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)

Annual Report 2018

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.

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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 (to be resigned on 2 October 2018)
Ms. Lam Yuen Man Maria
(to be appointed on 2 October 2018)

AUTHORIZED REPRESENTATIVES

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

Office 2302, 23rd Floor
No. 9 Chong Yip Street, Kwun Tong
Kowloon, Hong Kong

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
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 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8140

COMPANY'S WEBSITE

www.bosa-tech.com

Dear Shareholders,

Our behalf of the board of directors (the "Board") of BOSA Technology Holdings Limited (the "Company"), I am pleased to present the first audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2018 (the "Year") after the listing of the Company on 12 July 2018 (the "Listing Date").

INITIAL PUBLIC OFFER

On 12 July 2018, the shares of the Company (the "Shares") were successfully listed (the "Listing") on GEM of the Stock Exchange of Hong Kong Limited. I would like to express once again on behalf of the Group our deepest gratitude to all parties who have assisted us in building our business over the years and the Listing. The Listing is an important milestone in our Group's history as it not only enhanced our corporate image, but also helped us to establish better recognition in the industry, broaden our client base, cope with our business development and provide sufficient capital for our expansion. The Group will leverage on its competitive advantages to expand its scale so as to increase overall profit after Listing.

REVIEW

During the Year, the Group's revenue increased slightly by approximately HK$5.0 million or 9.8%, from approximately HK$50.3 million for the year ended 30 June 2017 to approximately HK$55.3 million for the Year, as a result of the increased demand for splicing systems on the ongoing and new infrastructure projects in the public sector. In addition, the Group's net profit margin before non-recurring listing expenses also increased slightly from 13.9% for the year ended 30 June 2017 to 14.1% for the Year.

PROSPECT

Looking ahead, although the global economy remains uncertain, the Board remain 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, 21 September 2018

MARKET OVERVIEW

According to the Government's 2017–2018 Budget Speech, the Government of Hong Kong is expecting to raise the total public expenditure on various ongoing infrastructure projects to approximately HK$107 billion. It is expected that the ongoing and new infrastructure projects will increase our demand for splicing systems. The prospects of the mechanical splicing service market will also be positively affected by further development of the property market in Hong Kong, including expected increase in construction of residential and non-residential properties.

BUSINESS REVIEW

The Group is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong and is the second largest provider of this industry in Hong Kong in terms of overall sales revenue in 2017.

Our customers are primarily main contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong. Construction projects that we service can generally be categorised into public sector projects and private sector projects. The majority of our revenue during the Year was derived from private sector projects.

Completed projects

During the Year, the Group had completed 83 projects with an aggregated contract value of approximately HK$5.0 million.

Ongoing projects

As at 30 June 2018, the Group had 103 ongoing projects with an aggregate contract value of approximately HK$141.4 million, of which approximately HK$50.3 million had been recognised as revenue as at 30 June 2018.

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 accumulated revenue recognised during the Year) are as follows:

Project details	Sector	Commencement date	Project sum
			HK$ million
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 Heung 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 has secured 96 newly awarded contracts with an aggregate contract value of approximately HK$16.4 million. Details of top 5 the newly awarded contracts are as follows:

Project details	Sector	Commencement date	Project sum
			HK$ million
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

Outlook

The Board expect that there is substantial growth potential in the construction industry and increasing gross value of construction works by main contractors in Hong Kong. Leverage on the Group's competitive strengths and business strategies to be implemented in the near future, the Board believe that the Group is well-positioned to capture the growing demand for services related to construction industry in Hong Kong.

FINANCIAL HIGHLIGHT AND OVERVIEW

	For the year ended 30 June		
	2018	2017	Change
	HK$'000	*HK$'000*	*%*
Revenue	**55,267**	50,317	9.8
Gross profit	**19,169**	21,433	(10.6)
Gross profit margin	**34.7%**	42.6%	(18.6)
Net profit and total comprehensive income before listing expenses	**7,812**	7,014	11.4
Net (loss) profit and total comprehensive (expense) income after listing expenses	**(1,140)**	943	(220.9)
(Loss) earnings per share *(HKcents)*	**(0.19)**	0.17	(211.8)

FINANCIAL REVIEW

Revenue

During the Year, all of our revenue was generated from services of processing and connecting reinforcing bars in Hong Kong. Accordingly, we have only one single operating segment and one geographical segment.

	For the year ended 30 June					
	2018			2017		
	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	**152**	**46.1**	**83.4**	135	35.5	70.7
Public sector projects	**28**	**9.2**	**16.6**	31	14.8	29.3
Total	**180**	**55.3**	**100.0**	166	50.3	100.0

Revenue of the Group increased by approximately HK$5.0 million or approximately 9.8%, from approximately HK$50.3 million for the year ended 30 June 2017 to approximately HK$55.3 million for the Year, which was mainly due to the increase in number of ongoing and new infrastructure projects for splicing systems in public sector, which generated revenue during the Year.

Cost of Sales

Our cost of sales increased by approximately HK$7.2 million or approximately 25.0%, from approximately HK$28.9 million for the year ended 30 June 2017 to approximately HK$36.1 million for the Year, which were mainly due to (i) an additional cost for quality control performed by a third party testing laboratory engaged by Taiwan branch of the Group; and (ii) slight increases in costs of the couplers, direct labour cost and rental cost of our workshops.

Gross Profit

Our gross profit decreased by approximately HK$2.3 million or approximately 10.6%, from approximately HK$21.4 million for the year ended 30 June 2017 to approximately HK$19.2 million for the Year, which were mainly due to reasons disclosed above.

Selling and Distribution Expenses

The selling and distribution expenses of the Group decreased by approximately HK$55,000 or approximately 12.1%, from approximately HK$455,000 for the year ended 30 June 2017 to approximately HK$400,000 for the Year. Such decrease was mainly attributable to reduction in expenses for the Group's promotional needs and activities.

Administrative Expenses

The administrative expenses of the Group decreased by approximately HK$1.3 million or approximately 10.9%, from approximately HK$11.5 million for the year ended 30 June 2017 to approximately HK$10.2 million for the Year. Such decrease were mainly attributable to decreases in depreciation and no provision for tax penalty made during the Year.

Finance Costs

The finance costs of the Group comprised primarily of leases for motor vehicles used by senior management. Our finance costs decreased by approximately HK$8,000 or approximately 53.3%, from approximately HK$15,000 for the year ended 30 June 2017 to approximately HK$7,000 for the Year, which was mainly due to maturity of finance lease agreement of one of the motor vehicles during the Year.

Income Tax Expenses

The Group's income tax expenses decreased by approximately HK$0.1 million or approximately 3.0%, from approximately HK$1.9 million for the year ended 30 June 2017 to approximately HK$1.8 million for the Year.

Profit and Total Comprehensive Income Attributable to Owners of the Company

The profit and total comprehensive income attributable to owners of the Company decreased from a profit and total comprehensive income of approximately HK$943,000 for the year ended 30 June 2017 to a loss and total comprehensive expense of approximately HK$1.1 million for the Year, representing a decrease of approximately HK$2.1 million or 220.9%, which was mainly due to the listing expenses during the Year. Excluding the listing expenses of approximately HK$9.0 million during the Year, the profit and total comprehensive income attributable to owners of the Company would be approximately HK$7.8 million, representing an increase of approximately HK$0.8 million or 11.4%.

Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the Year. As of 30 June 2018, the Group had bank balances of approximately HK$10.0 million (2017: approximately HK$28.6 million). The decrease in bank balances were mainly attributable to (i) full repayment of all outstanding balances of amounts due to shareholders prior to the Listing, and (ii) settlements of the listing expenses payable to the parties involved in the Listing during the Year.

As at 30 June 2018, the Group did not have any outstanding borrowing and other indebtedness except finance leases for our motor vehicles.

The current ratio, calculated as the total current assets divided by total current liabilities, was approximately 1.6 times as at 30 June 2018 (2017: approximately 2.5 times). The gearing ratio, calculated as all obligations under finance leases divided by total equity, was approximately 0.004 times as at 30 June 2018 (2017: approximately 0.007 times).

Foreign Exchange Exposure

The Group purchased all of the couplers used in our 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 our results of operations.

The management considered that the Group has sufficient foreign exchange to meet our 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 our exchange rate exposure relating to TWD and will continue to monitor its foreign exchange exposure. The Group will consider hedging significant foreign currency exposure should the need arises and no derivative financial instruments were held by the Group as at 30 June 2018 for speculative purposes.

Contingent Liabilities

As at 30 June 2018, 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. The legal claim is still in preliminary stage and the final outcome is unable to be determined at this stage based on legal advice to the Group.

Save as disclosed above and as at 30 June 2018, the Group did not have any material contingent liabilities (2017: Nil).

Commitment

As at 30 June 2018, the Group had the non-cancellable operating lease commitments in respect of office and workshop for approximately HK$3.1 million (2017: approximately HK$3.3 million).

Save as disclosed above, the Group did not have any material capital commitment.

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 30 2018, the Group had secured and unguaranteed obligations under finance leases of 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 (2017: Nil).

Capital Structure

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 24 October 2016. Its shares were listed on GEM of the Stock Exchange on 12 July 2018.

The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination its cash and cash equivalents, cash flows generated from operations and bank facilities.

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 2018 save for the acquisition a parcel of land to open new workshop in Hong Kong, details of which are set out in the Prospectus of the Company.

Significant Investments held, Acquisitions and Disposals

Apart from the corporate reorganisation as disclosed in the Prospectus of the Company, there were no significant investments held, acquisitions or disposals of subsidiaries, associates, joint venture and affiliated companies by the Group during the Year.

The Group did not have any other material plans for significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures as at 30 June 2018 and up to the date of this report.

Employees and Remuneration Policies

As at 30 June 2018, the Group had 39 full-time employees (2017: 31 employees), including the Directors. Total staff costs (including Directors' emoluments part-time employees) were approximately HK$14.0 million for the Year as compared to approximately HK$12.3 million for the year ended 30 June 2017. 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 our senior management and key employees as incentive bonuses.

Comparison Between Business Objectives and Actual Business Progress

The Company's shares were only listed on GEM of the Stock Exchange on 12 July 2018 and the proceeds from the share offer of 200,000,000 shares were only received subsequent to the Year. Hence, the implementation plan for the business objectives as stated in the Prospectus has yet to commence during the Year.

The Group is in its preliminary stage of implementing its business objectives and strategies. An analysis comparing the business objectives set out in the Prospectus with the Group's actual business progress up to the date of this report is set out below:

Business Objective	**Planned use of net proceeds** *(HK$' million)*	**Actual Business Progress**
Acquire a parcel of land to open new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	35.3	The Group will engage property agents to perform searching of a suitable parcel of land
Placing resources into research and development	2.4	The Group is screening various research and development proposals

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. As at the date of this report, the proceeds from Share Offer have not been utilised.

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.

Significant Event after the Reporting Period

On 12 July 2018, the shares were successfully listed on the GEM of the Stock Exchange with stock code 8140. Save as disclosed and 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.

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian

Mr. Kwan Tek Sian ("Mr. Kwan"), aged 42, 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 obtained a bachelor degree in Science from Victoria University in Australia in May 1998, a master degree in Health Science from Victoria University in October 2000 and a graduate diploma in Law and Legal Studies from La Trobe University in October 2004. Mr. Kwan is an entrepreneur with interests across multiple industries. Since July 2018, he has been re-designated to an executive director of JMC Technologies Pte. Ltd., a Singapore-based company that is principally engaged in providing recruitment services and 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 of 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.

EXECUTIVE DIRECTORS

Mr. Lim Su I

Mr. Lim Su I ("Mr. K. Lim"), aged 52, 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 a 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.

Mr. Paulino Lim

Mr. Paulino Lim ("Mr. P. Lim"), aged 44, 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 54, 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 and is a director of the Hong Kong Chiu Chow Chamber of Commerce 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).

Ms. Chu Wei Ning

Ms. Chu Wei Ning, aged 45, 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 42, 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.

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.

Mr. Chan Fong Kong, Francis

Mr. Chan Fong Kong, Francis is our finance manager and is principally responsible for financial planning, reporting and management. Mr. Chan joined the Group in October 2016 and has over 10 years of experience in providing capital investment, assurance and consultancy services industries. Mr. Chan obtained a bachelor degree of Commerce, majoring in accounting and finance, from Deakin University at Melbourne, Australia in 2000. He became a member of CPA Australia in 2008. Mr. Chan worked at an international accounting firm for five years primarily engaged in providing assurance and advisory service for multinational corporate entities in Hong Kong between 2001 and 2005. From 2006 onwards, Mr. Chan has been the managing director of Kossilon Group, a local consultancy firm that oversees corporate clients' business development, corporate restructuring and company secretarial matters. He is also a director of the New Territories General Chamber of Commerce and the company director of the Care of Rehabilitated Offenders Association.

Mr. Chan has been an independent non-executive director of various companies listed on the Main Board or GEM of the Stock Exchange of Hong Kong Limited and is currently acting as an independent non-executive director Kwoon Chung Bus Holdings Limited (Stock Code: 306).

Mr. Ng Chit Sing

Mr. Ng Chit Sing was appointed as our company secretary on 18 August 2017. Mr. Ng obtained a bachelor degree in Social Sciences from Lingnan College in 1996 and a bachelor degree in Laws from the University of London in 2008. Mr. Ng became an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in England in July 2000.

Mr. Ng is the chief executive officer of IN Corporate Services Limited specialising in the provision of corporate secretarial services to listed issuers and private companies. He is currently acting as named company secretary/joint company secretary of certain companies listed on the Main Board or GEM of the Stock Exchange of Hong Kong Limited.

The directors of the Company (the "Directors") have pleasure in presenting their first annual report together with the audited consolidated financial statements of the Group (the "Consolidated Financial Statements") for the year ended 30 June 2018 (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 activity of the principal subsidiaries of the Company are set out in note 34 to the Consolidated Financial Statements.

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 4 to 10 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.

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 us.

COMPLIANCE WITH LAWS AND REGULATIONS

Despite of sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations, during the Year, the Board was aware of certain non-compliance incidents with the relevant laws and regulations as follows:

(i) encroachment of part of the temporary structure on government land

(ii) lack of approval from the Town Planning Board to use the site of our San Tin workshop as rural workshop and open storage

(iii) lack of approval from the Town Planning Board to use the site of our Tin Shui Wai workshop as rural workshop

(iv) failure to inform chargeability for profits tax to the Inland Revenue Department of Hong Kong ("IRD") within the prescribed time limit

(v) failure to file certain employer notifications to the IRD within the prescribed time limit

(vi) failure to make Mandatory Provident Fund contributions for certain employees within the prescribed time limit

(vii) lack of sufficient employees' compensation insurance to cover all our employees

Please refer to the section headed "Business — Non-compliance" in the Prospectus for details. Save for the above, the Board confirmed that the Group has obtained all relevant permits/registrations/licenses for its existing operations for the Year and up to the date of this report, and all of the above non-compliance incidents had not resulted, and are not expected to result, in any material impact on our business operations and financial conditions as well as prosecution or penalty being brought against the Group.

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 our major customers, most of which are reputable main contractors and subcontractors. Our business has grown from serving a few customers to serving over 100 customers as at 30 June 2018. The Board is of the view that our operating history, together with the stable relationships with our major customers would increase our service quality and enable us to attract potential business opportunities.

During the Year, revenue derived from the Group's top five customers (by group) accounted for approximately 58.5% (2017: 49.2%) of the total revenue.

Suppliers

Couplers are the principal raw material used and purchased by the Group. Our couplers are all sourced from Taiwan, which are were manufactured by the OEM Factory. We 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 we have a well-established business relationship with our OEM Factory and supply of raw material is guaranteed.

Employees

The Group focuses on the talents of our employees as our most valuable asset. We strive to create a good workplace that our employees are happy and motivated to work in. Our employees are treated fairly with respect and we 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 our 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 are set out in the consolidated statement of changes in equity on page 52 and note 35 to the Consolidated Financial Statements, respectively.

As at 30 June 2018, no reserve was available for distribution to the owners of the Company (2017: Nil).

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Financial Statements on pages 49 to 95.

The Directors have resolved not to recommend the declaration of a final dividend to shareholders of the Company for the Year (2017: 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 our services are critical to our ability to retain our 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 results in defects in our services that could negatively impact the Group's reputation and expose us to claims by our 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.

We do not enter into any formal contract with our customers (with certain exceptions). Our customers request services from us on an order by order basis, which exposes us to potential volatility in our revenue

Except for two major customers with whom we have entered into two written contracts for two projects, we do not enter into any long-term contract with our customers. Therefore, our customers are not obligated in any way to continue placing orders with us at the historical level or at all. We cannot guarantee that we will receive any orders from our existing customers or that we will be able to continue our business relationship with them on the current terms or at all.

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

Any failure, damage or loss of our equipment may materially and adversely affect our operations and financial performance

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

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

Furthermore, we plan to acquire additional equipment to enhance our technical ability and to strengthen our 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 our profit or loss and may, therefore, affect our business, financial condition and results of operations.

THREE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last three financial years is set out on page 96. 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.

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

As at 30 June 2018, the Shares were not listed on the GEM of the Stock Exchange, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the Year. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this report.

Subsequent to the Year and in July 2018, the Company has allotted and issued 200,000,000 new shares, which are listed on GEM of the Stock Exchange, on 12 July 2018 at HK$0.3 per share under the share offer.

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 no made any 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	97.6%
— five largest suppliers in aggregate	100%
Sales	
— the largest customer	13.5%
— five largest customers in aggregate	58.5%

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.

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) (appointed on 18 August 2017)*

Executive Directors
Mr. Lim Su I *(appointed on 18 August 2017)*
Mr. Paulino Lim *(appointed on 18 August 2017)*

Independent Non-executive Directors
Mr. Chan Chi Keung Alan *(appointed on 19 June 2018)*
Ms. Chu Wei Ning *(appointed on 19 June 2018)*
Mr. Ng Ming Hon *(appointed on 19 June 2018)*

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, Mr. Lim Su I, Mr. Paulino Lim, Mr. Chan Chi Keung Alan, Ms. Chu Wei Ning and Mr. Ng Ming Hon, being all Directors of the Company, shall retire from office at the forthcoming annual general meeting to be held on 13 November 2018 (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.

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 11 to 14 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, the changes of information of Directors since the publication of prospectus of the Company and up to the date of this report was as follows:

Mr. Kwan Tek Sian has been re-designated to an executive director from the chief executive officer of JMC Technologies Pte. Ltd. since July 2018.

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 for the year ending 30 June 2019, which provides appropriate cover for the Directors and officers of the Group.

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.

CONNECTED TRANSACTIONS

During the Year, the Group has entered into certain connected transactions, which were all discontinued before the Listing Date. Since the Shares were only listed on the Stock Exchange on 12 July 2018, the GEM Listing Rules is not applicable during the Year and hence, there was no connected transactions required to be reported.

For further details on the discontinued connected transactions during the Year before the Listing Date, please refer to the Prospectus.

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 discloseable connected transaction under 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.

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. Since the Shares were listed on the Stock Exchange on 12 July 2018 and their respective undertakings were not in force as at 30 June 2018, each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee shall provide confirmation in respect of their compliance with the terms of non-competition undertaking for the year ending 30 June 2019 onwards.

The independent non-executive Directors shall then review their respective confirmation to advise if each of them has complied with the non-competition undertaking in accordance with its terms for the year ending 30 June 2019 onwards.

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 2018 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

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 ended 30 June 2018 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

The Shares of the Company were listed on GEM of the Stock Exchange on 12 July 2018. As at 30 June 2018, 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.

Immediately following completion of the capitalisation issue and the share offer, 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%

(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

The Shares of the Company were listed on GEM of the Stock Exchange on 12 July 2018. As at 30 June 2018, 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:

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.

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 30 June 2018 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

As at 30 June 2018, the Shares were not listed on the Stock Exchange. 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 30 to 42 in this annual report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 13 November 2018 (Tuesday) 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 8 November 2018 (Thursday) to 13 November 2018 (Tuesday) (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7 November 2018 (Wednesday).

AUDITOR

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu, 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, 21 September 2018

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.

As the Shares were listed on 12 July 2018, the Company was not required to comply with the requirements set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the year ended 30 June 2018 (the "Year"). However, the Board considers that since 12 July 2018 and up to the date of this report, the Company has complied with all the applicable code provisions set out in the CG Code as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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) (appointed on 18 August 2017)*

Executive Directors
Mr. Lim Su I *(appointed on 18 August 2017)*
Mr. Paulino Lim *(appointed on 18 August 2017)*

Independent Non-executive Directors
Mr. Chan Chi Keung Alan *(appointed on 19 June 2018)*
Ms. Chu Wei Ning *(appointed on 19 June 2018)*
Mr. Ng Ming Hon *(appointed on 19 June 2018)*

There was no change in the composition of the Board from the Listing Date to the date of this report.

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" on pages 11 to 14. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

From the Listing Date to the date of this report, 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 after the Listing of the Company, the independent non-executive Directors represent at least one-third of the Board.

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 from the Listing Date to the date of this report. 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 from the Listing Date to the date of this report.

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.

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. During the Year, the Company held two board meetings to consider and approve the relevant resolutions in relation to the Listing. As the Shares were listed on 12 July 2018, the Company was not required to comply with the code provision A1.1 of the CG Code during the Year. A Board meeting has been held on 21 September 2018, which is the first Board meeting of the Company after the Listing Date.

From the Listing Date to the date of this report, the Company has held one meeting for each of the Board, remuneration committee, nomination committee and audit committee and the Chairman has met with all independent non-executive directors without the presence of the executive directors.

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.

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 was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 15 February 2017 and is required to hold its first annual general meeting by 31 December 2018. 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.

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.

The Company will keep on inviting professionals to conduct trainings to senior personnel (including all directors) of the Company so as to refresh their knowledge and to discharge their duty as director of a listed 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.

Since its establishment on 19 June 2018, the audit committee did not hold any meeting during the Year as the Shares were listed on 12 July 2018. An audit committee meeting was held on 21 September 2018 to review the final results announcement and annual report of the Group for the Year, internal control and risk management system.

The summary of work of the audit committee meeting held on 21 September 2018 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. Since its establishment on 19 June 2018, the remuneration committee did not hold any meeting during the Year as the Shares were listed on 12 July 2018.

A remuneration committee meeting was held on 21 September 2018 to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

The summary of work of the remuneration committee meeting held on 21 September 2018 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. Since its establishment on 19 June 2018, the nomination committee did not hold any meeting during the Year as the Shares were listed on 12 July 2018.

A nomination committee meeting was held on 21 September 2018 to review composition of the Board, assess the independence of independent non-executive Directors and recommend the Board on the re-election of Directors.

The summary of work of the nomination committee held on 21 September 2018 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; and

— To make recommendations on the retiring Directors at the 2018 AGM of the Company.

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 to ensure its effectiveness and concluded that no revision to the policy is required at the nomination committee meeting held on 21 September 2018.

Corporate Governance Function

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 on its Board meeting held on 21 September 2018. 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" on pages 43 and 48 of the consolidated financial statements.

External Auditors' Remuneration

During the Year, the Company engaged Deloitte Touche Tohmatsu as the external auditors. The fee in respect of audit services and non-audit services provided by Deloitte Touche Tohmatsu for the year ended 30 June 2018 amounted to approximately HK$1.0 million and approximately HK$2.1 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.

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.

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

Since the Shares were listed on the GEM of the Stock Exchange on 12 July 2018 and their respective undertakings were not in force as at 30 June 2018, each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee shall provide confirmation in respect of their compliance with the terms of non-competition undertaking for the year ending 30 June 2019 onwards.

The independent non-executive Directors shall then review their respective confirmation to advise if each of them has complied with the non-competition undertaking in accordance with its terms for the year ending 30 June 2019 onwards.

COMPANY SECRETARY

The Company appointed Mr. Ng Chit Sing ("Mr. Ng"), an external service provider, as its company secretary. Mr. Lim Su I and Mr. Chan Fong Kong, Francis, an executive Director and finance manager are the primary contact persons to Mr. Ng at the Company in respect of any compliance and company secretarial matters of the Company.

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

CHANGES IN CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its Memorandum and Articles of Association. During the Year, the shareholder has passed resolution on 19 June 2018 approving the adoption of amended and restated Memorandum and Articles of Association of the Company. Save as the aforesaid, there has been no changes in the constitutional documents of the Company.

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.

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 13 November 2018. 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, 21 September 2018

Deloitte. 德勤

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 49 to 95, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2018, 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 ("HKSAs") 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.

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.

KEY AUDIT MATTERS (continued)

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.

How our audit addressed the key audit matter

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 regression analysis techniques based on historical data on sales and cost of sales to perform substantive analytical procedures on revenue.

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 recoverability 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$25,590,000 at 30 June 2018. 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 recoverability 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.

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 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, 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.

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 Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**55,267**	50,317
Cost of sales		**(36,098)**	(28,884)
Gross profit		**19,169**	21,433
Other income	8	**1,572**	1,138
Other losses	8	**(498)**	(1,724)
Selling and distribution expenses		**(400)**	(455)
Administrative expenses		**(10,224)**	(11,480)
Listing expenses		**(8,952)**	(6,071)
Finance costs	9	**(7)**	(15)
Profit before taxation	10	**660**	2,826
Taxation	11	**(1,825)**	(1,882)
(Loss) profit for the year		**(1,165)**	944
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**25**	(1)
(Loss) profit and total comprehensive (expense) income for the year attributable to the owners of the Company		**(1,140)**	943
(Loss) earnings per share			
Basic (HK cents)	12	**(0.19)**	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment	14	**4,385**	4,797
Deposits	15	**628**	560
		5,013	5,357
Current assets			
Inventories	16	**2,913**	2,171
Trade receivables	17	**25,590**	17,899
Other receivables, deposits and prepayments	15	**6,264**	4,154
Bank balances	18	**9,955**	28,566
		44,722	52,790
Current liabilities			
Trade payables	19	**7,594**	43
Other payables, deposits received and accrued charges	20	**12,068**	5,040
Reinstatement provision	21	**–**	142
Amounts due to shareholders	22	**–**	3,924
Amount due to a related company	23	**232**	4,894
Tax payable		**7,128**	6,964
Obligations under finance leases			
— due within one year	24	**98**	148
		27,120	21,155
Net current assets		**17,602**	31,635
Total assets less current liabilities		**22,615**	36,992
Non-current liabilities			
Obligations under finance leases			
— due after one year	24	**–**	98
Deferred tax liabilities	25	**125**	215
Reinstatement provision	21	**399**	399
		524	712
		22,091	36,280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	*26*	**21**	21
Reserves		**22,070**	36,259
Equity attributable to the owners of the Company		**22,091**	36,280

The consolidated financial statements on pages 49 to 95 were approved and authorised for issue of the Board of Directors on 21 September 2018 and are signed on its behalf by:

Mr. Lim Su I
DIRECTOR

Mr. Paulino Lim
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note i)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2016	10	–	196	–	26,631	26,837
Profit for the year	–	–	–	–	944	944
Other comprehensive expense for the year	–	–	–	(1)	–	(1)
Total comprehensive (expense) income for the year	–	–	–	(1)	944	943
Transfer upon group reorganisation of acquisition of BOSA HK (as defined in note 2) *(note 2(v))*	(10)	–	10	–	–	–
Issuance of shares of the Company for acquisition of BOSA Investment (as defined in note 2) *(note 2(vi))*	10	–	(10)	–	–	–
Issuance of shares of the Company upon capitalisation of amounts due to shareholders *(note 26)*	10	5,490	–	–	–	5,500
Issuance of shares of the Company to Pre-IPO Investor (as defined in note 2)	1	2,999	–	–	–	3,000
At 30 June 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 *(note 13)*	**–**	**–**	**–**	**–**	**(18,500)**	**(18,500)**
Contribution from shareholders *(note ii)*	**–**	**–**	**5,451**	**–**	**–**	**5,451**
At 30 June 2018	**21**	**8,489**	**5,647**	**24**	**7,910**	**22,091**

Notes:

(i) Other reserve at 1 July 2016 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	2018	2017
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	**660**	2,826
Adjustments for:		
Depreciation of plant and equipment	**2,977**	3,765
Bank interest income	**(4)**	(5)
Finance costs	**7**	15
Loss on written-off of plant and equipment	**–**	1,555
Operating cash flows before movements in working capital	**3,640**	8,156
(Increase) decrease in inventories	**(742)**	550
Increase in trade receivables	**(7,691)**	(539)
Decrease (increase) in other receivables, deposits and prepayments	**2,623**	(2,863)
Increase in trade payables	**7,673**	43
Increase in other payables and accrued charges	**5,416**	1,992
Decrease in reinstatement provision	**(142)**	(695)
(Decrease) increase in amount due to a related company	**(4,662)**	611
Cash generated from operations	**6,115**	7,255
Taxation paid	**(1,751)**	–
NET CASH FROM OPERATING ACTIVITIES	**4,364**	7,255
INVESTING ACTIVITIES		
Bank interest received	**4**	5
Purchases of plant and equipment	**(2,565)**	(2,433)
Repayment from a related company	**–**	50
NET CASH USED IN INVESTING ACTIVITIES	**(2,561)**	(2,378)
FINANCING ACTIVITIES		
Interest paid	**(7)**	(15)
Share issue costs paid	**(3,189)**	–
Repayments to shareholders	**(16,973)**	(1,149)
Advance from a shareholder	**–**	972
Proceed from issuance of shares	**–**	3,000
Repayments of obligations under finance leases	**(148)**	(211)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(20,317)**	2,597
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(18,514)**	7,474
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**28,566**	21,093
Effect of foreign exchange rate changes	**(97)**	(1)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances	**9,955**	28,566

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 Office 2302, 23rd Floor, No. 9 Chong 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.

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

a. 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.

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.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 30 June 2017, or since their respective dates of incorporation, where there is a shorter period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently applied all HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 July 2017 for both current and prior years.

New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[3]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2021.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under Hong Kong Accounting Standard ("HKAS") 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the management of the Group anticipates the following potential impact on initial application of HKFRS 9:

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 Financial Instruments (continued)

Classification and measurement:

All financial assets are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, except for the financial assets that are subject to expected credit loss measurement, the financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the management of the Group anticipates that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and contract assets under HKFRS 15 "Revenue from contracts with customers" that subject to the impairment provisions upon application of HKFRS 9 by the Group.

The impairment requirements are applied retrospectively by adjusting the opening retained profits at 1 July 2018, with no restatement to prior periods. The management of the Group does not intend to restate comparative information for the application of HKFRS 9 when preparing the consolidated financial statements of the Group for the year ending 30 June 2019. The management of the Group intends to apply HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) 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 Group expects to apply the simplified approach to recognise lifetime expected credit loss for its trade receivables. Based on the assessment by the management of the Group, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 July 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables and retention receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 July 2018.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The management of the Group intends to apply the limited retrospective method with cumulative effect of initial application adjusted in the opening retained profits as at 1 July 2018. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group intends to elect to apply the standard retrospectively only to the contracts that are not completed at 1 July 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial recognition, the aggregate effect of all of the modifications was reflected at the date of initial application. The management of the Group has performed an assessment on the impact of the financial performance and position of the Group in the application of HKFRS 15 and anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the management of the Group does not anticipate the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 30 June 2018.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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. 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.

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 2018, the Group has non-cancellable operating lease commitments of approximately HK$3,120,000 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 Leases (continued)

The Group currently considers refundable rental deposits paid of approximately HK$609,000 as at 30 June 2018 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 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.

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".

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for service provided in the normal course of business and net of discount.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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 on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Allowances for bad and doubtful debts

The allowance for bad and doubtful debts of the Group is estimated based on the evaluation of current creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

No allowance for bad and doubtful debts are recognised during both years. The carrying amount of trade receivables is HK$25,590,000 (2017: HK$17,899,000) as at 30 June 2018.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount during the year. 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$5,013,000 (2017: HK$5,357,000) as at 30 June 2018 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:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**5,824**	7,372
Customer B	**6,783**	5,285
Customer C	**7,443**	N/A*
Customer D	**6,389**	N/A*
Customer E	**5,870**	N/A*

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

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

(a) Directors' and chief executive's 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	Salaries and other benefits	Discretionary bonus	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000* *(note i)*	*HK$'000*	*HK$'000*
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**
Year ended 30 June 2017					
Executive directors					
Mr. K. Lim	–	778	1,127	18	1,923
Mr. P. Lim	–	519	573	18	1,110
Non-executive director					
Mr. Kwan	–	–	–	–	–
Total	–	1,297	1,700	36	3,033

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.

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

(a) Directors' and chief executive's emoluments (continued)

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 (2017: two) directors of the Company for the year ended 30 June 2018 and whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2017: three) individuals for the year ended 30 June 2018 were as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries and other benefits	**1,370**	1,144
Performance related bonus	**245**	247
Retirement benefits scheme contributions	**54**	45
	1,669	1,436

Their emoluments were within the following bands:

	2018	2017
	Number of employees	*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.

8. OTHER INCOME AND OTHER LOSSES

	2018	2017
	HK$'000	*HK$'000*
Other income		
Handling charge	**1,370**	771
Insurance compensation	**72**	304
Bank interest income	**4**	5
Others	**126**	58
	1,572	1,138
Other losses		
Net exchange losses	**(498)**	(169)
Loss on written-off of plant and equipment	**–**	(1,555)
	(498)	(1,724)

9. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on obligations under finance leases	**7**	15

10. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**1,000**	50
Cost of inventories recognised as an expense	**16,020**	12,503
Depreciation of plant and equipment	**2,977**	3,765
Directors' remuneration *(note 7)*	**3,040**	3,033
Other staff costs		
Salaries and other benefits	**10,556**	8,865
Retirement benefits scheme contributions	**451**	375
Total staff costs	**14,047**	12,273
Research expenses	**301**	279
Minimum lease payments under operating leases in respect of land and buildings	**3,075**	3,461
Write-down of inventories (included in cost of sales)	**–**	114

11. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**1,915**	2,103
Deferred tax credit *(note 25)*	**(90)**	(221)
	1,825	1,882

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 2017 and 30 June 2018.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2018	2017
	HK$'000	*HK$'000*
Profit before taxation	**660**	2,826
Taxation at Hong Kong Profits Tax rate of 16.5%	**109**	466
Tax effect of expense not deductible for tax purpose	**1,720**	1,425
Tax effect of income not taxable for tax purpose	**(1)**	(1)
Others	**(3)**	(8)
Taxation for the year	**1,825**	1,882

12. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) earnings:		
(Loss) earnings for the purpose of calculating basic (loss) earnings per share ((Loss) profit for the year attributable to the owners of the Company)	**(1,165)**	944
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**600,000**	562,626

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share for both years have been determined on the assumption that the Reorganisation and the capitalisation issue as described in note 37 had been effective on 1 July 2016 and the share subdivision which is completed on 19 June 2018 as stated in note 26.

For the year ended 30 June 2017, the calculation of basic earnings per share also taking into account retrospective adjusting bonus element in issue of new shares as stated in note 22.

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

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.

No dividends were paid, declared or proposed during the year ended 30 June 2017.

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 30 June 2018.

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 2016	1,704	57	559	12,740	846	15,906
Additions	2,321	35	15	791	–	3,162
Written-off	(3,136)	(3)	(241)	–	–	(3,380)
At 30 June 2017	889	89	333	13,531	846	15,688
Additions	596	14	8	1,885	62	2,565
At 30 June 2018	1,485	103	341	15,416	908	18,253
DEPRECIATION						
At 1 July 2016	1,023	48	385	7,142	353	8,951
Provided for the year	786	12	101	2,655	211	3,765
Eliminated on written-off	(1,644)	(3)	(178)	–	–	(1,825)
At 30 June 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	581	73	325	12,171	718	13,868
CARRYING AMOUNTS						
At 30 June 2018	904	30	16	3,245	190	4,385
At 30 June 2017	724	32	25	3,734	282	4,797

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 2018, the carrying amounts of motor vehicles included amounts of approximately HK$138,000 (2017: HK$282,000) in respect of assets held under finance leases.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Rental and utilities deposits	**646**	567
Prepayments	**583**	512
Retention receivables	**862**	862
Other receivables	**–**	189
Deferred and prepaid listing expenses	**4,801**	2,584
	6,892	4,714
Presented as non-current assets	**628**	560
Presented as current assets	**6,264**	4,154
Total	**6,892**	4,714

16. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Couplers at cost	**2,913**	2,171

17. TRADE RECEIVABLES

The Group's credit terms of 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.

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**3,502**	5,186
31–60 days	**6,678**	3,924
61–90 days	**5,294**	2,698
Over 90 days	**10,116**	6,091
	25,590	17,899

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.

17. TRADE RECEIVABLES (continued)

As at 30 June 2018, included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$22,463,000 (2017: HK$12,908,000), 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 age of these receivables is 132 days (2017: 93 days) as at 30 June 2018.

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**375**	195
31–60 days	**6,678**	3,924
61–90 days	**5,294**	2,698
Over 90 days	**10,116**	6,091
Total	**22,463**	12,908

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.

18. BANK BALANCES

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

19. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**1,412**	–
31–60 days	**2,255**	43
61–90 days	**825**	–
Over 90 days	**3,102**	–
	7,594	43

20. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2018	2017
	HK$'000	*HK$'000*
Salaries payable	**1,306**	1,052
Provision for annual leaves	**402**	325
Accrued charges *(note)*	**9,142**	2,445
Deposits received from customers	**421**	421
Other payables	**797**	797
	12,068	5,040

Note: Accrued listing expenses of HK$6,539,000 (2017: HK$1,922,000) were included in accrued charges as at 30 June 2018.

21. REINSTATEMENT PROVISION

	HK$'000
At 1 July 2016	507
Additions	729
Utilised	(695)
At 30 June 2017	541
Utilised	(142)
At 30 June 2018	399

21. REINSTATEMENT PROVISION (continued)

	2018	2017
	HK$'000	*HK$'000*
Presented as non-current liabilities	**399**	399
Presented as current liabilities	**–**	142
Total	**399**	541

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 ranged from 24 months to 36 months as of 30 June 2018 (2017: 12 months to 48 months). These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

22. AMOUNTS DUE TO SHAREHOLDERS

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

Details of amounts due to shareholders are as follows:

Name	**2018**	2017
	HK$'000	*HK$'000*
Kin Sun	**–**	2,256
Mr. Yang	**–**	175
Mr. Wang	**–**	175
Mr. P. Lim	**–**	1,035
Mr. K. Lim	**–**	283
	–	3,924

During the year ended 30 June 2017, the Group entered into a loan settlement agreement with 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 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.

23. AMOUNT DUE TO A RELATED COMPANY

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

	2018	2017
	HK$'000	*HK$'000*
BT Systems Limited (formerly known as BOSA Technology (Taiwan) Limited "BOSA (Taiwan)")	**232**	4,894

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.

The credit period on purchases of couplers is 90 days. 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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**–**	2,362
31–60 days	**–**	798
61–90 days	**–**	469
Over 90 days	**232**	1,265
	232	4,894

24. OBLIGATIONS UNDER FINANCE LEASES

	2018	2017
	HK$'000	*HK$'000*
Analysed for reporting purpose as:		
Current liabilities	**98**	148
Non-current liabilities	**–**	98
	98	246

24. OBLIGATIONS UNDER FINANCE LEASES (continued)

The Group has leased certain of its motor vehicles under finance leases. The lease term was 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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount payable under finance leases				
Within one year	**99**	155	**98**	148
In more than one year but not more than two years	**–**	99	**–**	98
	99	254	**98**	246
Less: Future finance charges	**(1)**	(8)	**N/A**	N/A
Present value of lease obligations	**98**	246	**98**	246
Less: Amount due for settlement within one year (shown under current liabilities)			**(98)**	(148)
Amount due for settlement after one year			**–**	98

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

25. DEFERRED TAX LIABILITIES

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

	Accelerated tax allowance
	HK$'000
At 1 July 2016	(436)
Credit to profit or loss for the year	221
At 30 June 2017	(215)
Credit to profit or loss for the year	90
At 30 June 2018	(125)

26. SHARE CAPITAL

The share capital as at 1 July 2016 represented the share capital of BOSA HK.

Share capital as at 30 June 2017 and 30 June 2018 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Par value	Number of shares	Amount	
			HK$	*HK$'000*
Ordinary shares				
Authorised:				
At 24 October 2016 (date of incorporation) and 30 June 2017 *(note i)*	HK$1	100,000	100,000	100
Subdivision of shares *(note v)*	HK$0.0001	999,900,000	–	–
Increase in authorised share capital *(note vi)*	HK$0.0001	9,000,000,000	900,000	900
At 30 June 2018	HK$0.0001	10,000,000,000	1,000,000	1,000
Issued and fully paid:				
At 24 October 2016 (date of incorporation)	HK$1	1	1	–
Issuance of shares for acquisition of BOSA Investment *(note ii)*	HK$1	9,999	9,999	10
Issuance of shares upon capitalisation of amounts due to shareholders *(note iii)*	HK$1	10,000	10,000	10
Issuance of shares to Pre-IPO Investor *(note iv)*	HK$1	500	500	1
At 30 June 2017	HK$1	20,500	20,500	21
Subdivision of shares *(note v)*	HK$0.0001	204,979,500	–	–
At 30 June 2018	HK$0.0001	205,000,000	20,500	21

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.

(ii) 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).

(iii) 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.

(iv) 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).

(v) 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.

(vi) 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.

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:

	2018	2017
	HK$'000	*HK$'000*
BOSA (Taiwan):		
Purchase of couplers and consumable	**499**	14,267
Purchase of machinery	**–**	791
Kin Sun:		
Motor vehicle rental expenses	**–**	58

As represented by the directors of the Company, these related party transactions will be 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 2018 were as follows:

	2018	2017
	HK$'000	*HK$'000*
Short-term benefits	**4,619**	4,388
Post-employment benefits	**90**	81
	4,709	4,469

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.

During the year ended 30 June 2017, the Group entered into a loan settlement agreement with 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.

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:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**2,595**	2,002
In the second to fifth years inclusive	**525**	1,249
	3,120	3,251

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.

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

	2018	2017
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**36,407**	47,516
Financial liabilities		
Amortised cost	**19,492**	13,576

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 2018 and 2017.

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	
	2018	2017
	HK$'000	*HK$'000*
Amount due to a related company	**232**	4,894

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$) against TWD and all other variables were held constant. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates a decrease in the post-tax loss (2017: an increase in the post-tax profit) for the year where HK$ 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.

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis (continued)

	2018	2017
	HK$'000	*HK$'000*
Decrease in post-tax loss (2017: increase in post-tax profit) for the year		
TWD	**19**	409

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 notes 22 and 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.

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 2018, the Group has concentration of credit risk with exposure limited to certain customers. Top five debtors comprised approximately 51.3% (2017: 49.5%) of the Group's trade receivables as at 30 June 2018. 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.

32. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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	3 months to 1 year	Over 1 year to 2 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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**
		19,529	**62**	**–**	**19,591**	**19,590**
As at 30 June 2017						
Non-derivative financial liabilities						
Trade payables	N/A	43	–	–	43	43
Other payables, deposits received and accrued charges	N/A	4,715	–	–	4,715	4,715
Amounts due to shareholders	N/A	3,924	–	–	3,924	3,924
Amount due to a related company	N/A	4,894	–	–	4,894	4,894
Obligations under finance leases	2.02	44	111	99	254	246
		13,620	111	99	13,830	13,822

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	**Amounts due to shareholders**	**Obligations under finance leases**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 July 2016	–	9,601	457	10,058
Financing cash flows	–	(177)	(226)	(403)
Settlement of amounts due to shareholders through issuance of shares *(note 29)*	–	(5,500)	–	(5,500)
Finance costs recognised	–	–	15	15
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 *(note 29)*	–	(5,451)	–	(5,451)
Share issue costs accrued	4,801	–	–	4,801
Finance costs recognised	–	–	7	7
As at 30 June 2018	1,612	–	98	1,710

34. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30 June 2018 and 2017 are as follows:

Name of subsidiary	Place incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company as at 30 June 2018	Equity interest attributable to the Company as at 30 June 2017	Principal activities
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 2018 and 2017 or at any time during both years.

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018	2017
	HK$'000	*HK$'000*
Non-current asset		
Investment in a subsidiary	**18,670**	9,219
Current assets		
Other receivables, deposits and prepayments	**4,801**	2,584
Amounts due from subsidiaries	**–**	3,000
	4,801	5,584
Current liabilities		
Other payables and accrued charges	**6,539**	1,922
Amounts due to shareholders	**–**	3,641
Amount due to a subsidiary	**9,415**	6,733
	15,954	12,296
Net current liabilities	**(11,153)**	(6,712)
Net assets	**7,517**	2,507
Capital and reserves		
Share capital	**21**	21
Reserves *(note)*	**7,496**	2,486
Equity attributable to the owners of the Company	**7,517**	2,507

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 24 October 2016 (date of incorporation)	–	–	–	–
Upon group reorganisation of acquisition of BOSA Investment *(note 2(vi))*	–	68	–	68
Issuance of shares of the Company upon capitalisation of amounts due to shareholders *(note 29)*	5,490	–	–	5,490
Issuance of shares of the Company to Pre-IPO Investors *(note 2(viii))*	2,999	–	–	2,999
Loss and total comprehensive expense for the period	–	–	(6,071)	(6,071)
At 30 June 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	8,489	5,519	(6,512)	7,496

36. CONTINGENT LIABILITIES

During the year ended 30 June 2018, BOSA HK is involved in a litigation related to claims of defamation and malicious falsehood against BOSA HK for alleging that plaintiff's coupler system infringes the patent of BOSA R&D.

The directors of the Company were of the opinion that the legal claim is still in preliminary stage and the final outcome is unable to be determined at this stage based on legal advice to the Group. Accordingly, no provision is made in the consolidated financial statements.

37. EVENTS AFTER THE END OF THE REPORTING PERIOD

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.

THREE YEARS FINANCIAL SUMMARY

	For the year ended 30 June		
	2016	2017	**2018**
	HK$'000	*HK$'000*	***HK$'000***
RESULTS			
Revenue	54,803	50,317	**55,267**
Profit before taxation	17,024	2,826	**660**
Taxation	(2,833)	(1,882)	**(1,825)**
Profit (loss) for the year	14,191	944	**(1,165)**
Attributable to:			
Owners of the Company	14,191	944	**(1,165)**
	HK cents	*HK cents*	***HK cents***
Earnings (loss) per share			
Basic	2.54	0.17	**(0.19)**

	As at 30 June		
	2016	2017	**2018**
	HK$'000	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES			
Total assets	50,030	58,147	**49,735**
Total liabilities	(23,193)	(21,867)	**(27,644)**
Net assets	26,837	36,280	**22,091**
Equity attributable to the owners of the Company	26,837	36,280	**22,091**