments

Mr. P. Lim and Mr. K. Lim were appointed as the executive directors of the Company on 18 August 2017. Mr. P. Lim and Mr. K. Lim are siblings. Mr. Kwan was appointed as a non-executive director of the Company on 18 August 2017. Mr. Chan Chi Keung Alan, Ms. Chu Wei Ning and Mr. Ng Ming Hon were appointed as independent non-executive directors of the Company on 19 June 2018. The emoluments paid or payable to the directors of Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during both years as follows:

	Director's fee HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000 (note i)	Retirement benefits scheme contributions HK\$'000	Total emoluments HK\$'000
Year ended 30 June 2019					
Executive directors					
Mr. K. Lim (note ii)	–	977	1,289	18	2,284
Mr. P. Lim	–	645	645	18	1,308
Non-executive director					
Mr. Kwan	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Chi Keung Alan	233	–	–	–	233
Ms. Chu Wei Ning	233	–	–	–	233
Mr. Ng Ming Hon	233	–	–	–	233
Total	699	1,622	1,934	36	4,291
Year ended 30 June 2018					
Executive directors					
Mr. K. Lim (note ii)	–	818	1,092	18	1,928
Mr. P. Lim	–	546	548	18	1,112
Non-executive director					
Mr. Kwan	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Chi Keung Alan	–	–	–	–	–
Ms. Chu Wei Ning	–	–	–	–	–
Mr. Ng Ming Hon	–	–	–	–	–
Total	–	1,364	1,640	36	3,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors', chief executive emoluments (continued)

Notes:

- (i) The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance
- (ii) Mr. K. Lim acts as the chief executive of the Group.
- (iii) The emoluments of executive directors stated above were for their services in connection with management of the affairs of the Company and its subsidiaries. The emoluments of non-executive director and independent non-executive directors stated above were for their services in connection with their roles as directors of the Company.

During both years, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration for both years.

(b) Employees' emoluments

The five highest paid individuals included two (2018: two) directors of the Company for the year ended 30 June 2019 and whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2018: three) individuals for the year ended 30 June 2019 were as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Salaries and other benefits	1,462	1,370
Performance related bonus	108	245
Retirement benefits scheme contributions	36	54
	1,606	1,669

Their emoluments were within the following bands:

	2019 Number of employees	2018 Number of employees
Nil to HK\$1,000,000	3	3

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

8 OTHER INCOME AND OTHER LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Other income		
Handling charge	2,250	1,370
Insurance compensation	122	72
Bank interest income	312	4
Loan interest income	135	–
Rental income from the machinery	204	112
Others	122	14
	3,145	1,572
	3,145	1,572
Other losses		
Net exchange losses	(319)	(498)
	(319)	(498)

9 FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on obligations under finance leases	3	7
	3	7

10 PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	850	1,000
Cost of inventories recognised as an expense	14,895	16,020
Depreciation of plant and equipment	2,831	2,977
Directors' remuneration (<i>note 7</i>)	4,291	3,040
Other staff costs		
Salaries and other benefits	10,922	10,556
Retirement benefits scheme contributions	481	451
Total staff costs	15,694	14,047
Research expenses	340	301
Minimum lease payments under operating leases in respect of land and buildings	3,059	3,075
Write-down of inventories (included in cost of sales)	274	–
	274	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11 TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	1,333	1,915
Over-provision in prior year	<u>(17)</u>	<u>–</u>
	1,316	1,915
Deferred tax credit (<i>note 25</i>)	<u>(16)</u>	<u>(90)</u>
	<u><u>1,300</u></u>	<u><u>1,825</u></u>

BOSA HK had not notified the Hong Kong Inland Revenue Department (“IRD”) on time in respect of its assessable profits for each of the years of assessment 2014/2015, 2015/2016 and 2016/2017. Instead, such notifications were only made in March 2017 that BOSA HK had derived assessable profits since 2014. Following the notification, the IRD issued tax return for years of assessment 2014/2015, 2015/2016 and 2016/2017 to BOSA HK which was completed and submitted to the IRD within the time frame as stipulated in the respective tax return from the IRD. The IRD has issued statement of loss for the year of assessment 2014/2015 and assessment demanding final tax for the years of assessment 2015/2016 and 2016/2017 during the year ended 30 June 2018. Up to the date of these consolidated financial statements were authorised for issuance, the IRD has not issued any penalty notice to the Group in respect of the late notification of chargeability for the relevant years of assessment as mentioned above.

The Group has made full tax provision based on its estimated assessable profit in the submitted tax returns. The directors of the Company have also considered possible penalty that may be imposed by the IRD on the Group in relation to each reporting periods, if any, arising from the late notification of chargeability for the years of assessment 2014/2015, 2015/2016 and 2016/2017 by BOSA HK. After seeking professional advice, it has come to the understanding of the directors of the Company that the possible penalty, if any, is likely to be at the level of 10% to 20% of the amount of tax undercharged, that is, HK\$797,000 in aggregate, and such penalty is recognised in profit or loss during the year ended 30 June 2017 and included in other payables as of 30 June 2018 and 30 June 2019.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11 TAXATION (continued)

The taxation for both years can be reconciled to the profit before taxation as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation	<u>2,306</u>	<u>660</u>
Taxation at Hong Kong Profits Tax rate of 16.5%	380	109
Tax effect of expense not deductible for tax purpose	479	1,720
Tax effect of income not taxable for tax purpose	(66)	(1)
Tax effect of temporary difference not recognised	(198)	–
Tax effect of unused tax losses not recognised	908	–
Income tax at concessionary rate	(185)	–
Over-provision in prior years	(17)	–
Others	<u>(1)</u>	<u>(3)</u>
Taxation for the year	<u>1,300</u>	<u>1,825</u>

12 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Earnings/(loss):		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share (Profit/(loss) for the year attributable to the owners of the Company)	<u>1,006</u>	<u>(1,165)</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>793,973</u>	<u>600,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share for both years have been determined on the assumption that the Reorganisation and the capitalisation issue as described in note 26 had been effective on 1 July 2016 and the share subdivision which is completed on 19 June 2018 as stated in note 26.

No diluted earnings (loss) per share for both years was presented as there were no potential ordinary shares in issue with dilutive effect during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 DIVIDEND

On 15 September 2017, the Company declared an interim dividend of HK\$18,500,000 (approximately HK\$902 per share) to shareholders of the Company.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 30 June 2019 (2018: HK\$nil).

14 PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At 1 July 2017	889	89	333	13,531	846	15,688
Additions	596	14	8	1,885	62	2,565
At 30 June 2018 and 1 July 2018	1,485	103	341	15,416	908	18,253
Additions	132	13	14	2,065	2,742	4,966
At 30 June 2019	1,617	116	355	17,481	3,650	23,219
Depreciation						
At 1 July 2017	165	57	308	9,797	564	10,891
Provided for the year	416	16	17	2,374	154	2,977
At 30 June 2018 and 1 July 2018	581	73	325	12,171	718	13,868
Provided for the year	479	18	11	1,524	799	2,831
At 30 June 2019	1,060	91	336	13,695	1,517	16,699
Carrying amounts						
At 30 June 2019	557	25	19	3,786	2,133	6,520
At 30 June 2018	904	30	16	3,245	190	4,385

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over lease terms
Office equipment	3 years
Furniture and fixtures	3 years
Plant and machinery	5 years
Motor vehicles	4 years

As at 30 June 2019, the carrying amounts of motor vehicles included amounts of approximately HK\$184,000 (2018: HK\$138,000) in respect of assets held under finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Rental and utilities deposits	731	646
Prepayments	922	583
Retention receivables	862	862
Other receivables	222	–
Deferred and prepaid listing expenses	–	4,801
	2,737	6,892
Presented as non-current assets	99	628
Presented as current assets	2,638	6,264
Total	2,737	6,892

16 INVENTORIES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Couplers at cost	3,960	2,913

17 TRADE RECEIVABLES

The Group's credit terms of 15–45 days (2018: 15–30 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.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	4,183	3,502
31–60 days	4,393	6,678
61–90 days	2,935	5,294
Over 90 days	5,383	10,116
	16,894	25,590

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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

17 TRADE RECEIVABLES (continued)

As at 30 June 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$12,621,000 which are past due as at the reporting date. Out of the past due balances, HK\$3,150,000 has been past due 90 days or more and the directors of the Company considered there has no default occurred as these trade receivables are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

As at 30 June 2018, included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$22,463,000 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.

The average turnover day of these receivables is 129 days (2018: 132 days) as at 30 June 2019.

Ageing analysis of trade receivables which are past due but not impaired

	2018 HK\$'000
0-30 days	375
31-60 days	6,678
61-90 days	5,294
Over 90 days	10,116
	<hr/>
	22,463
	<hr/> <hr/>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

18 BANK BALANCES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cash at bank	21,491	9,955
Fixed deposit	37,212	–
	<u>58,703</u>	<u>9,955</u>
Less: bank overdraft (<i>Note 22</i>)	(1,275)	–
	<u>57,428</u>	<u>9,955</u>
Bank balances in the statement of cash flows	<u>57,428</u>	<u>9,955</u>

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.

19 TRADE PAYABLES

The credit period on purchase of inventories is 90 days (2018: 90 days). The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	1,765	1,412
31–60 days	2,031	2,255
61–90 days	1,074	825
Over 90 days	1,054	3,102
	<u>5,924</u>	<u>7,594</u>

20 OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Salaries payable	429	1,306
Provision for annual leaves	402	402
Accrued charges (<i>note</i>)	2,421	9,142
Deposits received from customers	421	421
Other payables	797	797
	<u>4,470</u>	<u>12,068</u>

Note: Accrued listing expenses of HK\$nil (2018: HK\$6,539,000) were included in accrued charges as at 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

21 REINSTATEMENT PROVISION

	<i>HK\$'000</i>	
At 1 July 2017		541
Utilised		<u>(142)</u>
At 30 June 2018 and 1 July 2018		399
Additions		710
Utilised		<u>(119)</u>
At 30 June 2019		<u>990</u>
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Presented as non-current liabilities	140	399
Presented as current liabilities	850	–
Total	990	<u>399</u>

The provision of reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods of 24 months as of 30 June 2019 (2018: 24 months to 36 months). These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

22 BANK OVERDRAFT

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured:		
Repayable within one year or on demand	<u>1,275</u>	–

23 AMOUNT DUE TO A RELATED COMPANY

Details of amount due to a related company, which are trade nature, are as follows:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
BT Systems Limited (formerly known as BOSA Technology (Taiwan) Limited “BOSA (Taiwan)”))	<u>–</u>	<u>232</u>

BOSA (Taiwan) is owned as to 36.0% by Mr. Yang, 14.0% by the spouse of Mr. Yang, 16.8% by Mr. Wang, 13.0% by the spouse of Mr. Wang and 20.2% by the son of Mr. Wang.

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(Expressed in Hong Kong dollars unless otherwise indicated)

23 AMOUNT DUE TO A RELATED COMPANY (continued)

The following is an ageing analysis of amount due to a related company presented based on the invoice date at the end of the reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	–	–
31–60 days	–	–
61–90 days	–	–
Over 90 days	–	232
	–	232
	–	232

24 OBLIGATIONS UNDER FINANCE LEASES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Analysed for reporting purpose as:		
Current liabilities	61	98
Non-current liabilities	121	–
	182	98
	182	98

The Group has leased certain of its motor vehicles under finance leases. The lease term was three years (2018: four years). Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranged from 1.98% to 3.50% per annum during both years.

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount payable under finance leases				
Within one year	69	99	61	98
In more than one year but not more than two years	69	–	65	–
In more than two year but not more than five years	57	–	56	–
	195	99	182	98
Less: Future finance charges	(13)	(1)	N/A	N/A
Present value of lease obligations	182	98	182	98
Less: Amount due for settlement within one year (shown under current liabilities)			(61)	(98)
Amount due for settlement after one year			121	–

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

25 DEFERRED TAX LIABILITIES

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

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

26 SHARE CAPITAL

Share capital as at 30 June 2018 and 30 June 2019 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Par value	Number of shares	Amount	
			<i>HK\$</i>	<i>HK\$'000</i>
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 2018, 1 July 2018 and 30 June 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 and 1 July 2018	HK\$0.0001	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	HK\$0.0001	<u><u>800,000,000</u></u>	<u><u>40,500</u></u>	<u><u>41</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

26 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 as disclosed in note 2 (vi).

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 as disclosed in note 2 (viii).

- (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.

27 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during both years:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
BOSA (Taiwan):		
Purchase of couplers and consumable	—	499

As represented by the directors of the Company, these related party transactions have been discontinued after Listing.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year ended 30 June 2019 were as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Short-term benefits	5,266	4,619
Post-employment benefits	54	90
	<u>5,320</u>	<u>4,709</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK\$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Scheme charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

The contributions paid and payable to the scheme by the Group are disclosed in notes 7 and 10, respectively.

29 MAJOR NON-CASH TRANSACTIONS

On 15 September 2017, the Pre-IPO Investor made contribution to the Company of approximately HK\$451,000 by waiving the dividends as entitled. On 7 June 2018, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Ms. Chiu and Mr. K. Lim, being shareholders of the Company, made contribution to the Company of aggregate amount of approximately HK\$5,000,000 by waiving the amounts due to shareholders.

30 OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of office and factory premises under non-cancellable operating leases which fall due as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within one year	871	2,595
In the second to fifth years inclusive	475	525
	<u>1,346</u>	<u>3,120</u>

Leases are negotiated and monthly rentals are fixed for term of two to three years.

Certain lease agreements entered into between the landlord and the Group include a renewal option at the discretion of the Group for a further two years from the end of the existing lease without specifying rental to be charged. Accordingly, this is not included in the above commitment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt balance and equity balance. Equity balance consists of equity attributable to the owners of the Company, comprising issued share capital, share premium, other reserve, translation reserve and retained profits.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

32 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>76,681</u>	<u>36,407</u>
Financial liabilities		
Amortised cost	<u>11,267</u>	<u>19,492</u>

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables, bank balances, trade payables, other payables, deposits received and accrued charges, amounts due to shareholders and a related company and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's purchase of inventories through the related company is denominated in New Taiwan Dollar ("TWD"), a currency other than the functional currency of the group entities, during the years ended 30 June 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary liabilities recognised in the consolidated financial statements are as follows:

	TWD	
	2019	2018
	HK\$'000	HK\$'000
Amount due to a related company	—	232

Sensitivity analysis

The following table details the Group's sensitivity analysis to a 10% increase and decrease in functional currency of the relevant group entities (i.e. HK\$) against TWD and all other variables were held constant. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in the post-tax profit (2018: a decrease in the post-tax loss) for the year where HK\$ strengthening 10% against the TWD. For a 10% weakening of HK\$ against the TWD there would be an equal and opposite impact on the result for the year.

	2019	2018
	HK\$'000	HK\$'000
Increase in post-tax profit (2018: decrease in post-tax loss) TWD	—	19

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed interest bearing obligations under finance leases (see note 24) and non-interest bearing amounts due to shareholders and a related company (see note 23). The Group is also exposed to cash flow interest rate risk in relation to the Group's variable interest bearing bank balances.

The Group currently does not have interest rate hedging policy. However, management of the Group closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging changes in market rates should the need arise.

The management of the Group does not expect there will be a significant interest rate fluctuation on bank balances and in view of the short maturity of the bank deposits, no sensitivity analysis is prepared at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

During the year ended 30 June 2019, the Group has concentration of credit risk with exposure limited to certain customers. Top five debtors comprised approximately 39.8% (2018: 51.3%) of the Group's trade receivables as at 30 June 2019. These customers are primarily main contractors or subcontractors of residential/commercial property development projects. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. Other than disclosed above, the Group does not have significant credit risk exposure to any single individual customer.

Also, the Group has concentration of credit risk on bank balances with three banks. The credit risk for bank balances is limited because bank balances are placed in banks with good reputations.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — credit-impaired	12-month ECL — credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	12-month ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in service financing difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2019	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised cost				
Bank balances	AA+	N/A	12-month ECL	58,703
Other receivables	N/A	(Note 1)	12-month ECL	222
Trade receivables	N/A	(Note 2)	Lifetime ECL (provision matrix)	16,894

Note:

- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.
- As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 30 June 2019 within lifetime ECL (not credit impaired). No debtors with significant outstanding balances or credit-impaired as at 30 June 2019 were assessed individually.

Gross carrying amount

	Average loss rate	Trade receivables HK\$'000
0-30 days past due	0%	4,305
31-60 days past due	0%	2,935
61-90 days past due	0%	2,231
More than 90 days past due	0.84%	3,150
		12,621

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Gross carrying amount (continued)

During the year ended 30 June 2019, no impairment allowance for trade receivables, based on the provision matrix. No impairment allowance were made on debtors with significant balances and credit impaired debtors respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities which has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year to 2 years HK\$'000	Over 2 years to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 30 June 2019							
Non-derivative financial liabilities							
Trade payables	N/A	5,924	-	-	-	5,924	5,924
Other payables, deposits received and accrued charges	N/A	4,068	-	-	-	4,068	4,068
Bank overdraft	N/A	1,275	-	-	-	1,275	1,275
Obligations under finance leases	2.5	15	54	69	57	195	182
		<u>11,282</u>	<u>54</u>	<u>69</u>	<u>57</u>	<u>11,462</u>	<u>11,449</u>
As at 30 June 2018							
Non-derivative financial liabilities							
Trade payables	N/A	7,594	-	-	-	7,594	7,594
Other payables, deposits received and accrued charges	N/A	11,666	-	-	-	11,666	11,666
Amount due to a related company	N/A	232	-	-	-	232	232
Obligations under finance leases	1.98	37	62	-	-	99	98
		<u>19,529</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>19,591</u>	<u>19,590</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

32 FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at amortised cost

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

33 MOVEMENT ON THE GROUP'S LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued share Issue costs <i>HK\$'000</i>	Amounts due to shareholders <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2017	–	3,924	246	4,170
Financing cash flows	(3,189)	(16,973)	(155)	(20,317)
Dividend declared	–	18,500	–	18,500
Waive of amounts due to shareholders (<i>note 29</i>)	–	(5,451)	–	(5,451)
Share issue costs accrued	4,801	–	–	4,801
Finance costs recognised	–	–	7	7
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018 and 1 July 2018	1,612	–	98	1,710
Financing cash flows	(5,344)	–	(115)	(5,459)
Finance lease accrued	–	–	196	196
Share issue costs accrued	3,732	–	–	3,732
Finance costs recognised	–	–	3	3
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

34 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30 June 2019 and 2018 are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company as at		Principal activities
				30 June 2019	30 June 2018	
Directly held:						
BOSA Investment	BVI	Hong Kong	US\$10,000	100%	100%	Investment holding
Indirectly held:						
BOSA Worldwide	BVI	Hong Kong	US\$1	100%	100%	Investment holding
BOSA HK	Hong Kong	Hong Kong	HK\$10,000	100%	100%	Provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong
BOSA R & D	BVI	Hong Kong	US\$1	100%	100%	Investment holding

All subsidiaries now comprising the Group are limited liability companies and have adopted June 30 as their financial year end date.

None of the subsidiaries had issued any debt securities at 30 June 2019 and 2018 or at any time during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

35 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets		
Plant and equipment	1,913	–
Investment in a subsidiary	18,670	18,670
	<u>20,583</u>	<u>18,670</u>
Current assets		
Other receivables, deposits and prepayments	297	4,801
Amounts due from subsidiaries	20,883	–
Bank balances	39,993	–
	<u>61,173</u>	<u>4,801</u>
Current liabilities		
Other payables and accrued charges	1,545	6,539
Amount due to a subsidiary	27,165	9,415
	<u>28,710</u>	<u>15,954</u>
Net current liabilities	<u>32,463</u>	<u>(11,153)</u>
Net assets	<u>53,046</u>	<u>7,517</u>
Capital and reserves		
Share capital	41	21
Reserves (<i>note</i>)	53,005	7,496
Equity attributable to the owners of the Company	<u>53,046</u>	<u>7,517</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

35 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2017	8,489	68	(6,071)	2,486
Profit and total comprehensive income for the year	–	–	18,059	18,059
Dividends recognised as distribution (note 13)	–	–	(18,500)	(18,500)
Contribution from shareholders	–	5,451	–	5,451
At 30 June 2018 and 1 July 2018	8,489	5,519	(6,512)	7,496
Loss and total comprehensive income for the year	–	–	(5,938)	(5,938)
Share issued pursuant to the initial public offering (the “offer”)	59,980	–	–	59,980
Transaction cost attributable to the IPO	(8,533)	–	–	(8,533)
At 30 June 2019	<u>59,936</u>	<u>5,519</u>	<u>(12,450)</u>	<u>53,005</u>

36 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 30 June 2018 and 2019 in this regard.

FOUR YEARS FINANCIAL SUMMARY

	For the year ended 30 June			
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
RESULTS				
Revenue	<u>54,803</u>	<u>50,317</u>	<u>55,267</u>	<u>49,495</u>
Profit before taxation	17,024	2,826	660	2,306
Taxation	<u>(2,833)</u>	<u>(1,882)</u>	<u>(1,825)</u>	<u>(1,300)</u>
Profit/(loss) for the year	<u>14,191</u>	<u>944</u>	<u>(1,165)</u>	<u>1,006</u>
Attributable to:				
Owners of the Company	<u>14,191</u>	<u>944</u>	<u>(1,165)</u>	<u>1,006</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share				
Basic	<u>2.54</u>	<u>0.17</u>	<u>(0.19)</u>	<u>0.13</u>
		As at 30 June		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES				
Total assets	50,030	58,147	49,735	88,814
Total liabilities	<u>(23,193)</u>	<u>(21,867)</u>	<u>(27,644)</u>	<u>(14,283)</u>
Net assets	<u>26,837</u>	<u>36,280</u>	<u>22,091</u>	<u>74,531</u>
Equity attributable to the owners of the Company	<u>26,837</u>	<u>36,280</u>	<u>22,091</u>	<u>74,531</u>