

**BOSA TECHNOLOGY HOLDINGS LIMITED**

**人和科技控股有限公司**

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

**(Stock code: 8140)**

**Interim Report 2018/19**

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

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

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

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

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## **CORPORATE INFORMATION**

### **NON-EXECUTIVE DIRECTORS**

Mr. Kwan Tek Sian (*Chairman*)

### **EXECUTIVE DIRECTORS**

Mr. Lim Su I

Mr. Paulino Lim

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

Mr. Chan Chi Keung Alan

Ms. Chu Wei Ning

Mr. Ng Ming Hon

### **AUDIT COMMITTEE**

Mr. Ng Ming Hon (*Chairman*)

Mr. Kwan Tek Sian

Mr. Chan Chi Keung Alan

### **REMUNERATION COMMITTEE**

Mr. Chan Chi Keung Alan (*Chairman*)

Mr. Paulino Lim

Mr. Ng Ming Hon

### **NOMINATION COMMITTEE**

Mr. Kwan Tek Sian (*Chairman*)

Ms. Chu Wei Ning

Mr. Ng Ming Hon

### **COMPANY SECRETARY**

Mr. Ng Chit Sing

(*resigned on 2 October 2018*)

Ms. Lam Yuen Man Maria

(*appointed on 2 October 2018*)

### **AUTHORIZED REPRESENTATIVES**

Mr. Paulino Lim

Mr. Ng Chit Sing

(*resigned on 2 October 2018*)

Ms. Lam Yuen Man Maria

(*appointed on 2 October 2018*)

### **COMPLIANCE OFFICER**

Mr. Paulino Lim

### **REGISTERED OFFICE**

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

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

Room D, 29/F, King Palace Plaza,  
55 King Yip Street, Kwun Tong  
Kowloon, Hong Kong

## **CORPORATE INFORMATION**

### **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 BANKERS**

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

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

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

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

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **STOCK CODE**

8140

### **COMPANY WEBSITE**

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OVERVIEW

Hong Kong's construction market faces both opportunities and challenges under an expanding economy. According to Hong Kong's 2018–19 budget, the public expenditure on infrastructure is estimated at HK\$85.6 billion which is approximately 15% of the total annual expenditure. With numerous infrastructure and building projects from the public and private sectors, there should be good opportunities to secure construction contract works.

## BUSINESS REVIEW AND OUTLOOK

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.

The local business sentiment has become more cautious in recent months owing to the increased headwinds in the economic environment, especially the trade conflicts between the U.S. and China. The Hong Kong economy grew by approximately 2.9% in the third quarter of 2018, moderating from the 3.5% growth in the second quarter of 2018. We expect the impacts of the U.S.-China trade conflicts begin to surface in the near future. The Group will continue to respond to the dynamic market environment and to review its business strategy regularly.

## FINANCIAL HIGHLIGHT AND OVERVIEW

	For the six months ended		
	31 December		
	2018	2017	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
	(Unaudited)	(Audited)	
Revenue	26,614	25,584	4.0
Gross profit	8,641	10,571	(18.3)
Net profit and total comprehensive income before listing expenses	3,727	4,159	(10.4)
Net profit and total comprehensive income after listing expenses	2,314	620	273.2
Earnings per share ( <i>HK cents</i> )	0.29	0.10	190.0

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the six months ended 31 December 2018 (the “Period”), all of our revenue was generated from the provision of services of processing and connecting reinforcing bars in Hong Kong. Accordingly, we had only one single operating segment and one geographical segment during the Period. Revenue of the Group increased by approximately HK\$1.0 million or approximately 4.0%, from approximately HK\$25.6 million for the six months ended 31 December 2017 to approximately HK\$26.6 million for the Period, which was mainly due to the expansion of the Group’s customer base and commencement of new projects during the Period.

### Cost of Sales

Our cost of sales increased by approximately HK\$2.9 million or approximately 19.3%, from approximately HK\$15.0 million for the six months ended 31 December 2017 to approximately HK\$17.9 million for the Period, which were mainly due to (i) a rise in unit cost of couplers by approximately 18.3%; and (ii) the slight increase in direct labour cost.

### Other Income

Our other income increased by approximately HK\$1.5 million or approximately 299.2%, from approximately HK\$0.5 million for the six months ended 31 December 2017 to approximately HK\$2.0 million for the Period. Such increase was mainly attributable to the increase in rebar testing income due to the increasingly stringent regulatory compliance in rebar testing during the Period.

### Gross Profit

Our gross profit decreased by approximately HK\$2.0 million or approximately 18.3%, from approximately HK\$10.6 million for the six months ended 31 December 2017 to approximately HK\$8.6 million for the Period, which were mainly due to reasons disclosed above.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative Expenses

Our administrative expenses increased by approximately HK\$0.5 million or approximately 9.8%, from approximately HK\$5.1 million for the six months ended 31 December 2017 to approximately HK\$5.6 million for the Period. Such increase was mainly attributable to the slight increase in indirect labour cost and entertainment expenses.

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

Our profit attributable to owners of the Company increased by approximately HK\$1.7 million or approximately 273.2%, from approximately HK\$0.6 million for the six months ended 31 December 2017 to approximately HK\$2.3 million for the Period. Such increase was mainly due to the difference of approximately HK\$2.1 million in the non-recurring listing expense between the six months ended 31 December 2017 and the Period.

## Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the six months ended 31 December 2018. As of 31 December 2018, the Group had cash and cash equivalents of approximately HK\$53.6 million (30 June 2018: approximately HK\$10.0 million). The increase in cash and cash equivalents was mainly attributable to the funds raised in the listing of the Shares of the Company on GEM of the Stock Exchange (the “Listing”) and the settlements of trade receivables from the customers during the Period.

As at 31 December 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 4.4 times as at 31 December 2018 (30 June 2018: approximately 1.6 times). The gearing ratio, calculated as all obligations under finance leases divided by total equity, was approximately 0.001 times as at 31 December 2018 (30 June 2018: approximately 0.004 times).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Foreign Exchange Exposure

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

The management considered that the Group has sufficient foreign exchange to meet 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 31 December 2018 for speculative purposes.

## Contingent Liabilities

As at 31 December 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 31 December 2018, the Group did not have any material contingent liabilities (30 June 2018: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Commitment

As at 31 December 2018, the Group had the non-cancellable operating lease commitments in respect of office and workshop for approximately HK\$2.6 million (at 30 June 2018: approximately HK\$3.1 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 31 December 2018, the Group had secured and unguaranteed obligations under finance leases of approximately HK\$25,000, which were secured by motor vehicles of the Group.

Save as disclosed above, the Group did not have pledged assets as at 31 December 2018 (at 30 June 2018: 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group did not have any other plans for material investment and capital assets as at 31 December 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 dated 28 June 2018 (the “Prospectus”).

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

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

The Group did not have any other material plans for significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures as at 31 December 2018.

## **Employees and Remuneration Policies**

As at 31 December 2018, the Group had 38 full-time employees (2017: 38 employees), including the Directors. Total staff costs (including Directors’ emoluments part-time employees) were approximately HK\$7.4 million for the Period as compared to approximately HK\$6.5 million for the six months ended 31 December 2017. Such increase was mainly due to (i) the increase in average number of employees for the Period; and (ii) increments in salary in respect of basic salary, incentives and bonus during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 following is a comparison between the Group's business plans as set out in the Prospectus and the Group's actual business progress for the six months ended 31 December 2018:

<b>Business Objective and Strategy</b>	<b>Business plan and activity for the six months ended 31 December 2018</b>	<b>Actual business progress as at 31 December 2018</b>
Acquire a parcel of land to open new workshop within the New Territories of Hong Kong	<ul style="list-style-type: none"><li>— Form a Location Selection Committee</li><li>— Gather information regarding parcels of land which match the location selection strategy</li><li>— Physical inspection of potential parcels of land by the Location Selection Committee</li></ul>	The Group is searching a suitable parcel of land. Nil amount was utilized as at 31 December 2018
Placing resources into research and development	<ul style="list-style-type: none"><li>— Form research and development team</li><li>— Prepare production manuals and update quality assurance protocols</li></ul>	The Group has modified and reengineered 2 threading machines and 2 cutting machines during the Period. HK\$920,000 was utilized

# MANAGEMENT DISCUSSION AND ANALYSIS

## Use of Listing Proceeds

The Company's shares were listed on GEM of the Stock Exchange on 12 July 2018 for which the Company issued 200,000,000 new shares at HK\$0.30 per share. The net listing proceeds received by the Company, after deducting underwriting fees and other related expenses, are approximately HK\$37.8 million. These proceeds are intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market. As at the date of this report, the Group does not anticipate any change to the plan as to the use of listing proceeds. All unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Hong Kong.

As at 31 December 2018, the net listing proceeds has been applied and utilized as follows:

<b>Use of net proceeds</b>	<b>Total net proceeds from share offer <i>HK\$ million</i></b>	<b>Utilized as at 31 December 2018 <i>HK\$ million</i></b>	<b>Total remaining net proceeds available as at 31 December 2018 <i>HK\$ million</i></b>
Acquire a parcel of land to open new workshop within the New Territories of Hong Kong	35.3	–	35.3
Placing resources into research and development	2.4	0.9	1.5

# MANAGEMENT DISCUSSION AND ANALYSIS

## Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The board of Directors (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 result 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

For the six months ended 31 December 2018

The board (the “Board”) of directors (the “Directors”) is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2018, which has been reviewed by the audit committee of the Company, together with the comparative audited figures for the corresponding periods in 2017, as follows:

	Note	Three months ended		Six months ended	
		31 December		31 December	
		2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue	5	<b>13,277</b>	13,948	<b>26,614</b>	25,584
Cost of sales		<b>(8,743)</b>	(8,026)	<b>(17,973)</b>	(15,013)
Gross profit		<b>4,534</b>	5,922	<b>8,641</b>	10,571
Other income	6	<b>934</b>	156	<b>1,992</b>	499
Other losses	6	<b>(60)</b>	(303)	<b>(230)</b>	(489)
Selling and distribution expenses		<b>(162)</b>	(244)	<b>(260)</b>	(331)
Administrative expenses		<b>(2,823)</b>	(2,398)	<b>(5,572)</b>	(5,055)
Listing expense		<b>(493)</b>	(1,770)	<b>(1,413)</b>	(3,539)
Finance costs	7	<b>-</b>	(2)	<b>(1)</b>	(4)
Profit before taxation	8	<b>1,930</b>	1,361	<b>3,157</b>	1,652
Taxation	9	<b>(457)</b>	(514)	<b>(843)</b>	(1,029)
Profit for the period		<b>1,473</b>	847	<b>2,314</b>	623

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

For the six months ended 31 December 2018

	Three months ended		Six months ended	
	31 December		31 December	
	2018	2017	2018	2017
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operation	-	-	-	(3)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Profit and total comprehensive income for the period attributable to the owners of the Company	<u>1,473</u>	<u>847</u>	<u>2,314</u>	<u>620</u>
Earnings per share				
Basic (HK cents)	10	<u>0.19</u>	<u>0.14</u>	<u>0.29</u>
		<u>0.14</u>	<u>0.29</u>	<u>0.10</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

		<b>31 December 2018</b>	30 June 2018
	<i>Notes</i>	<i>HK\$'000</i> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Plant and equipment	12	<b>6,315</b>	4,385
Deposits		<u>—</u>	<u>628</u>
		<b>6,315</b>	<b>5,013</b>
<b>Current assets</b>			
Inventories	14	<b>3,785</b>	2,913
Trade receivables	15	<b>24,334</b>	25,590
Other receivables, deposits and prepayments	13	<b>9,595</b>	6,264
Bank balances	16	<b>53,630</b>	9,955
		<b>91,344</b>	<b>44,722</b>
<b>Current liabilities</b>			
Trade payables	17	<b>8,812</b>	7,594
Other payables, deposits received and accrued charges		<b>6,752</b>	12,068
Amount due to a related company	18	<b>228</b>	232
Tax payable		<b>4,862</b>	7,128
Obligations under finance leases			
— due within one year	19	<b>25</b>	98
		<b>20,679</b>	<b>27,120</b>
Net current assets		<b>70,665</b>	17,602
Total assets less current liabilities		<b>76,980</b>	22,615

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2018*

		31 December 2018	30 June 2018
	<i>Notes</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities	20	125	125
Reinstatement provision		<u>399</u>	<u>399</u>
		<u>524</u>	<u>524</u>
		<u><b>76,456</b></u>	<u>22,091</u>
<b>Capital and reserves</b>			
Share capital	21	41	21
Reserves		<u>76,415</u>	<u>22,070</u>
Equity attributable to the owners of the Company		<u><b>76,456</b></u>	<u>22,091</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Share capital <i>HKD'000</i>	Share premium <i>HKD'000</i>	Other reserve <i>HKD'000</i>	Translation reserve <i>HKD'000</i>	Retained profits <i>HKD'000</i>	Total <i>HKD'000</i>
Balance at 1 July 2017 (audited)	21	8,489	196	(1)	27,575	36,280
Profit for the period	-	-	-	-	623	623
Other comprehensive expense for the period	-	-	-	(3)	-	(3)
Total comprehensive (expense) income for the period	-	-	-	(3)	623	620
Dividend recognised as distribution	-	-	-	-	(18,500)	(18,500)
Contribution from a shareholder	-	-	451	-	-	451
Balance at 31 December 2017 (unaudited)	<u>21</u>	<u>8,489</u>	<u>647</u>	<u>(4)</u>	<u>9,698</u>	<u>18,851</u>
<b>Balance at 1 July 2018 (audited)</b>	<b>21</b>	<b>8,489</b>	<b>5,647</b>	<b>24</b>	<b>7,910</b>	<b>22,091</b>
Profit for the period	-	-	-	-	2,314	2,314
Other comprehensive expense for the period	-	-	-	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	2,314	2,314
Share issued pursuant to the initial public offering (the "IPO")	20	59,980	-	-	-	60,000
Transaction costs attributable to the IPO	-	(7,949)	-	-	-	(7,949)
<b>Balance at 31 December 2018 (unaudited)</b>	<b><u>41</u></b>	<b><u>60,520</u></b>	<b><u>5,647</u></b>	<b><u>24</u></b>	<b><u>10,224</u></b>	<b><u>76,456</u></b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 31 December 2018*

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	3,157	1,652
Adjustments for:		
Depreciation of plant and equipment	1,583	1,492
Bank interest income	(3)	(3)
Finance costs	1	4
	3,157	1,652
Operating cash flows before movements in working capital	4,738	3,145
Increase in inventories	(872)	(302)
(Decrease) increase in trade receivables	1,255	(2,891)
Increase in other receivables, deposits and prepayments	(3,332)	(1,008)
Increase in trade payables	1,218	5,415
(Decrease) increase in other payables and accrued charges	(5,316)	883
Decrease in reinstatement provision	–	(142)
(Decrease) increase in amount due to a related company	(4)	(4,585)
	(2,313)	515
Cash generated from operations	(2,313)	515
Tax paid	(4,878)	–
	(7,191)	515
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(7,191)</b>	<b>515</b>
<b>INVESTING ACTIVITIES</b>		
Bank interest received	3	3
Purchases of plant and equipment	(3,513)	(538)
	(3,510)	(535)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,510)</b>	<b>(535)</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(1)	(4)
Repayments to shareholders	–	(3,924)
Advance from a shareholder	–	–
Proceeds from issuance of shares	<b>54,448</b>	–
Repayments of obligations under finance leases	<b>(73)</b>	<b>(76)</b>
<i>NET CASH (USED IN) FROM FINANCING ACTIVITIES</i>	<b>54,374</b>	<b>(4,004)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>43,673</b>	<b>(4,024)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		
	<b>9,955</b>	28,566
Effect of foreign exchange rate changes	<b>2</b>	<b>(3)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances</b>		
	<b>53,630</b>	<b>24,539</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL

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

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

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

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

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 31 December 2018 have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance, and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the Period, the Group has adopted all the new or revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2018. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s Interim Financial Statements and amounts reported for the Period and prior periods.

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

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### 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\$24,334,000 as at 31 December 2018 (30 June 2018: HK\$25,590,000).

## 5. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount during the period. The Group's operations and revenue is solely derived from provision of mechanical splicing services in Hong Kong during the period. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 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\$7,027,000 as at 31 December 2018 (30 June 2018: HK\$5,013,000) are all located in Hong Kong by physical location of assets.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5. REVENUE AND SEGMENTAL INFORMATION (Continued)

### Information about major customers

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Customer A	<b>3,373</b>	N/A*
Customer B	<b>2,531</b>	N/A*
Customer C	<b>2,447</b>	2,562
Customer D	<b>2,362</b>	3,613
Customer E	<b>1,902</b>	2,809
Customer F	<b>1,679</b>	N/A*
	<b><u>          </u></b>	<u>          </u>

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 6. OTHER INCOME AND OTHER LOSSES

	Six months ended 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
<b>Other income</b>		
Handling charge	1,811	434
Insurance compensation	17	–
Bank interest income	3	3
Others	161	62
	<u>1,992</u>	<u>499</u>
<b>Other losses</b>		
Net exchange losses	(230)	(489)
Loss on written-off of plant and equipment	–	–
	<u>(230)</u>	<u>(489)</u>

## 7. FINANCE COSTS

	Six months ended 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Interest on obligations under finance leases	<u>1</u>	<u>4</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 8. PROFIT BEFORE TAXATION

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as an expense	<b>8,017</b>	6,666
Depreciation of plant and equipment	<b>1,583</b>	1,492
Directors' remuneration	<b>2,055</b>	1,422
Other staff costs		
Salaries and other benefits	<b>5,067</b>	4,916
Retirement benefits scheme contributions	<b>242</b>	192
Total staff costs	<b>7,364</b>	6,530
Research expenses	<b>138</b>	138
Minimum lease payments under operating leases in respect of land and buildings	<b>1,552</b>	1,495
	<b>1,552</b>	1,495

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 9. TAXATION

	Six months ended 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong Profits Tax:		
Current tax	<b>843</b>	1,043
Deferred tax credit	<u>—</u>	<u>(14)</u>
	<b><u>843</u></b>	<b><u>1,029</u></b>

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for both periods.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u><b>(1,165)</b></u>	<u>623</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>600,000</b></u>	<u>600,000</u>

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. DIVIDEND

No dividend has been paid, declared or proposed by the Company during the six months ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (six months ended 31 December 2017: nil).

## 12. PLANT AND EQUIPMENT

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
As the beginning of the period	<b>4,385</b>	4,797
Additions	<b>3,513</b>	2,565
Depreciation	<b>(1,583)</b>	(2,977)
	<u><b>6,315</b></u>	<u>4,385</u>
At the end of the period	<u><b>6,315</b></u>	<u>4,385</u>

During the six months ended 31 December 2018, the Group acquired plant and machinery with total costs of approximately HK\$945,000 (six months ended 31 December 2017: approximately HK\$478,000).

At 31 December 2018, the carrying values of motor vehicles included amounts of approximately HK\$69,000 (30 June 2018: HK\$138,000) in respect of assets held under finance leases.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Rental and utilities deposits	712	646
Prepayments	370	583
Retention receivables	862	862
Other receivables	3,485	–
Deferred and prepaid listing expenses	4,166	4,801
	<b>9,595</b>	6,892
	<b>9,595</b>	6,892
Presented as non-current assets	–	628
Presented as current assets	9,595	6,264
	<b>9,595</b>	6,892
	<b>9,595</b>	6,892
Total	<b>9,595</b>	6,892
	<b>9,595</b>	6,892

## 14. INVENTORIES

	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Couplers at cost	3,785	2,913
	<b>3,785</b>	2,913
	<b>3,785</b>	2,913

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. 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.

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
0–30 days	<b>4,550</b>	3,502
31–60 days	<b>5,761</b>	6,678
61–90 days	<b>2,964</b>	5,294
Over 90 days	<b>11,059</b>	10,116
	<b>24,334</b>	25,590

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

As at 31 December 2018, included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$20,661,000 (30 June 2018: HK\$22,463,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there was settlement subsequent to the end of the reporting period or there was continuous settlements by respective customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. TRADE RECEIVABLES (Continued)

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

	<b>31 December</b>	30 June
	<b>2018</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
0–30 days	<b>877</b>	375
31–60 days	<b>5,761</b>	6,678
61–90 days	<b>2,964</b>	5,294
Over 90 days	<b>11,059</b>	10,116
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total	<b>20,661</b>	22,463
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

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

## 16. BANK BALANCES

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



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. AMOUNT DUE TO A RELATED COMPANY (Continued)

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:

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	<b>30 June 2018 HK\$'000 (Audited)</b>
0–30 days	–	–
31–60 days	–	–
61–90 days	–	–
Over 90 days	<b>228</b>	<b>232</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>228</b>	<b>232</b>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

## 19. OBLIGATIONS UNDER FINANCE LEASES

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	<b>30 June 2018 HK\$'000 (Audited)</b>
Analysed for reporting purpose as:	–	–
Current liabilities	<b>25</b>	<b>98</b>
Non-current liabilities	–	–
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>25</b>	<b>98</b>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 19. 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	
	31 December 2018 HK\$'000	30 June 2018 HK\$'000	31 December 2018 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Audited)
Amount payable under finance leases				
Within one year	25	99	25	98
In more than one year but not more than two years	—	—	—	—
	<u>25</u>	<u>99</u>	<u>25</u>	<u>98</u>
Less: Future finance charges	—	(1)	N/A	N/A
Present value of lease obligations	<u>25</u>	<u>98</u>	<u>98</u>	<u>98</u>
Less: Amount due for settlement within one year (shown under current liabilities)			(25)	(98)
Amount due for settlement after one year			<u>—</u>	<u>98</u>

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

## 20. DEFERRED TAX LIABILITIES

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

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 21. SHARE CAPITAL

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

Share capital as at 30 June 2018 and 31 December 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 ( <i>note i</i> )	HK\$1	100,000	100,000	100
Subdivision of shares ( <i>note v</i> )	HK\$0.0001	999,900,000	-	-
Increase in authorised share capital ( <i>note vi</i> )	HK\$0.0001	<u>9,000,000,000</u>	<u>900,000</u>	<u>900</u>
At 31 December 2018	HK\$0.0001	<u><u>10,000,000,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,000</u></u>
Issued and fully paid:				
At 24 October 2016 (date of incorporation)	HK\$1	1	1	-
Issuance of shares for acquisition of BOSA Investment ( <i>note ii</i> )	HK\$1	9,999	9,999	10
Issuance of shares upon capitalisation of amounts due to shareholders ( <i>note iii</i> )	HK\$1	10,000	10,000	10
Issuance of shares to Pre-IPO Investor ( <i>note iv</i> )	HK\$1	500	500	1
Subdivision of shares ( <i>note v</i> )	HK\$0.0001	<u>204,979,500</u>	<u>-</u>	<u>-</u>
At 30 June 2018	HK\$1	205,000,000	20,500	21
Capitalisation issue ( <i>note vii</i> )	HK\$0.0001	395,000,000	-	-
Share Offer ( <i>note vii</i> )	HK\$0.0001	<u>200,000,000</u>	<u>20,000</u>	<u>20</u>
At 31 December 2018	HK\$0.0001	<u><u>800,000,000</u></u>	<u><u>40,500</u></u>	<u><u>41</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 21. SHARE CAPITAL (Continued)

*Notes:*

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 22. 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:

	<b>31 December 2018 HK\$'000 (Unaudited)</b>	30 June 2018 HK\$'000 (Audited)
Within one year	<b>1,969</b>	2,595
In the second to fifth years inclusive	<b>662</b>	525
	<b><u>2,631</u></b>	<u>3,120</u>

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

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

## **OTHER INFORMATION**

### **SHARE OPTION SCHEME**

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

As at 31 December 2018, there was no option outstanding, granted, cancelled, exercised or lapsed.

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

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

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

As at 31 December 2018, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

## OTHER INFORMATION

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

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

##### *Interests in ordinary shares*

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

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

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

Save as disclosed above, as at 31 December 2018, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules.

## OTHER INFORMATION

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

As at 31 December 2018, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

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

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

## OTHER INFORMATION

### *Notes:*

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

Save as disclosed above, as at 31 December 2018, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## INTERIM DIVIDENDS

The Board does not recommend the payment of a dividend in respect of the Period (for the six months ended 31 December 2017: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 31 December 2018.

## **OTHER INFORMATION**

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

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

### **NON-COMPETITION UNDERTAKING**

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

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

## OTHER INFORMATION

Pursuant to their respective undertakings, each of them is required to make an annual declaration on compliance with his/its non-competition undertakings for the relevant financial year in the Company's annual report. 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 and during the Period, none of the Directors, the substantial Shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

## INTERESTS OF THE COMPLIANCE ADVISER

As notified by Kingsway Capital Limited, compliance adviser of our Company, neither Kingsway Capital Limited nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Kingsway Capital Limited had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2018.

## AUDIT COMMITTEE

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

## **OTHER INFORMATION**

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

The Board and the management of the Company are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. During the six months ended 31 December 2018, the Board considers that the Company has complied with all the provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

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

The Company has adopted a code of conduct regarding securities transactions by the directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 31 December 2018.

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

The 2018/2019 Interim report of the Company containing all the information required by GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at [www.bosa-tech.com](http://www.bosa-tech.com) and the “HKExnews” website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).