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 2021

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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") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian *(Chairman)*

EXECUTIVE DIRECTORS

Mr. Lim Su I
Mr. Paulino Lim
Mr. Yang Tien-Lee
(appointed on 10 May 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Sung Ching Gavin
Ms. Chu Wei Ning
Mr. Ng Ming Hon

AUDIT COMMITTEE

Mr. Ng Ming Hon *(Chairman)*
Mr. Kwan Tek Sian
Mr. Law Sung Ching Gavin

REMUNERATION COMMITTEE

Mr. Law Sung Ching Gavin *(Chairman)*
Mr. Paulino Lim
Mr. Ng Ming Hon

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Cheng Kee See

AUTHORIZED REPRESENTATIVES

Mr. Paulino Lim
Ms. Cheng Kee See

COMPLIANCE OFFICER

Mr. Paulino Lim

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Cayman Islands

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Hong Kong

STOCK CODE

8140

COMPANY'S WEBSITE

www.hklistco.com/8140

Dear Shareholders,

On behalf of the board of directors (the "Board") of BOSA Technology Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2021 (the "Year").

PERFORMANCE FOR THE YEAR

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

During the Year, the Group's revenue increased by approximately HK$27.5 million or 37.2%, from approximately HK$73.8 million for the year ended 30 June 2020 to approximately HK$101.3 million for the Year, as a result of the increase in revenue from provision of mechanical slicing services, which includes the sales of couplers, resulted from the increase in new projects and customers during the Year. In addition, the Group's net profit margin also increased from approximately 9.8% for the year ended 30 June 2020 to approximately 21.4% for the Year.

PROSPECT

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

APPRECIATION

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

Kwan Tek Sian
Non-executive Director and Chairman

Hong Kong, 23 September 2021

MARKET OVERVIEW

Hong Kong saw its dire contraction of 9.0% on the year-on-year basis in the first half of 2020 when the COVID-19 pandemic dealt its heaviest blow to global and the city's local economic activities. With improved global economy followed by the rolling out of vaccination campaign in various countries and the vagarious anti pandemic measures taken by the global and the city's governments, the Hong Kong economic contraction narrowed down to 6.1% in the whole year of 2020 and saw noticeable growth of 7.1% in the second quarter of 2021. Considering the robust real GDP outturn in the first half of the year together with the receding pandemic, the Hong Kong government has revised its real GDP forecast of Hong Kong upwards to 5.5%–6.5% for the whole year of 2021.

However, the road to economic recovery is likely to be uneven. The risk of economic downturn related to the Covid-19 pandemic is still prominent. There has been a surge in Delta variant cases around the world. This highly contagious various has already caused bounce back in the number of Covid-19 confirmed cases in a number of countries. The development of the China — US relationship and the geopolitical tensions between China and various countries also warrant attentions.

On the other hand, the tumbling US economy and the increase in US$ money supply not only cause price fluctuations in the global commodities, but also drive its hedged currency, HK$, significantly weaker than other currencies. The New Taiwan Dollar ("TW$") has appreciated approximately 5.7% in the year of 2020 and 0.8% in the first half year of 2021. The pressure on the fall of HK$ is very likely to continue in 2022 and further increase the costs of couplers purchased from Taiwan.

Furthermore, the Chinese government's $550 billion stimulus to revive its economy has swelled the nation's appetite for steel at a time when steel exporting nations such as Japan and South Korea have curtailed production. This mismatch in demand and supply has sent global steel prices rocketing. The Taiwan Steel Price Index ("TSPI") has increased over 120% in the year ended 30 June 2021. This further escalates the pressure on suppliers of couplers to further raise their price to Bosa in 2022.

BUSINESS REVIEW

The Group is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The Group's customers are primarily main contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong. Construction projects that the Group service can generally be categorised into public sector projects and private sector projects. The majority of the Group's revenue during the two years ended 30 June 2020 was derived from private sector projects.

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

Completed projects

During the Year, the Group had completed 174 (2020: 168) projects with revenue recognized of approximately HK$25.2 million (2020: HK$23.6 million).

Ongoing projects

As at 30 June 2021, the Group had 86 (2020: 86) ongoing projects. The revenue recognised for these contracts amounted to approximately HK$76.1 million (2020: HK$50.2 million) for the Year. The management considered that all of the ongoing projects were on schedule and none of which would cause the Group to indemnify the third parties and increase the contingent liabilities nor any material adverse effect on the financial results of the Group. Details of top 5 ongoing projects (in terms of revenue recognised during the two years ended 30 June 2021) are as follows:

For the year ended 30 June 2021	Sector	Commencement date	Revenue
			HK$ million
Skycity A3 of Hong Kong International Airport	Private	October 19	8.6
Commercial Development at How Ming Street Kwun Tong	Private	October 19	6.4
Residential Development at Seymour Road, Mid Level	Private	July 2020	4.9
Commercial & Residential Development at Siu Hong TMTL 483	Private	January 2021	4.5
The YOHO Hub Redevelopment	Private	November 2019	3.5
For the year ended 30 June 2020			
Commercial Development at How Ming Street, Kwun Tong	Private	October 2019	4.4
Grade A office and Retail Development at Kai Tak	Private	September 2019	4.3
Exhibition Station and Western Approach Tunnel	Public	July 2015	4.1
Skycity A2 of Hong Kong International Airport	Private	August 2019	4.0
Skycity A3 of Hong Kong International Airport	Private	October 2019	3.0

Newly awarded projects

During the Year, the Group had secured 176 (2020: 159) newly awarded contracts with revenue recognised of approximately HK$34.6 million (2020: HK$39.0 million). Details of the top 5 newly awarded projects (in terms of revenue recognised during the two years ended 30 June 2021) are as follows:

For the year ended 30 June 2021	Sector	Commencement date	Revenue
			HK$ million
Residential Development at Seymour Road, Mid Level	Private	July 2020	4.9
Cingleot Premium Logistics Centre at Hong Kong International Airport	Private	July 2020	3.2
Residential Development at Kai Tak Area NKIL 6568	Private	August 2020	2.8
Residential Development at Tai Po Kau	Private	July 2020	1.3
Residential Development at Ma Kok Street, Stanley	Private	September 2020	1.2
For the year ended 30 June 2020			
Commercial Development at How Ming Street, Kwun Tong	Private	October 2019	4.4
Grade A office and Retail Development at Kai Tak	Private	September 2019	4.3
Skycity A2 of Hong Kong International Airport	Private	August 2019	4.0
Skycity A3 of Hong Kong International Airport	Private	October 2019	3.0
Residential Development at Sai Shan Rd, Tsing Yi Town	Private	January 2020	2.0

OUTLOOK

The overall construction business in Hong Kong is expected to remain steady in the short to medium term and the Hong Kong government is likely to provide stimulus to the local economy. Yet, the Covid-19 pandemic, the US-China relationship and the geopolitical tensions continue to pose uncertainties to the Hong Kong economy. The appreciation of TW$ and the raise in steel price will also drive up the material cost and the gross margin may be eroded. The Group will monitor prudently the selling price to the customers and the purchases price of couplers from Taiwan to ensure the business of the Group maintaining a reasonable gross margin.

FINANCIAL HIGHLIGHT AND OVERVIEW

	For the year ended 30 June		
	2021	2020	Change
	HK$'000	*HK$'000*	*%*
Revenue	**101,292**	73,840	37.2%
Gross profit	**42,104**	24,370	72.8%
Gross profit margin	**41.6%**	33.0%	26.1%
Net profit and total comprehensive income	**21,249**	7,126	198.2%
Earnings per share *(HK cents)*	**2.71**	0.90	201.1%

FINANCIAL REVIEW

Revenue

During the two years ended 30 June 2021, all of the Group's revenue was generated from services of processing and connecting reinforcing bars in Hong Kong. Accordingly, the Group has only one single operating segment and one geographical segment.

	For the year ended 30 June					
	2021			2020		
	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	**201**	**88.8**	**87.7**	201	61.1	82.8
Public sector projects	**59**	**12.5**	**12.3**	53	12.7	17.2
Total	**260**	**101.3**	**100.0**	254	73.8	100.0

The Group's revenue increased by approximately HK$27.5 million or 37.2% from approximately HK$73.8 million for the year ended 30 June 2020 to HK$101.3 million for the Year, which was mainly attributable to the increase in sales of couplers to new projects and customers.

Cost of sales

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

The Group's cost of sales increased by approximately HK$9.7 million or 19.6% from approximately HK$49.5 million for the year ended 30 June 2020 to HK$59.2 million for the Year, which was in line with the increase in revenue during the Year.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$17.7 million or 72.5% from approximately HK$24.4 million for the year ended 30 June 2020 to approximately HK$42.1 million for the Year. The gross profit margin of the Group increased from approximately 33.0% for the year ended 30 June 2020 to 41.6% for the Year mainly due to the increase in revenue from splicing services, which have higher profit margin, in proportion to revenue from sales of couplers.

Other income

The Group's other income consist primarily of service income, insurance compensation and bank interest income. The Group's other income increased by approximately HK$3.1 million or 100.0% from approximately HK$3.1 million for the year ended 30 June 2020 to approximately HK$6.2 million for the year ended 30 June 2021. The increase was mainly attribute to the approximately HK$2.1 million subsidies received under the Employment Support Scheme of the Hong Kong SAR Government (2020: Nil) and the reversal of provision for tax penalty of approximately HK$0.8 million (2020: Nil) during the Year.

Other losses

The Group's other losses increased by approximately HK$0.1 million from approximately HK$1.1 million for the year ended 30 June 2020 to approximately HK$1.2 million for the Year. The loss was exchange difference mainly raised from depreciation of HK$ against TW$ during the year.

Selling and distribution expenses

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

The Group's selling and distribution expenses slightly decreased by approximately HK$101,000 from approximately HK$314,000 for the year ended 30 June 2020 to approximately HK$213,000 for the Year, which was mainly attributable to the decrease in expenses for the Group's promotional needs and activities.

Administrative expenses

The Group's administrative expenses consist primarily of office staff costs and Directors' remuneration, entertainment and marketing expenses, travelling and transportation expenses, depreciation charges, provision of expected credit losses ("ECLs") of trade receivables, office expenses, legal and professional fees and other administrative expenses.

The Group's administrative expenses increased by approximately HK$5.0 million or 30.3% from approximately HK$16.5 million for the year ended 30 June 2020 to approximately HK$21.5 million for the Year, which was mainly attributable to the increase in directors' remunerations, the provision of long service payments for employees, the provision for impairment loss on plant and equipment and the provision for expected credit losses ("ECL").

Finance costs

The Group's finance costs comprise primarily of interests on lease liabilities.

The Group's finance costs increased by approximately HK$31,000 from approximately HK$133,000 for the year ended 30 June 2020 to approximately HK$164,000 for the Year, which was mainly attributable to interest on the lease liabilities after the coming into effect of HKFRS 16.

Taxation

The Group's taxation increased by approximately HK$1.4 million or 60.9%, from approximately HK$2.3 million for the year ended 30 June 2020 to approximately HK$3.7 million for the Year. The tax provision was assessable profit for the Group subjected to Hong Kong profit tax. Hong Kong profits tax has been provided at the rate of 8.25% on the first HK$2.0 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK$2.0 million for the year ended 30 June 2020 and 2021.

Profit for the year

As a result of the foregoing factors, the Group recorded a profit of approximately HK$21.6 million for the Year, as compared to approximately HK$7.2 million for the year ended 30 June 2020.

Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the Year. As at 30 June 2021, the Group had bank balances of approximately HK$72.6 million (2020: approximately HK$57.6 million) and the current ratio (current assets divided by current liabilities) of the Group was approximately 4.1 times as at 30 June 2021 (2020: approximately 4.4 times). The Group has bank overdrafts balance of approximately HK$2.5 million as at 30 June 2021 (2020: HK$1.3 million). The Group's gearing ratio, representing total borrowings divided by total equity, was nil as at 30 June 2021 (2020: nil). In view of the Group's current level of cash and bank balances, funds generated internally from operations, the Board is confident that the Group will have sufficient resources to meet its financial needs for its operations.

Material acquisitions and disposals

There were no material acquisitions and disposals during the Year.

Foreign Exchange Exposure

The Group purchased all of the couplers used in business operations from Taiwan. These purchases were denominated in TW$. The Group expects to continue to make coupler purchases in Taiwan in the near future. Accordingly, fluctuations in TW$ against HK$ may result in exchange losses or gains and affect the results of operations. The management considered that the Group has sufficient foreign exchange to meet its foreign exchange liabilities as they become due, which will be funded by our cash generated for operating activities. The Group has not entered into any agreement to hedge exchange rate exposure relating to TW$ 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 2021 for speculative purposes.

Contingent Liabilities

Save as disclosed in note 34 to the audited consolidated financial statements in this annual report, the Group did not have material contingent liabilities as at 30 June 2020 and 2021.

Capital Commitments

As at 30 June 2021, the Group had capital expenditure of approximately HK$957,000 (2020: nil) in respect of the acquisition of plant and equipment contracted but not provided in the consolidated financial statements.

Pledge of Assets

The Group's obligations under leases liabilities were secured by the lessor's charge over the leased assets. As at 30 June 2021, the Group had secured and unguaranteed obligations under lease liabilities of approximately HK$646,000 (2020: approximately HK$136,000), which were secured by motor vehicles of the Group.

Save as disclosed above, the Group did not have other pledged assets as at 30 June 2020 and 2021.

Capital Structure

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 24 October 2016. Its shares were listed on GEM of the Stock Exchange on 12 July 2018. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination its cash and cash equivalents and cash flows generated from operations. There has been no change in the capital structure of the Group during the Year and up to the date of this report.

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 2021 save for the acquisition of a parcel of land to open new workshop in Hong Kong and acquisition of certain plant and equipment. Details of the implementation plan for the acquisition of a parcel of land were set out in this report under the section "Use of Listing Proceeds".

Employees and Remuneration Policies

As at 30 June 2021, the Group had 56 full-time employees (2020: 52 employees), including the Directors. Total staff costs (including Directors' emoluments and part-time employees) were approximately HK$25.0 million for the Year as compared to approximately HK$18.5 million for the year ended 30 June 2020. Such increase was mainly due to (i) the increase in average number of employees for the Year; and (ii) increments in salary in respect of basic salary, incentives and bonus during the Year. Remuneration is determined with reference to duties, responsibilities, experience and skills. On top of basic salaries, the Group provides discretionary bonuses to its senior management and key employees as incentive bonuses.

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 material change to the plan as to the use of listing proceeds. All unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Hong Kong. Barring any unforeseen circumstances, the remaining proceeds will be utilised in the following 6 months.

Comparison Between Business Objectives and Actual Business Progress

The below table sets out the proposed applications of the net proceeds as set out in the Prospectus and the unutilized amount as at 30 June 2021:

Description *Use of net proceeds*	**Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised)** *HK$ million*	**Business plan as disclosed in prospectus**	**Utilized as at 30 June 2021** *HK$ million*	**Total remaining net proceeds available as at 30 June 2021** *HK$ million*	**Latest development**	**Expected timeframe**
Expanding scale of operations	35.3	Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che — Finalise selection of a parcel of land (Internal resources) — Purchase a parcel of land (HK$35.3 million) — Commence construction of a new workshop or adapt existing structure for purposes of the new workshop (as the case may be) (Internal resources)	–	35.3	The ongoing social unrest and the COVID-19 pandemic have created economic uncertainties and caused disruptions to most economic activities. As a result, the searching for a suitable parcel of land has been delayed. Save as Yuen Long and Ping Che, the Group is also considering other geographical location for the expansion of workshop in appropriate circumstances.	The proposed acquisition of a parcel of land is expected to be completed by 31 December 2021
Placing resources into research and development	2.4	Conduct research and development with a view to enhancing the quality and cost-effectiveness of our existing mechanical splicing services, and reducing overhead costs and servicing time:			The Group is in the course of identifying suitable candidate(s) to join our research and development team and would continue to seek for suitable research and development opportunities once our research and development capability is improved.	The completion date is expected to be 31 December 2021
		— Employ one additional qualified technical staff to join our research and development team and carry out research and development activities (HK$0.4 million)	–	0.4		
		— Conduct research and development activities to enhance quality and cost-effectiveness of our services (HK$0.4 million)	0.4	–		

Description *Use of net proceeds*	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) *HK$ million*	Business plan as disclosed in prospectus	Utilized as at 30 June 2021 *HK$ million*	Total remaining net proceeds available as at 30 June 2021 *HK$ million*	Latest development	Expected timeframe
		— Explore ways to enhance and improve the automated features of our machines to increase efficiency and reduce human errors, including developing our next generation of our self-developed CNC crimping machines and CNC threading machines (HK$0.2 million)	–	0.2		
		— Develop two prototypes of our next generation machines and collect data points on reliability, efficiency and other metrics (HK$0.9 million)	0.9	–		
		— Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market (HK$0.4 million)	–	0.4		
		— Continue to prepare production manuals and update quality assurance protocols (HK$0.1 million)	–	0.1		
General working capital	0.1		0.1	–		
Total	37.8		1.4	36.4		

As at date of this report, the remaining amount of approximately HK$36.4 million were expected to be utilized in the same manner as disclosed in the Prospectus based on the flowing timeline:

Acquire a parcel of land to open a new workshop

As at date of this report, approximately HK$35.3 million allocated for acquiring a parcel of land to open a new workshop has not been utilized by the Group, which was planned to be completed during the period from 1 July 2018 to 31 December 2018 as set forth in the Prospectus. In light of the uncertainty and potential adverse impact on the local economy and residential industry caused by the social unrest associated with the anti-extradition bill protests and the outbreak of COVID-19 after the listing, the Group has adopted a more cautious approach in evaluating a suitable parcel of land. Apart from the selection criteria as set forth in the Prospectus, the Group needs to take into consideration investment return, profitability of acquisition in the latest market condition, synergy effect with the Group and challenges and expenses that could arise from integrating with the acquisition of a parcel of land. The Board considers that the delay had no material adverse impact on the business operation and financial position of the Group.

Since Listing, the management of the Group has established a location selection committee and were in the course of identifying a potential parcel of land for opening a new workshop. As the acquisition of a parcel of land to open a new workshop was considered a crucial factor in determining the long-term growth and future success, the Group will require more time to identify suitable potential workshop location based on the factors identified above, and it is expected that the unutilized net proceeds will be fully utilized on or before 31 December 2021.

Placing resources into research and development

According to the Prospectus, the planned use of net proceeds (as adjusted on a pro rata basis based on the actual net proceeds raised) for spending on research and development by 31 December 2018 is approximately HK$2.4 million. The actual use of the net proceeds up to 30 June 2021 is approximately HK$1.3 million. The actual used amount was less than the planned use amount primarily because (i) there was a delay in opening a new workshop as mentioned above; and (ii) the Group has taken a longer time to assess and implement the research and development plan in a proper manner.

The Group will continue to seek for suitable research and development opportunities with a view of enhancing the quality and cost-effectiveness of our existing mechanical splicing services, and reducing overhead costs and servicing time. It is expected that the unutilized net proceeds for research and development will be fully utilized on or before 31 December 2021.

The expected timeline for the full deployment of the unutilised proceeds disclosed above is based on the best estimation from the Board with the latest information and market condition as at the date of this report. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Group considers that the delay in the use of proceeds does not have any material adverse impact on the operation of the Group. However, due to the adverse impacts of the outbreak of COVID-19 on worldwide economies, the Board will continue to closely monitor the situation and evaluate the effects on the timeline to deploy the unutilised proceeds and keep shareholders and potential investors informed if there are any material changes.

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian

Mr. Kwan Tek Sian ("Mr. Kwan"), aged 45, is the non-executive Director and Chairman of the Board. He was appointed as the Director on 18 August 2017 and is also a member of audit committee and chairman of nomination committee of the Company.

Mr. Kwan is primarily responsible for overall corporate strategies and development of the Group. Mr. Kwan is an entrepreneur with interests across multiple industries. He is an executive director of JMC Technologies Pte. Ltd., a Singapore-based company that is principally engaged in providing information technology solutions to multinational technology companies. He is also a director of Bionic Vision Technologies Pty. Ltd., a privately held Australian based company that develops visual prostheses to restore vision to the blind. Mr. Kwan is a principal of State Path Capital Limited, a joint venture company involved in investing in technology companies. Mr. Kwan is the major shareholder 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 shares are listed on TSX Venture Exchange. Mr. Kwan is an executive Director, Chairman and Chief Executive Officer of AL Group Ltd (stock code: 8360), an architectural and interior design company. Mr. Kwan holds a bachelor of science, master of health science and a graduate diploma in Law.

EXECUTIVE DIRECTORS

Mr. Lim Su I

Mr. Lim Su I ("Mr. K. Lim"), aged 55, 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 20 years of experience in the construction industry. Mr. K. Lim is primarily responsible for overall corporate strategies, development, sales and marketing activities, and management of the Group. Mr. K. Lim obtained his bachelor degree in Civil Engineering from The University of Melbourne in 1991.

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

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

Mr. Paulino Lim

Mr. Paulino Lim ("Mr. P. Lim"), aged 47, 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.

Mr. Yang Tien-Lee

Mr. Yang Tien-Lee ("Mr. Yang"), aged 53, is the executive Director of the Company. He was appointed as the Director on 10 May 2021. He has joined the Company as technical manager since March 2012 and has accumulated over 25 years of experience in the engineering industry. He is currently a director of certain subsidiaries of the Group. He is primarily responsible for the Group's quality control, and research and development. Mr. Yang completed a two-year programme in civil engineering at Taoyuan Innovation Institute of Technology at Taiwan in 1989.

Mr. Yang worked at two companies that specialized in producing couplers and other construction reinforcement materials for eight years. In 1998, Mr. Yang started his own business, BOSA Technology (Hong Kong) Ltd — Taiwan Branch, a company which specialises in producing couplers and bolts.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Sung Ching Gavin

Mr. Law Sung Ching Gavin ("Mr. Law"), aged 64, was appointed as independent non-executive Director of the Company on 1 March 2020 and is also a member of audit committee and chairman of remuneration committee of the Board.

Mr. Law has accumulated over 25 years of experience in finance and over 15 years of experience in auditing, accounting and company secretarial services from several financial institutions, including IBI Asia Limited and CEF Holdings Limited.

Mr. Law is currently a director of LSC Consultants Ltd. and senior advisor of C C Kwong & Company, Certified Public Accountants.

Ms. Chu Wei Ning

Ms. Chu Wei Ning ("Ms. Chu"), aged 49, 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 16 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 ("Mr. Ng"), aged 45, 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

Ms. Chiu Yin Mei

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

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

Ms. Cheng Kee See

Ms. Cheng Kee See ("Ms. Cheng") was appointed as our company secretary on 1 January 2020. Ms. Cheng is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries, and Chartered Governance Institute. Ms. Cheng holds a Bachelor's degree in Business Administration and a Master's degree in Corporate Governance.

Ms. Cheng has worked with an international accounting firm and private group of companies prior to joining the Company. She has extensive experiences in company secretarial practice, audit and assurance, financial management and corporate finance. Ms. Cheng is not an employee of the Company but has been appointed as the company secretary and the authorised representative of the Company pursuant to the Company's engagement of an external company secretarial service provider to provide company secretarial services to the Company.

The Board of Directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group (the "Consolidated Financial Statements") for the year ended 30 June 2021 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company, and the principal activity of its principal subsidiaries is to provide mechanical splicing services to the reinforced concrete construction industry in Hong Kong. Details of the principal activities of the principal subsidiaries of the Company are set out in note 32 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 6 to 14 of this annual report. This discussion form part of the report of directors.

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 section headed "Environmental, Social and Governance Report" (the "ESG Report"), on pages 46 to 65 of this annual report. The ESG Report forms part of the report of directors.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

RELATIONSHIP WITH KEY PARTIES

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

Customers

Customer relationship is crucial for mechanical splicing service providers to maintain long-term relationship with main contractors and subcontractors. Customers generally give preferences to long-term business partners, as they have track records of stable and reliable services. The Group has established a stable business relationship with its major customers, most of which are reputable main contractors and subcontractors. The Group's business has grown from serving a few customers to serving over 100 customers as at 30 June 2021. The Board is of the view that its operating history, together with the stable relationships with its major customers would increase its service quality and enable the Group to attract potential business opportunities.

Suppliers

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

Employees

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

Shareholders

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

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year are set out in note 13 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year are set out in note 25 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 30 June 2021 are set out in the consolidated statement of changes in equity on page 75 and note 33 to the Consolidated Financial Statements, respectively.

As at 30 June 2021, no reserve was available for distribution to the owners of the Company (2020: nil).

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Financial Statements on pages 72 to 123.

The Directors have resolved not to recommend the declaration of a final dividend to shareholders of the Company for the Year (2020: 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 summarized below:

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

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

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

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

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

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

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

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

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

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 124 of this annual report. 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

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

MANAGEMENT CONTRACTS

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

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	84.1%
— five largest suppliers in aggregate	100.0%
Sales	
— the largest customer	24.5%
— five largest customers in aggregate	66.0%

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)*

Executive Directors
Mr. Lim Su I
Mr. Paulino Lim
Mr. Yang Tien-Lee (appointed on 10 May 2021)

Independent Non-executive Directors
Mr. Law Sung Ching Gavin
Ms. Chu Wei Ning
Mr. Ng Ming Hon

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, 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, 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. Paulino Lim, Mr. Yang Tien-Lee and Mr. Ng Ming Hon shall retire from office at the forthcoming annual general meeting to be held on 19 November 2021 (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 set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 15 to 18 of this annual report.

CHANGES OF DIRECTORS' INFORMATION

Mr. Yang Tien-Lee has appointed as an executive Director, on 10 May 2021.

Other than as disclosed above, the Company is not aware of other change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of interim report for the six months ended 31 December 2020 of the Company.

PERMITTED INDEMNITY PROVISIONS

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

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

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 6 to the Consolidated Financial Statements.

EMOLUMENT POLICY

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

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

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 26 to the Consolidated Financial Statements. None of them constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

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

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

NON-COMPETE UNDERTAKING

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

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

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

For the Year, each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee confirmed their compliance with the terms of non-competition undertaking.

The independent non-executive Directors reviewed their respective confirmation and confirmed each of them has complied with the non-competition undertaking in accordance with its terms.

CONFLICT OF INTERESTS

Saved as disclosed above, during the Year and up to the date of this report, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

SHARE OPTION SCHEME

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

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

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

As at 30 June 2021 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 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors and the chief executives of the Company had any interested in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange.

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

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

(i) Interests in the Company

Interests in ordinary shares

Name of Director	Capacity	Number of shares held	% of the Company's issued voting shares
Mr. Kwan Tek Sian	Interest in a controlled corporation	286,723,415	35.8%
Mr. Lim Su I	Beneficial owner	75,550,732	9.4%
Mr. Paulino Lim	Beneficial owner	40,975,610	5.1%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%

(ii) Interests in the associated corporation

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

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

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

As at 30 June 2021, 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 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	286,723,415	35.8%
Mr. Kwan Tek Sian *Note 1*	Interest in a controlled corporation	286,723,415	35.8%
Mr. Lim Su I *Note 2*	Beneficial owner	75,550,732	9.4%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%
Mr. Wang Wann-Bao	Beneficial owner	51,230,244	6.4%
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	286,723,415	35.8%
Ms. Chan Ching *Note 5*	Interest of spouse	75,550,732	9.4%
Ms. Liu Li Wen *Note 6*	Interest of spouse	64,390,244	8.0%
Ms. Wang Yu-Ju *Note 7*	Interest of spouse	51,230,244	6.4%
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 286,723,415 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 286,723,415 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 75,550,732 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 51,230,244 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 the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices are set out in section headed "Corporate Governance Report" on pages 32 to 45 in this annual report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 19 November 2021 (Friday) and the notice convening such meeting will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 November 2021 (Monday) to 19 November 2021 (Friday) (both days inclusive), during which period to transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 November 2021 (Friday).

AUDITOR

On 1 August 2019, Deloitte Touche Tohmatsu, who acted as auditor of the Company, resigned and Baker Tilly Hong Kong Limited was appointed as auditor of the Company. The details of the change of auditor are set out in the Company's announcement dated 1 August 2019.

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

By order of the Board
BOSA Technology Holdings Limited

Lim Su I
Chief Executive Officer and Executive Director

Hong Kong, 23 September 2021

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board and the management of the Company are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules.

During the year ended 30 June 2021 (the "Year"), the Company has applied the principles and complied with the code provisions set out in the CG Code except for the deviation from Code provision as stated and explained below.

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

THE BOARD OF DIRECTORS

Responsibilities

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

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

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

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

Non-executive Director
Mr. Kwan Tek Sian *(Chairman)*

Executive Directors
Mr. Lim Su I
Mr. Paulino Lim
Mr. Yang Tien-Lee (appointed on 10 May 2021)

Independent Non-executive Directors
Mr. Law Sung Ching Gavin
Ms. Chu Wei Ning
Mr. Ng Ming Hon

During the Year, Mr. Yang Tien-Lee was appointed as an executive Director on 10 May 2021.

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 headed "Biographical Details of the Directors and Senior Management" on pages 15 to 18 of this annual report. The updated list of Directors and their role and function are published at the GEM website and the Company's website at www.hklistco.com/8140.

Save as disclosed in the section headed "Biographical Details of the Directors and Senior Management" of 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

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

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

Confirmation of Independence

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, 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, 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 has held five Board meetings and four audit committees; while one meeting for each of remuneration committee and nomination committee has been held for the year. The Chairman has met with all independent non-executive directors without the presence of the executive directors in compliance with the GEM Listing Rules.

Directors' Attendance at Board/Board Committee/General Meetings

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Total number of meetings held	5	4	1	1	1
			Number of meetings Attended		
Non-Executive Director					
Mr. Kwan Tek Sian Alan	5/5	4/4	N/A	1/1	1/1
Executive Directors					
Mr. Lam Su I	5/5	N/A	N/A	N/A	1/1
Mr. Paulino Lim	2/5	N/A	1/1	N/A	1/1
Mr. Yang Tien-Lee	1/1	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Law Sung Ching Gavin	5/5	4/4	1/1	N/A	1/1
Ms. Chu Wei Ning	5/5	N/A	N/A	1/1	1/1
Mr. Ng Ming Hon	5/5	4/4	1/1	1/1	1/1

Practices and Conduct of Meetings

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

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

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

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

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

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

Procedure for Seeking Independent Professional Advice by Directors

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

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

Induction and Continuous Professional Trainings of Directors

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

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

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

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

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

BOARD COMMITTEES

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

Audit Committee

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

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

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

Mr. Ng Ming Hon *(Chairman)*
Mr. Kwan Tek Sian
Mr. Law Sung Ching Gavin

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.

The Audit Committee has reviewed the Group's audited annual results for the year ended 30 June 2021 and has provided advice and comments thereon.

During the Year, the audit committee held five meetings. Details of the attendance of the members of the audit committee are set out under "Directors' attendance at Board/Board Committee/General Meetings" above.

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

— To meet with the external auditors, review and make recommendations to the Board for approving the annual financial statement of the Group;

— To review and approved audit fee;

— To review the terms of engagement and make recommendation to the Board for the re-appointment of auditors of the Company, subject to the shareholders' approval at the annual general meeting;

— To review the effectiveness of the Company's risk management and internal control systems; and

— To review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

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

Remuneration Committee

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

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

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

Mr. Law Sung Ching Gavin *(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. No remuneration committee meeting was held during the Year. Details of the attendance of the members of the remuneration committee are set out under "Directors' attendance at Board/Board Committee/General Meetings" at above.

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

— To review and recommend to the Board on the Group's remuneration policy and strategy;

— To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company; and

— To review and recommend to the Board on the Directors' fees of independent non-executive Directors.

Nomination Committee

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

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

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

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

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

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

— To review the existing Board's structure, size and composition;

— To review and assess the independence of the independent non-executive Directors;

— To make recommendations on the retiring Directors of the Company; and

— To review the nomination policy.

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

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

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

Board Nomination Policy

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

Board Nomination Process and Selection Criteria

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

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

Corporate Governance Function

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

— To review the Company's policies and practices on corporate governance and make recommendations;

— To review and monitor the training and continuous professional development of Directors and senior management of the Group;

— To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— To develop, review and monitor the code of conduct and compliance manual applicable to employees of the Group and the Directors; and

— To review the Company's compliance with CG Code and disclosure in the corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

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

External Auditors' Remuneration

During the Year, the Company engaged Baker Tilly Hong Kong Limited as the external auditors. The fee in respect of audit services and non-audit services provided by Baker Tilly Hong Kong Limited and its affiliates for the year ended 30 June 2021 amounted to approximately HK$0.9 million and approximately HK$0.2 million (which includes professional services for risk advisory and taxation) 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 is 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 BT Corporate Governance Limited ("BT Corporate"), reviewed the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and strategic risks. BT Corporate 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 BT Corporate, 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 BT Corporate. 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

Each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee confirmed their compliance with the terms of non- competition undertaking for the year ended 30 June 2021.

The independent non-executive Directors reviewed their respective confirmation and confirmed each of them has complied with the non-competition undertaking in accordance with its terms for the year ended 30 June 2021.

COMPANY SECRETARY

The Company appointed Ms. Cheng Kee See ("Ms. Cheng"), an external service provider, as its company secretary. Mr. Lim Su I, an executive Director is the primary contact persons to Ms. Cheng at the Company in respect of any compliance and company secretarial matters of the Company. The biographical details of Ms. Cheng are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

During the Year, Ms. Cheng confirmed that they have taken no less than 15 hours of relevant professional training to comply with Rule 5.15 of GEM Listing Rules.

DIVIDEND POLICY

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

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

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

CONSTITUTIONAL DOCUMENTS

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

SHAREHOLDERS' RIGHTS

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

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

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

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

The relevant procedures are published on the Company's website at www.hklistco.com/8140.

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" at 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.hklistco.com/8140. 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 19 November 2021. 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, 23 September 2021

APPROACH

BOSA Technology Holdings Limited (hereafter called as the "Company") and its subsidiaries (collectively, the "Group") are committed to providing high quality mechanical splicing services. Positioning as one of the largest providers of mechanical splicing service to the reinforced concrete construction industry in Hong Kong, it continues to strive for creating positive long-term value for its shareholders and the environment.

The Group recognises its responsibility to be accountable to all its stakeholders, including its clients, potential investors and shareholders, employees, non-governmental organizations (NGOs) and local community. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach at the Group, it has established a tailor-made communication method, in order to better meet each stakeholder's expectations.

Within the Group, we place a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, we are committed to continuously monitoring the risks and opportunities existed in our daily operation, and embracing transparent corporate culture to ensure that our sustainability strategies are well communicated to our employees, clients, the communities and other stakeholders.

To implement sustainability strategies which apply to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability

2. To respect human rights and social culture

3. To engage with stakeholders

4. To support our employees

5. To sustain local communities

ABOUT THIS REPORT

The Group is pleased to present its Environmental, Social and Governance ("ESG") Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of its major operations in Hong Kong for the year ended 30 June 2021 (the "Reporting Period"). It helps the Group to keep a close eye into its current performance as well as the opportunities to escalate. The Reporting Period is consistent with its financial year.

The principal activity of the Group is mechanical splicing services. The Group is principally engaged in the provision of two types of reinforcing bars processing services including servisplice services and seisplice services in the Hong Kong during the Reporting Period.

Scope of the Report

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" in Appendix 20 to the GEM Listing Rules of the Stock Exchange. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong for the Reporting Period.

For the Reporting Period, the material ESG issues are those which have or may have a significant impact on:

- The Hong Kong reinforced concrete construction industry;
- The global mechanical splicing service market;
- The environment or society now or in the future;
- Our financial performance or operations; and/or
- Our stakeholders' assessments, decisions and actions.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group's audited annual financial statements for the year ended 30 June 2021.

Feedback

For details in relation to our financial performance and corporate governance, please visit our website on www.hklistco.com/8140 and our Annual Reports. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to us at holding@bosa-tech.com.

ABOUT BOSA TECHNOLOGY HOLDINGS LIMITED

Our Business

The principal activities of the Group are the provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The Group currently offers mechanical splicing services, comprising two elements — processing reinforcing bars and connecting reinforcing bars by couplers. We proceed our services either in our workshops or in customers' site. With the core strengths of unique innovative technologies, self-developed machines, rigorous quality control and experienced project management team, we maintain as one of the leading companies in the market.

Our Vision

To capture more market share in the mechanical splicing service industry in Hong Kong.

Our Mission

To provide best-quality mechanical splicing services based on our experienced and reliable project management team with extensive knowledge of the reinforced concrete construction industry.

Board of Directors (the "Board")

As at the date of this report, the Board consists of:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. Lim Su I	Mr. Kwan Tek Sian *(Chairman)*	Mr. Law Sung Ching Gavin
Mr. Paulino Lim		Ms. Chu Wei Ning
Mr. Yang Tien Lee		Mr. Ng Ming Hon

OUR STAKEHOLDERS

The Group actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Point(s) of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issuing of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.

Stakeholders	Point(s) of concern	Communication and responses
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

ESG Governance Structure

The Group has established ESG working group to tackle with the ESG issue(s). The ESG working group contains 2 professional staffs who are the Chief Executive Operating Officer and the Executive Accounting Manager. The Group has an overall responsibility for overseeing the Group's ESG-related risks and opportunities, establishing and adopting the ESG-related strategies and targets of the Group, reviewing the Group's performance annually against the ESG-related targets, and revising the ESG-related strategies as appropriate if significant variance from the ESG-related target is identified.

Materiality Assessment

We look at issues that may have a reputational impact on, or that may pose a risk to, the Group in short-, medium- or long- term. Issues that are important to our stakeholders, including but not limited to, our customers and employees, are also crucial to us. We have identified ESG issue that have potential or actual impact on its sustainable development from various sources, such as issues identified in previous ESG report, internal policies industry trends and the Sustainability Accounting Standards Board's Materiality Map[1]. The ESG issues have been analysed with reference to an array of factors, including the Group's overall strategy, development, and goals and targets. We have conducted a materiality assessment to rate the identified ESG issues that are pertinent to its business and stakeholders, and their respective level of impact. The ESG issues have been identified as follows:

1. Product and Service Responsibility
2. Occupational Health and Safety
3. Labour Standards
4. Development and Training
5. Anti-corruption

1 Sustainability Accounting Standards Board's Materiality Map, https://materiality.sasb.org/

SECTION A: ENVIRONMENTAL

The Group places high importance to maintain and even enhance its product and service quality standards to cater its customers' needs, while upholding the social responsibilities towards the community and environment at the same time. As we believe that it represents not just an ethical obligation, but also a gateway to the business success. Therefore, we make every effort to integrate sustainability into the core of our business by the implementation of eco-friendly measures to reduce carbon and emission footprints, as well as the related intensity[2]. To present a comprehensive emission overview, we compared the emission figures and relevant intensities of the Reporting Period to the year ended 30 June 2020 ("Last Year")[3].

During the Reporting Period, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will continue to contribute to future sustainable development.

Emissions

Air Emissions

As the Group's core business activity is the provision of mechanical splicing services, there is no gaseous fuel consumption, neither towngas nor liquefied petroleum gas ("LPG") produced. The air pollutants are emitted from the usage of motor vehicles for transporting our Directors, senior management and employees between our workshops, office and customers' sites.

During the Group's daily operations, the usage of motor vehicles is the major activity that generates air pollutants. As at the Reporting Period, the air emissions of the 4 motor vehicles are as follows:

Year ended 30 June	**2021**
NOx emission (in kg)	6.04
SOx emission (in kg)	0.18
PM emission (in kg)	0.44

The Group targets to maintain the level of air emission not greater than that of year 2021 in the coming year. To further reduce the negative impact on the environment, the Group has implemented an environmental policy to reduce the emissions of the relevant air pollutants. All motor vehicles are under frequent and regular checks and maintenance to ensure that no energy inefficiency occurs. All travelling routes are planned ahead with the shortest distance.

2 The intensity figures in this Report are calculated per employee, in which there were 56 employees as at 30 June 2021.

3 Adjustments had been made on the emissions data for Last Year when compared with our last ESG Report because the emission factors of the electricity consumption, electricity used during fresh water and sewage processing were updated based on the respective latest Annual Report or Sustainability Report 2019/20 issued by CLP Holdings Limited, HK Water Supply Department and HK Drainage Services Department.

Greenhouse Gas Emissions

During the Reporting Period, the total greenhouse gas ("GHG") emissions by the Group weighted approximately 157.34 tons (Last Year: 160.67 tons). The key components of the GHG emissions by the Group were the usage of motor vehicles and direct consumption of electricity[4]. Alongside the aforementioned sources, there were also several indirect emissions sources noted as the electricity used in fresh water and sewage processing[5], paper waste disposal at landfills. With regard to our 56 employees, the GHG emission intensity was approximately 2.81 tons per employee (Last Year: 3.09 tons per employee), representing a decrease of 9.07%. Compared to Last Year, the total weight of GHG emissions has decreased by approximately 3.33 tons, showing a decrease of approximately 2.07%. The major reason of the decrease was due to the cessation of the Fanling workshop and the suspension of business air travel during the Reporting Period.

With our determination of environmental sustainability, several measures to reduce our GHG emissions had been implemented accordingly. Those measures included promoting paperless office by reusing single-side-printed paper, encouraging employees to switch off all idle appliances and using energy-efficient and environmental-friendly appliances. The Group aims to realise the goal of maintaining or reducing the total emission intensity of greenhouse gas within the next reporting period based on the 2020 benchmark.

GHG Emission Sources	**GHG Produced (ton) Year ended June 2021**	**GHG Produced (ton) Year ended June 2020**	**% change**
Emission data from vehicles			
— Mobile combustion source	32.45	0	N/A
Emission data from energy consumption			
— Electricity consumption	119.56	156.63	– 23.67%
Other indirect emission sources			
— Paper waste disposal	3.40	2.86	+ 18.91%
— Fresh water processing	1.30	0.52	+ 149.58%
— Sewage processing	0.63	0.24	+ 163.12%
— Business air travel	0.00[6]	0.42	– 100.00%
Grand Total	**157.34**	**160.67**	**– 2.07%**

Waste Management

There was no hazardous waste involved in the Group's operations.

The non-hazardous waste produced by the Group was mainly the inert waste, which was the remaining iron portion after processing reinforcing bars, and paper waste. Most of the time, the remaining iron portion was re-sold to third parties as raw materials for further production. Hence, there was only paper waste to be disposed to the landfills. The total weight of paper waste disposed by the Group during the Reporting Period amounted to approximately 708.50 kg (Last Year: 596.25 kg), with an intensity of approximately 12.65 kg per employee (Last Year: 11.47 kg per employee), representing an increase of approximately 10.34%. Compared to Last Year, the total weight of non-hazardous waste disposed has increased by approximately 112.25 kg, representing an increase of approximately 18.83%.

4 The latest carbon emission factor of unit electricity consumption announced by CLP Holdings Limited was 0.37 $kgCO_2e/kWh$.

5 The latest unit electricity consumption factors during fresh water and sewage processing announced by Hong Kong Water Supply Department and Hong Kong Drainage Services Department were 0.596 kWh/m^3 and 0.29 kWh/m^3 respectively.

6 Due to the outbreak of COVID-19 pandemic, there were no business travel during the Reporting Period.

Paper usage is always one of the alerting concerns in consumption of natural resources. Amid the daily operations of the office and workshops, the Group encourages the use of electronic documents. We have replaced printed documents with computer-based documents, and endeavored to realize paperless office and resource sharing, thereby reducing the use of printed documents. Moreover, the printing system is set for double-sided printing in default, and our staff are encouraged to reuse the discarded single-sided printed paper. The Group adopted measure as mentioned above, with an aim to maintain or reduce non-hazardous waste intensity in the next reporting period on the basis of this Reporting Period.

Use of Resources

The Group undertakes to become a resource-saving and environmental-friendly enterprise to promote environmental protection. To reduce carbon emissions, we have taken the initiatives to reduce our usage of resources in our business operations.

Energy Consumption

The electricity consumption of the Group's workshops was the largest contributor to the GHG footprint. The culprit of the substantial electricity consumption was the operations of the machines in workshops for mechanical splicing services, namely cutting machine, CNC crimping machine and CNC threading machine, which were driven by electricity.

Three types of mechanical splicing machines located at workshops

During the Reporting Period, the total electricity consumption amounted to approximately 323.13 MWh[7] (Last Year: 313.25 MWh), in which the Kwun Tong Office and Pingche workshop constituted approximately 5.25% and 94.75% respectively, with an intensity of approximately 5.77 MWh per employee with regard to 56 employees (Last Year: 6.02 MWh per employees with regard to 52 employees)[7]. Compared to Last Year with total electricity consumption of 313.25 MWh, there was a slightly increase of 3.15% during the Reporting Period due to significant increase of electricity consumption in Pinche workshop.

7 Due to the difficulties of collecting data in the Pingche workshop, with some of the electricity bills yet to be obtained, the electricity consumption data was estimated based on the actual daily consumption with supporting documents verified.

Electricity Consumption[8]

To further extend our achievement in the future, we have adopted an Energy Conservation Policy with the following measures in office:

1. Prioritizing the use of more energy-efficient products, so as to reduce overall energy consumption;

2. Setting the temperature of air conditioners at 22–25 degree Celsius;

3. Switching computers that stand idle for at least 20 minutes to power-saving mode;

4. Using natural lighting instead of electrical illumination;

5. Switching off air conditioners, lights, computers, printers, photocopiers and any other electrical appliances if they are not in use or when the last employee leaves the office/workshops; and

6. Switching off all plants, machineries and vehicles when not in use.

The Group has emphasized the essentialness of energy conservation. The Group spurs every employee to participate in the initiative of energy conservation and emission reduction. In addition, the Group has carried out activities of promoting the knowledge about energy conservation and emission reduction, so as to raise the awareness of its employees regarding the environmental issues through the above means. The Group aims at maintaining or reducing total electricity consumption in the next reporting period on the basis of this Reporting Period.

Water Consumption

Since water is one of the most precious natural resources in the world, cherishing water resource is one of the fundamental targets of the Group. Being the most material water consumption point, our Pingche workshop, Fanling workshop and Sheung Shui workshop consumed approximately 3,110.81[9] cubic metres of water during the Reporting Period (Last Year: 1,230.00 cubic meters), which was 55.55 cubic metres per employee (Last Year: 23.65 cubic meters per employee). Compared to the Last Year's water consumption of 1,230.00 cubic metres, there was a significant increase of approximately 152.91% due to the increase usage of the Fanling and Sheung Shui workshops. Besides, since there was social protest in 2020, the meter reader was unable to travel to different commercial locations to read the water consumption meter, thus, the water consumption in 2020 was an estimate which was lower than the actual water consumption incurred. Furthermore, there was one workshop which located in Sheung Shui operated since March 2020, therefore, the water consumption will be higher than the last year. The Group believed that the water consumption level will be reduced in the future based on the promotion of the importance about water-saving at the workshop as well as the proper collection of actual consumption figure to reduce estimation variance. Since our water sources are from the local government department, there was no water supply issue identified during the Reporting Period.

Effective use of water can significantly whittle down the indirect consumption of electricity during fresh water and sewage processing, and thus the GHG emissions as well. The Group has encouraged its staff to save and use less water when unnecessary. The Group aims at maintaining or reducing total water consumption in the next reporting period on the basis of this Reporting Period.

8 The Fanling workshop was ceased operation during the Reporting Period.

9 Due to some of the water bills yet to be obtained, the water consumption data was estimated based on the actual daily consumption with supporting documents verified.

Packaging Materials

The Group's principal activities are offering the mechanical splicing services to the reinforced concrete construction industry. Thus, no significant usage of packaging materials is identified during the Reporting Period.

The Environmental and Natural Resources

The Group is committed to the minimization of any adverse impact on the environment resulting from our business operations. The Group believes that the natural environment should not be used to compensate our business activities. Therefore, alongside the aforementioned aspects, we have also implemented several ways to and monitored closely for further reduction on adverse impact on the environment.

Noise Control

The Group highlights the significance on the noise control management resulting from the use of powered mechanical equipment. The Group abides strictly with the Noise Control Ordinance in which no mechanical splicing work is permitted between 7 p.m. and 7 a.m. on normal weekdays and any time on general holidays without any prior approval. Its directors monitor intently on its workshops to comply with the environmental laws and regulations.

During the Reporting Period, the Group did not record and aware of any non-compliance issue with applicable environmental requirements. By integrating environmental considerations into our business strategies, we aim to be an environmentally sustainable business. In the coming years, we would continue promoting GHG emissions reduction, energy and paper resources conservation and efficient use of natural resources. We believe that the above measures not only can raise environmental awareness and reinforce the positive behavioral changes to bring benefits to our financial situation, but it can also be beneficial to the future generations. The Group will go forward to achieve better environmental protection results, so as to be responsible for our cherishable nature.

Climate Change

The Group has considered the potential climate-related risks in respect of the potential physical risks and transition risks from climate change which may result in adverse financial impacts on the Group's businesses and operations.

Acute physical risks can arise from extreme weather conditions such as storms while transition risks may result from changes in environmental-related regulations. Upon evaluation of the potential acute physical risks that may cause disruption and suspension to the Group's mechanical splicing services, the Group concluded that being the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong, it maintains relative stable customer base. Besides, the production plant has sufficient protection in order to avoid the ravages of extreme weather. Thus, the effects of extreme weather which bring the negative impact to the Group are low. As for the potential transition risks, the Group continues to monitor the regulatory environment to ensure the mechanical splicing services meet the expectations of its customers and regulators.

It is expected that potential extreme weather conditions, changes in environmental-related regulations would not result in a material impact on the Group's operation. Nevertheless, the Group continues to monitor the climate-related risks and implement relevant measures to minimize the potential physical and transition risks in the future.

SECTION B: SOCIAL

Employment

Employees are always one of the most treasurable assets for the Group. The Group places significant importance to the dedication and the effort by its employees and hence it addresses the essence of the common interests for both. Thus, the Group aims to grow with its employees for the future boom.

Employee Benefits

The Group has established a long term favorable relationship with its employees. We offer competitive and attractive remuneration package, including on-the-job training, year-end bonus, performance-based incentive bonus and travelling accommodation, to our employees. The Group offers its employees with 5-day work and 8 hours per day, to ensure that the employees are provided sufficient rest periods. We also provide Mandatory Provident Fund to all our qualified employees. All of our employees are covered and protected by the Employees' Compensation Insurance. We continuously assess our employees based on their performance to decide the salary increase, bonus amount and promotion chance, in order to keep them up to our required standards as well as reward them for their contributions. For any employees with performance not up to the Group's standards, targeted training will be provided to enhance their fundamental skills and knowledge.

The Group strictly abides with the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Employees' Compensation Ordinance and other relevant laws and regulations which are related to employee protection and benefits.

Harmonious Workplace

In order to diversify the background exposure of the Group, we hire people based on experience, expertise and values, regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. We formulate equal opportunities and diversity policies for all our employees. Equal promotion opportunities were provided to our employees as long as they can perform satisfactory quality of work. As at 30 June 2021, there were 56 full-time employees based in Hong Kong. We make significant efforts to build a harmonious workplace without discrimination for our employees.

During the Reporting Period, the Group had a total of 56 employees, the employee profiles by gender, age, rank and geographical location are shown as follows:

As at 30 June	**2021**
Total workforce	56
Type of employment	Full time
Breakdowns by gender	
Male	47
Female	9
Breakdowns by age	
< 25	2
25–29	2
30–39	17
40–49	16
> 50	19
Breakdowns by rank	
Top management	3
Middle management	5
General staff	48
Breakdowns by geographical location	
Hong Kong	56
Others	0

During the Reporting Period, 43 employees left the Group in Hong Kong, with total employee turnover rate of 77%. The breakdowns of employee turnover rate in the Group by gender, age group and region are as follows:

As at 30 June	**2021**
Employee Turnover Rate	
By Gender	
Male	79%
Female	67%
By Age	
<25	100%
25–29	100%
30–39	53%
40–49	119%
>50	58%
By Region	
Hong Kong	77%
Others	0%

Occupational Health and Safety

The Group is committed to safeguarding the safety, health and welfare of all employees, workers, and the general public who is likely to be affected by its normal business operations. To redeem our commitment, we have established certain safety policies. The policies include effective promotion and communication of safety procedures with preparation of safety reports; strict requirements for our employees to follow the safety rules and indispensable safety induction briefing sessions and trainings covering prevention, handling and reporting of accidents. We have our own occupational health and safety officer, who is certified in a safety supervision training course organized by an external trainer, to prepare safety plans, manage the occupational health and safety management system and help with any accidents occurred. In addition, a manual of "Occupational Safety — Equipment", "Work Safety — Electrical Safety and You" and "Safety Handbook for Construction Site Workers" have been adopted and announced within the Group for reminding its staff and construction site workers about the safety precaution and the potential accident during the usage of electrical appliances, mechanical machines and work in the construction sites. Moreover, for specific machines such as Gantry Crane, only those workers with effective certificate are allowed to operate. The machines are also under regular checks and maintenance to ensure that they are in good conditions to be used.

Alongside the safety measures in workshops and customers' sites, the Group maintains a healthy and safe environment in the office as well. We notice the preparedness for the potential accidents. Thus, there is a first aid box placed at the office in case any injury happens. A safety manual of office operation is also in place to advocate the office safety, such as the correct pose to transfer heavy items.

The Group abides strictly to the Section 15 of the Employees' Compensation Ordinance to report any accident to the Commissioner for Labour. During the Reporting Period, there were 10 cases of work injury and no fatal cases reported within the Group. In these 10 cases, a total of 909 working days were lost because we promised to provide sufficient days of sick leave due to work injury to our employees. Whenever a case of work injury happens, the Group will promptly handle the injured staff and investigate the situation and reason of the work injury. Immediate report will be prepared to notice the Commissioner of the Labor Department as well as the Insurance Company following the respective regulations and requirements. We will continue to strive for a safe and healthy work environment for our employees and front-line workers to reduce the work injury rate.

During the Reporting Period, the number of deaths due to work injury, number of reported injuries and the number of lost days due to work injury are shown as follows:

As at 30 June	**2021**	**2020**	**2019**
Number of deaths due to work injury	0	0	0
Number of reported injuries	10	6	6
Number of lost days due to work injury	909	200	35

Development and Training

The Group underlines the indispensableness of employee improvement. The Group promises to provide sufficient and efficient training to its employees. We also focus on the ability requirements of each level of employees to ensure that our employees are grooming with the Company at the same pace. We offer different internal trainings and development courses to our employees to enhance their knowledge and performance. If any of the employees lag behind, additional trainings with assessments will be provided to keep them on track to maintain the work quality.

All employees are required to receive safety induction briefing sessions and trainings before the commencement of work and during the course of employment. The safety trainings focus on the prevention of accident, safety procedures for using the mechanical machineries, emergency dealing and reporting procedures. These training sessions are provided to ensure that our employees fully understand our safety policies and requirements, as well as protect them from getting injured. In addition, we encourage our workers to participate in external training sessions for being equipped with updated and essential skills and knowledge.

During the Reporting Period, the Group have provided staff training for 35 staff with a total of 70 hours. 63% of employees being trained. Average training hours that employees participated in is 2 hours. Statistics related to development and training is detailed as follows:

As at 30 June	**2021**
Average hours of training per employee	
By gender	
Male	2.00
Female	2.00
By employment category	
Entry level	2.00
Middle level	0.00
Management level	0.00

As at 30 June	**2021**
Percentage of employees trained among employees participated in training	
By gender	
Male	94.3%
Female	5.7%
By employee category	
Entry level	100%
Middle level	0%
Management level	0%

Labour Standards

The Group strictly abides with the relevant laws and regulations with regards of child labor, minimum wage specified by the government, monthly salary payments and mandatory provident fund scheme. We are delighted to announce that we have not encountered major risks in human rights matters so far. The Group guarantees that no employee is made to work against his/her will, or work as forced labor, or subject to coercion related to work. Recruitment of child labor is strictly prohibited. Once discovering any child and forced labour, the Group will terminate the contract of the relevant staff with immediate effect and investigate such incident(s) in order to prevent such incident(s) occur again.

During the recruitment process, our recruiters will obtain the identification documents from the applicants to confirm that there are no employees recruited for under age 18. Through the whistle-blowing mechanism, our employees are able to voice out injustice they face or the misconduct and malpractice they suspect. The identity of the whistleblower will be seriously protected. The reported cases will be investigated by Management seriously and follow-up actions will be taken if necessary.

Supply Chain Management

As a group to process reinforcing bars, we recognize the essentialness of the supply chain management of our sole and principal inventory — couplers. During the supplier selection process, we considered the qualification, reputation, product quality and consistency of the suppliers. We have contracted with an original equipment manufacturer factory (the "OEM factory") in Taiwan for a long-term non-exclusive framework agreement till November 2026. The OEM factory will supply all the necessary couplers with required specification and quality standards to the Group in a timely manner. As at 30 June 2021, the OEM factory is the sole supplier of our Group's inventory and we have established a good business relationship with the supplier.

As a mechanical splicing service provider, the Group recognizes the importance of delivering high quality services on time. Hence, the inventories delivered from the OEM factory play a very significant role in our supply chain. To prevent any risk of inventory shortage due to the not-on-time delivery by the OEM factory, we have obtained quotations from two other alternative suppliers in Last Year. We have placed sample orders of couplers from one of the alternatives to conduct quality testing to check if the new supplier can supply inventories up to our quality standards. During the selection of back-up alternative suppliers, we underlined the importance of inventory quality, required skills for the supplier to produce our customized couplers, price and the timely delivery. Also, all of our business transactions with the suppliers should maintain a high standard of ethics in which bribes or other improper interests cannot be provided or accepted. According to the applicable laws and regulations, information about the business activities, structure, financial status, and performance should also be regularly disclosed.

During the Reporting Period, we have engaged with 6 suppliers in Taiwan. The Group works with the suppliers and strives to optimize the supply chain capabilities in order to fulfil its responsibilities in social and environmental protection.

Product Responsibility

Since the Group specializes in the provision of the mechanical splicing services to the reinforced concrete construction industry, we are committed to comply with and even exceeding the applicable industrial, safety and quality standards for the sake of safeguarding both the Company's reputation and the public interests.

Quality Standards

The Group has set up a Quality Policy to commit itself for providing satisfactory services to settle customers' desire. We have implemented and maintained our Quality Management System ("QMS") at all cost in which we have been certified to comply with the requirements of ISO 9001: 2008 quality management system standard, which is applicable to the "Scope of Design, Production and Supply of Mechanical Splices". Also, our QMS in Taiwan has been certified for ISO 9001: 2015 quality management system standard for the approved scope as "The Manufacture, Trade and Sales of Building Material Including Steel Coupler".

Annual Internal Inspection

The Group will conduct an internal inspection, covering both the Hong Kong office and two Hong Kong workshops in Fanling and Pingche, regarding the QMS in compliance with ISO 9001: 2008 and ISO 9001: 2015 quality management system standards on an annual basis. The inspection is carried out and monitored by our Quality Management Consultant. An internal inspection report will be prepared to conclude the inspection coverage and criteria and summarize the findings and improvement recommendations. The Management will hold meeting to discuss the internal inspection report and review the QMS to ensure that the Group complies with the requirements of ISO 9001:2008 and ISO 9001:2015 quality management system standards. We will continue to ensure that the implementation of the QMS is up to our required standards.

Quality Control

The Group has implemented a mature inspection system to ensure that all of the services provided are of satisfactory quality.

For processing reinforcing bars, all of the pre-processed reinforcing bars must be delivered to the Group with mill certificates stating clearly the corresponding heat number of the bars. For connecting reinforcing bars by couplers, the Group closely monitors the production process of the couplers by the OEM factory. Only those raw materials with effective mill certificates and passing mechanical test and chemical test will be used for the production.

After processing and coupling the reinforcing bar, all tags on the processed products must also include the heat number. Then, our Level 3 Technician of Technically Competent Persons under Registered Structural Engineer's stream ("RSE's TCP (T3)") will randomly select samples from the processed reinforcing bars and inspect with the control bars with the same heat number. The Group will also invite a registered laboratory under the Hong Kong Laboratory Accreditation Scheme (the "HOKLAS laboratory") to inspect the samples with the supervision of the RSE's TCP (T3). The inspection will be conducted under the requirements of Code of Practice for Structural Use of Concrete (2013), conforming the Clause 3.2.8.3 for Type 1 mechanical couplers and Clause 3.2.8.4 for Type 2 mechanical couplers. The processed reinforcing bars will only be sent to the customers after the test reports are issued with a "Pass" or "Without Failure" result by the HOKLAS laboratory. The Assistant Quality Supervisor will also prepare a thread preparation check record to keep track on whether the samples are satisfactory for the thread length check as well as the thread profile check.

Customers' Response

The Group always treasures the customer relationship as an invaluable asset. We will invite our customers to evaluate our services upon completion. Most of our evaluation results are of 80% or above in terms of customer satisfaction. During the Reporting Period, there was no complaints regarding service quality reported. We will continue to keep the well-established relationships with our customers and aims at achieving 85% or above customer satisfaction in the coming reporting period.

Relevant Laws and Regulations

Actively notifying the compliance issues and inspecting among any deficiencies can prevent problems from escalating. Therefore, the Group keeps a close eye on the updates of Buildings Ordinance, Code of Practice for Structural Use of Concrete and other relevant regulations and codes to revise our policies and operations accordingly to prevent any malpractice. Due to our preventive measures and stringent quality control system, there was no complaints or non-compliance issue reported during the Reporting Period. We will continue to strive for providing high service quality to our precious customers.

Anti-corruption

For the Group to maintain a fraudless environment, it is important for us to highlight the prevention of any cases of bribery, extortion, fraud and money laundering. Corruption and bribery are not limited to the questions of morals and ethics, but also the questions of legal litigation and the damage on the Group's reputation. Therefore, the Group has set up an "Anti-Bribery & Anti-Corruption-Statement" to state clearly the definition of bribery and corruption, the Group's stance and the responsibilities of its employees. The Group severely prohibits its employees to accept any forms of gifts and benefits beyond proper permission. Our employees should always perform duties with integrity in which no bribe, fraud or money laundering should be involved for their own benefits by harming the Group's interests.

During the Reporting Period, there was no concluded legal case regarding any forms of fraud brought against the Group or its employees.

Whistleblowing Procedures

The Group has set up a "Whistleblowing Policy" to encourage its employees to report alleged malpractices or misconduct. The Group values and welcomes its employees to report any suspected malpractices through various channels, i.e. emails, website, in person. The management will take immediate action to investigate on the issue. The Group promises to fully support the whistleblower and the identity of the whistleblower will also be well protected.

Community Investment

The Group values community investment and strives to bring positive impacts to society. In the future, the Group will invest more resources into charitable donations and volunteering for the sake of positively contributing to the society.

REGULATORY COMPLIANCE

The Group was not aware of any non-compliance with laws and regulations that has a significant impact on the Group relating to emissions, employment, health and safety, labor standards, product responsibility and anti-corruption during the Reporting Period.

HKEX Environmental, Social and Governance Guide Content Index

Aspect	Description	Chapter/Section	Remarks
A. ENVIRONMENTAL			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Air Emissions, Greenhouse Gas Emissions, Waste Management, Water Consumption	N/A
KPI A1.1	The types of emissions and respective emissions data.	Air Emissions	N/A
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emissions	N/A
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	N/A
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	N/A
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Energy Consumption	N/A
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	N/A
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Consumption, Water Consumption	N/A
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Consumption	N/A
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption	N/A
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Consumption	N/A
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Waste Management	No packaging materials used

Aspect	Description	Chapter/Section	Remarks
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources	N/A
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		
A4 Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	N/A
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.		
B. SOCIAL			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	N/A
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment	N/A
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	N/A
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	N/A
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting period.	Occupational Health and Safety	N/A
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety	N/A
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety	N/A

Aspect	Description	Chapter/Section	Remarks
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	N/A
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	N/A
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	N/A
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	N/A
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards	N/A
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	N/A
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	N/A
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	N/A
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	N/A

Aspect	Description	Chapter/Section	Remarks
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Occupational Health and Safety, Product Responsibility	N/A
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	N/A
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	N/A
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	N/A
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption	N/A
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	N/A
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	N/A
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	N/A
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	N/A

Independent auditor's report to the shareholders of BOSA Technology Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of BOSA Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 72 to 123, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, 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 judgement, 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	How our audit addressed the key audit matter
Revenue recognition on provision of mechanical splicing services	
We identified revenue recognition on provision of mechanical splicing services as a key audit matter because revenue is one of the key performance indicators of the Group which is significant to the consolidated financial statements. In addition, due to the significant volume of transactions, minor errors could, in aggregate, have a material impact on the consolidated financial statements. Revenue is mainly derived from provision of mechanical splicing services. Revenue is recognised when the Group satisfies a performance obligation by transferring the control of promised goods and service to a customer. An analysis of the Group's revenue information for the year is set out in note 5 to the consolidated financial statements.	Our audit procedures in relation to revenue recognition on provision of mechanical splicing services included: • obtaining an understanding the revenue business process and testing the key controls over the recognition of revenue from provision of mechanical splicing services; • assessing the appropriateness of the Group's accounting policies for revenue recognition and assessing the compliance of those policies with HKFRSs; • performing substantive testing, on a sample basis, the reasonableness of the Group's accounting policy in the Group's recognition of revenue in accordance with contract term for the correct timing by checking to the delivery notes and invoices; and • testing the sale transactions, on a sampling basis, that took place before and after the year end, by reconciling recognised revenue with goods delivery note and acknowledgement receipt by customer, to ensure that revenue was recognised in the correct accounting period.

KEY AUDIT MATTERS (continued)

Key audit matter

Valuation of trade receivables

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

Loss allowances for trade receivables are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgements.

We focused on the impairment assessment which involves significant management judgements and assumptions, primarily including the following:

— criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;

— economic indicators for forward-looking measurement, and applicable economic scenarios and weightings.

As set out in notes 4, 17 and 30 to the consolidated financial statements, the gross carrying amount of trade receivables is HK$44,230,000 (2020: HK$27,654,000) at 30 June 2021. The ECLs allowances of HK$3,408,000 (2020: HK$2,487,000) was recognised as at 30 June 2021.

How our audit addressed the key audit matter

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

- understanding management's process in assessing and determining the ECLs allowances of trade receivables;
- checking the accuracy of ageing analysis of the Group's trade receivables, on a sample basis, to invoices;
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;
- reviewing subsequent settlements of trade receivables and challenging management regarding the reasons for not considering a provision against any unsettled past-due balances; and
- evaluating the appropriateness of the disclosures in respect of the credit risk and impairment assessment of trade receivables in the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, 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, actions taken to eliminate threats or safeguards applied.

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 year 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 director on the audit resulting in this independent auditor's report is Choi Kwong Yu.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 23 September 2021
Choi Kwong Yu
Practising certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021 (Expressed in Hong Kong dollars)

	Note	**2021**	2020
		HK$'000	*HK$'000*
Revenue	*5*	**101,292**	73,840
Cost of sales		**(59,188)**	(49,470)
Gross profit		**42,104**	24,370
Other income	*7*	**6,239**	3,097
Other net losses	*7*	**(1,169)**	(1,068)
Selling and distribution expenses		**(213)**	(314)
Administrative expenses		**(21,458)**	(16,462)
Finance costs	*8*	**(164)**	(133)
Profit before taxation	*9*	**25,339**	9,490
Income tax	*10*	**(3,698)**	(2,278)
Profit for the year		**21,641**	7,212
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		**(392)**	(86)
Total comprehensive income for the year attributable to the owners of the Company		**21,249**	7,126
Earnings per share			
— Basic and diluted (HK cents)	*11*	**2.71**	0.90

The notes on pages 77 to 123 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Expressed in Hong Kong dollars)

	Note	**2021**	2020
		HK$'000	*HK$'000*
Non-current assets			
Plant and equipment	*13*	**8,403**	9,419
Right-of-use assets	*14*	**3,065**	2,930
Deposits	*15*	**402**	324
		11,870	12,673
Current assets			
Inventories	*16*	**7,121**	5,534
Trade receivables	*17*	**40,822**	25,167
Other receivables, deposits and prepayments	*15*	**2,714**	2,789
Cash at banks	*18*	**72,570**	57,628
		123,227	91,118
Current liabilities			
Trade payables	*19*	**13,079**	10,281
Other payables and accrued charges	*20*	**8,170**	4,894
Reinstatement provision	*21*	**300**	80
Bank overdrafts	*22*	**2,508**	1,325
Tax payable		**4,567**	1,902
Lease liabilities	*23*	**1,600**	2,118
		30,224	20,600
Net current assets		**93,003**	70,518
Total assets less current liabilities		**104,873**	83,191
Non-current liabilities			
Reinstatement provision	*21*	**80**	300
Lease liabilities	*23*	**1,436**	828
Deferred tax liabilities	*24*	**451**	406
		1,967	1,534
Net assets		**102,906**	81,657

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Expressed in Hong Kong dollars)

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	*25(a)*	**41**	41
Reserves	*25(b)*	**102,865**	81,616
Equity attributable to the owners of the Company		**102,906**	81,657

The consolidated financial statements on pages 72 to 123 were approved and authorised for issue by the Board of Directors on 23 September 2021 and are signed on its behalf by:

Mr. Lim Su I
Director

Mr. Paulino Lim
Director

The notes on pages 77 to 123 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021 (Expressed in Hong Kong dollars)

	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 July 2019	41	59,936	5,647	(9)	8,916	74,531
Profit for the year	–	–	–	–	7,212	7,212
Other comprehensive for the year	–	–	–	(86)	–	(86)
Total comprehensive income for the year	–	–	–	(86)	7,212	7,126
At 30 June 2020 and 1 July 2020	41	59,936	5,647	(95)	16,128	81,657
Profit for the year	**–**	**–**	**–**	**–**	**21,641**	**21,641**
Other comprehensive expense for the year	**–**	**–**	**–**	**(392)**	**–**	**(392)**
Total comprehensive income for the year	**–**	**–**	**–**	**(392)**	**21,641**	**21,249**
At 30 June 2021	**41**	**59,936**	**5,647**	**(487)**	**37,769**	**102,906**

The notes on pages 77 to 123 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021 (Expressed in Hong Kong dollars)

	Note	2021 *HK$'000*	2020 *HK$'000*
Operating activities			
Profit before taxation		**25,339**	9,490
Adjustments for:			
Depreciation on plant and equipment	*9*	**3,555**	2,977
Depreciation on right-of-use assets	*9*	**2,475**	1,679
Reversal of write-down of inventories	*9*	**(2)**	(14)
Reversal of provision for tax penalty in respect of prior year	*7*	**(752)**	–
Bank interest income	*7*	**(125)**	(304)
Waiver of other payables	*7*	**–**	(232)
Provision for expected credit losses allowances on trade receivables	*9*	**921**	2,487
Provision for expected credit losses allowances on other deposits	*9*	**862**	–
Provision for impairment loss on plant and equipment	*9*	**638**	–
Finance costs	*8*	**164**	133
Operating cash flows before movements in working capital		**33,075**	16,216
Increase in inventories		**(1,568)**	(1,560)
Increase in trade receivables		**(16,576)**	(10,760)
Increase in other receivables, deposits and prepayments		**(316)**	(376)
Increase in trade payables		**2,155**	4,357
Increase in other payables and accrued charges		**4,028**	656
Decrease in reinstatement provision		**–**	(610)
Cash generated from operations		**20,798**	7,923
Income tax paid		**(988)**	(1,412)
Net cash generated from operating activities		**19,810**	6,511
Investing activities			
Interest received		**125**	304
Prepayment for purchase of plant and machinery		**(500)**	–
Purchase of plant and equipment		**(3,177)**	(6,060)
Net cash used in investing activities		**(3,552)**	(5,756)
Financing activities			
Capital element of lease rentals paid	*31*	**(2,520)**	(1,661)
Interest element of lease rentals paid	*31*	**(164)**	(133)
Net cash used in financing activities		**(2,684)**	(1,794)
Net increase/(decrease) in cash and cash equivalents		**13,574**	(1,039)
Cash and cash equivalents at beginning of the year		**56,303**	57,428
Effect of foreign exchange rate changes, net		**185**	(86)
Cash and cash equivalents at end of the year	*18*	**70,062**	56,303

The notes on pages 77 to 123 form part of the consolidated financial statements.

1 GENERAL

BOSA Technology Holdings Limited (the "Company") is incorporated in Cayman Islands and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 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.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 32. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")) (continued)

2.2 Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after 1 April 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of all above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

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 at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

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 accounted for in accordance with HKFRS 16, 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.

3.2 Significant accounting policies

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

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

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

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

Revenue from contracts with customers

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

The Group recognises revenue under the following accounting policies:

Revenue from mechanical splicing service income is recognised at a point in time when performance obligation is completed on customer's construction site or on the Group's own workshops and has a present right to payment for the service performed upon delivery and acknowledged receipt by customer.

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.

Service income is recognised when services are provided.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exception for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose. 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 on a prospective basis.

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

Impairment loss on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 (or a cash-generating unit) 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 or a group of 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 or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Inventories

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

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

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

Impairment of financial assets

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjustment for forward looking information that is available without undue cost or effort.

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

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

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

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

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

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

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

Derecognition of financial assets

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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, accrued charges, bank overdrafts and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Taxation

Income tax expenses represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' 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 temporary 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Current and deferred tax are recognised in profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

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 that 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).

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Provisions (continued)

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is recognised and is disclosed in the notes to the consolidated financial statements unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

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 arising 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices and factories. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Leases are considered no longer enforceable when the Group as the lessee and the relevant lessors both have the right to terminate the lease without permission from the other party with no more than an insignificant contractual penalty.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Determination on lease term of contracts with renewal options (continued)

During the year ended 30 June 2021, the exercise of the renewal option, which is detailed in note 14, resulted in an additional amount of approximately HK$2,031,000 (2020: HK$3,653,000) of right-of-use assets and lease liabilities recognised.

Key sources of estimation uncertainty

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.

(a) Provision for ECL on trade receivables

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are further disclosed in notes 30 and 17 respectively.

As at 30 June 2021, the carrying amount of trade receivables is HK$40,822,000 (2020: HK$25,167,000), net of loss allowance of HK$3,408,000 (2020: HK$2,487,000).

(b) Estimated impairment of plant and equipment

Plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 30 June 2021, the carrying amount of plant and equipment is HK$8,403,000 (2020: HK$9,419,000), net of impairment loss of HK$638,000 (2020: HK$nil).

5 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount in the ordinary course of the Group's business during the year. Revenue is recognised at a point in time when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to receive. The Group's operations and revenue is solely derived from provision of mechanical splicing services to main contractors and subcontractors 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 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services provided to the customers and the Group's non-current rental deposits, right-of-use assets and plant and equipment as at 30 June 2021 amounting to HK$11,870,000 (2020: HK$12,673,000) are all located in Hong Kong by physical location of assets.

Information about major customers

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

	2021	2020
	HK$'000	*HK$'000*
Customer A	**24,185**	17,393
Customer B	**24,785**	16,532

6 EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

(a) Emoluments of directors and chief executive

Mr. Yang Tien-Lee was appointed as an executive director of the Company on 10 May 2021.

Mr. Chan Chi Keung Alan resigned and Mr. Law Sung Ching Gavin was appointed as an independent non-executive director of the Company on 1 March 2020.

Directors' and chief executive's emoluments disclosed pursuant to the applicable Listing Rule and the Hong Kong Companies Ordinance are 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 2021					
Executive directors					
Mr. K. Lim *(note ii)*	**–**	**1,107**	**2,281**	**18**	**3,406**
Mr. P. Lim	**–**	**738**	**1,236**	**18**	**1,992**
Mr. Yang Tien-Lee	**–**	**54**	**67**	**–**	**121**
Non-executive director					
Mr. Kwan Tek Sian	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors					
Ms. Chu Wei Ning	**240**	**–**	**–**	**–**	**240**
Mr. Law Sung Ching Gavin	**240**	**–**	**–**	**–**	**240**
Mr. Ng Ming Hon	**240**	**–**	**–**	**–**	**240**
Total	**720**	**1,899**	**3,584**	**36**	**6,239**
Year ended 30 June 2020					
Executive directors					
Mr. K. Lim *(note ii)*	–	1,054	1,391	18	2,463
Mr. P. Lim	–	703	695	18	1,416
Non-executive director					
Mr. Kwan Tek Sian	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Chi Keung Alan	160	–	–	–	160
Ms. Chu Wei Ning	240	–	–	–	240
Mr. Law Sung Ching Gavin	80	–	–	–	80
Mr. Ng Ming Hon	240	–	–	–	240
Total	720	1,757	2,086	36	4,599

6 EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES (continued)

(a) Emoluments of directors and chief executive (continued)

Notes:

(i) The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance.

(ii) Mr. K. Lim acts as the chief executive of the Group.

(iii) The emoluments of executive directors stated above were for their services in connection with management of the daily affairs of the Company and its subsidiaries. The emoluments of non-executive director and independent non-executive directors stated above were for their services in connection with their roles as directors of the Company.

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

(b) Emoluments of employees

The five highest paid employees included two (2020: two) directors of the Company for the year ended 30 June 2021 and whose emoluments are included in the disclosures in (a) above. The emoluments of the remaining three (2020: three) employees for the year ended 30 June 2021 were as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries and other benefits	**1,689**	1,447
Performance related bonus	**517**	204
Retirement benefits scheme contributions	**54**	54
	2,260	1,705

Their emoluments were within the following bands:

	2021 Number of employees	2020 Number of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

No emolument was paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 30 June 2021 and 2020.

7 OTHER INCOME AND OTHER NET LOSSES

	2021 *HK$'000*	2020 *HK$'000*
Other income		
Service income	**3,065**	2,266
Insurance compensation	**45**	60
Bank interest income	**125**	304
Waiver of other payables	**–**	232
Government grants *(Note)*	**2,094**	–
Compensation income	**151**	–
Reversal of provision for tax penalty in respect of prior year *(Note 10(a))*	**752**	–
Others	**7**	235
	6,239	3,097
Other net losses		
Net exchange losses	**(1,169)**	(1,068)

Note: These government grants refer to the funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. There was no unfulfilled condition or contingency relating to these grants.

8 FINANCE COSTS

	2021 *HK$'000*	2020 *HK$'000*
Interest on lease liabilities	**164**	133

9 PROFIT BEFORE TAXATION

	2021 *HK$'000*	2020 *HK$'000*
Profit before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	**879**	869
Cost of inventories recognised as an expense	**31,687**	24,919
Depreciation on plant and equipment	**3,555**	2,977
Depreciation on right-of-use assets	**2,475**	1,679
Provision for impairment loss on plant and equipment *(note 13)*	**638**	–
Directors' remuneration *(note 6)*	**6,239**	4,599
Other staff costs		
— Salaries and other benefits	**16,734**	13,369
— Retirement benefits scheme contributions	**623**	535
— Provision for long service payments	**1,409**	–
Total staff costs	**25,005**	18,503
Provision for ECLs allowances on trade receivables	**921**	2,487
Provision for ECLs allowances on other deposits	**862**	–
Expenses relating to short-term leases and other leases of low-value assets	**212**	2,118
Reversal of write-down of inventories (included in cost of sales)	**(2)**	(14)

10 INCOME TAX

	2021	2020
	HK\$'000	*HK\$'000*
Hong Kong Profits Tax *(note (b))*:		
Current tax	**4,567**	1,902
(Over)/under-provision related to income tax in prior years	**(914)**	79
	3,653	1,981
Deferred tax charge *(note 24)*	**45**	297
	3,698	2,278

Note:

(a) BOSA Technology (Hong Kong) Limited ("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, of which the Group has made and paid full tax provision based on its estimated assessable profit in the submitted tax returns. Pursuant to professional advice, the Group made a provision of HK$797,000 in aggregate during the year ended 30 June 2017 for possible tax penalty that may be imposed by IRD in relation to above reporting periods, 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 2019 and 30 June 2020.

During the year ended 30 June 2021, the Group has made a payment of HK$45,000 upon the receipt of final penalty notice issued by the IRD in respect of the late notification of chargeability in prior years as mentioned above and the remaining provision included in other payables of HK$752,000 was reversed and recognised in "other income" accordingly.

(b) Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at 8.25% (2020: 8.25%) on the first HK$2 million of the estimated assessable profits and at 16.5% (2020: 16.5%) on the estimated assessable profits above HK$2 million.

(c) Income tax from other jurisdictions

Pursuant to the relevant income tax rules and regulations in other jurisdictions, the Group is not subject to income tax in the jurisdictions of the Cayman Islands and the British Virgin Islands ("BVI").

10 INCOME TAX (continued)

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

	2021	2020
	HK$'000	*HK$'000*
Profit before taxation	**25,339**	9,490
Taxation at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**4,181**	1,566
Tax effect of expense not deductible for tax purpose	**770**	246
Tax effect of income not taxable for tax purpose	**(145)**	(50)
Tax effect of temporary difference not recognised	**(19)**	70
Tax effect of unused tax losses not recognised	**–**	553
Income tax concession	**(175)**	(185)
(Over)/under-provision related to income tax in prior years	**(914)**	79
Others	**–**	(1)
Taxation for the year	**3,698**	2,278

11 EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share:		
Profit for the year attributable to the owners of the Company	**21,641**	7,212
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**800,000**	800,000

No diluted earnings per share for the years ended 30 June 2021 and 2020 was presented as there were no potential ordinary shares in issue with dilutive effect during the years ended 30 June 2021 and 2020.

12 DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the years ended 30 June 2021 and 2020.

13 PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Plant and machinery *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost						
At 1 July 2019	1,617	116	355	17,481	3,458	23,027
Additions	920	–	–	5,027	113	6,060
At 30 June 2020 and 1 July 2020	2,537	116	355	22,508	3,571	29,087
Additions	–	–	–	3,177	–	3,177
At 30 June 2021	2,537	116	355	25,685	3,571	32,264
Accumulated depreciation and impairment losses						
At 1 July 2019	1,060	91	336	13,695	1,509	16,691
Provided for the year	629	14	11	1,651	672	2,977
At 30 June 2020 and 1 July 2020	1,689	105	347	15,346	2,181	19,668
Provided for the year	393	9	5	2,467	681	3,555
Impairment loss recognised for the year *(note (b))*	–	–	–	–	638	638
At 30 June 2021	2,082	114	352	17,813	3,500	23,861
Carrying amounts						
At 30 June 2021	455	2	3	7,872	71	8,403
At 30 June 2020	848	11	8	7,162	1,390	9,419

Notes:

(a) Depreciation policy

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

(b) Impairment of motor vehicles

As at 30 June 2021, the directors of the Company reviewed the carrying amount and assessed the carrying amount of one of the motor vehicles exceeded its recoverable amount in light of the current market conditions and change of the Group's production plan. Accordingly, provision of impairment loss of HK$638,000 was made against this motor vehicle. The estimate of recoverable amount was based on the fair value less cost of disposal by obtaining the quotations with several car agent which is categorised as Level 2 measurement under HKFRS 13.

14 RIGHT-OF-USE ASSETS

	Motor vehicles *HK$'000*	Leased properties *HK$'000*	Total *HK$'000*
Cost			
At 1 July 2019	192	772	964
Additions	–	3,653	3,653
At 30 June 2020 and 1 July 2020	192	4,425	4,617
Additions	579	2,031	2,610
At 30 June 2021	771	6,456	7,227
Accumulated depreciation			
At 1 July 2019	8	–	8
Provided for the year	48	1,631	1,679
At 30 June 2020 and 1 July 2020	56	1,631	1,687
Provided for the year	69	2,406	2,475
At 30 June 2021	125	4,037	4,162
Carrying amounts			
At 30 June 2021	646	2,419	3,065
At 30 June 2020	136	2,794	2,930

For both years, the Group leases an office and various workshops, factories and vehicles for its operations. Lease contracts are entered into for fixed term of one to four years (2020: one to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. None of the leases includes variable lease payments.

The Group has obtained the right to use other properties as its factories through tenancy agreements. The lease typically run for an initial period of 2 to 3 years.

14 RIGHT-OF-USE ASSETS (continued)

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Factories — Hong Kong	**2,333**	2,367	**2,454**	2,452

During the year ended 30 June 2021, additions to right-of-use assets of HK$2,610,000 (2020: HK$3,653,000) were the amounts related to the capitalised lease payments payable for leased properties and motor vehicles (2020: leased properties) under new lease agreements.

As at 30 June 2021, certain right-of-use assets of motor vehicles with a carrying amount of HK$646,000 (2020: HK$136,000) are secured by lessor's charge over the leased assets.

Details maturity analysis of lease liabilities and total cash outflow for leases are set out in notes 23 and 31 respectively.

The Group regularly entered into short-term leases for factories, car park, machineries and staff quarters. As at 30 June 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases disclosed above to which the short-term lease expenses are disclosed in note 9.

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 *HK$'000*	2020 *HK$'000*
Rental, utilities and other deposits	**1,794**	1,272
Prepayments	**1,649**	984
Other receivables	**535**	857
	3,978	3,113
Less: allowance for ECLs of other deposits	**(862)**	–
	3,116	3,113
Presented as non-current assets	**402**	324
Presented as current assets	**2,714**	2,789
Total	**3,116**	3,113

Details of impairment assessment are set out in note 30.

16 INVENTORIES

	2021 *HK$'000*	2020 *HK$'000*
Couplers	**7,121**	5,534

17 TRADE RECEIVABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade receivables	**44,230**	27,654
Less: provision for ECLs allowances	**(3,408)**	(2,487)
	40,822	25,167

The Group's credit terms of 15–45 days (2020: 15–45 days) is granted to customers. An ageing analysis of the trade receivables, net of allowance for ECLs, presented based on the invoice date, which is approximate the dates of completion of the services rendered, at the end of the reporting period is as follows:

	2021 *HK$'000*	2020 *HK$'000*
0–30 days	**12,272**	7,313
31–60 days	**9,349**	7,833
61–90 days	**9,627**	4,633
Over 90 days	**9,574**	5,388
	40,822	25,167

Details of impairment assessment are set out in note 30.

18 CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	*HK$'000*
Time deposits	**–**	43,000
Cash at banks	**72,570**	14,628
	72,570	57,628
Less: Bank overdrafts *(note 22)*	**(2,508)**	(1,325)
Cash and cash equivalents in the statement of cash flows	**70,062**	56,303

As at 30 June 2020, time deposits were made with original maturity of three months or less and carrying interest fixed at prevailing market rate of 0.01%–2.00% per annum.

Details of impairment assessment are set out in note 30.

19 TRADE PAYABLES

The credit period on purchase of inventories is within 90 days (2020: 90 days). An ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**3,537**	3,342
31–60 days	**3,953**	3,440
61–90 days	**4,003**	2,368
Over 90 days	**1,586**	1,131
	13,079	10,281

20 OTHER PAYABLES AND ACCRUED CHARGES

	2021	2020
	HK$'000	*HK$'000*
Salaries payable	**180**	157
Provision for annual leaves	**160**	402
Provision for long service payments *(note 27)*	**1,409**	–
Accrued charges	**4,542**	3,103
Other payables	**1,879**	1,232
	8,170	4,894

21 REINSTATEMENT PROVISION

	HK$'000
At 1 July 2019	990
Additions	160
Utilised	(770)
At 30 June 2020, 1 July 2020 and 30 June 2021	380

	2021	2020
	HK$'000	*HK$'000*
Presented as non-current liabilities	**80**	300
Presented as current liabilities	**300**	80
Total	**380**	380

The provision of reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods of 12 to 36 months as of 30 June 2021 (2020: 12 to 36 months). These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

22 BANK OVERDRAFTS

	2021	2020
	HK$'000	*HK$'000*
Unsecured:		
Repayable within one year or on demand	**2,508**	1,325

23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2021		2020	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Within 1 year	**1,702**	**1,600**	2,213	2,118
After 1 year but within 2 years	**860**	**810**	840	828
After 2 years but within 5 years	**646**	**626**	–	–
	3,208	**3,036**	3,053	2,946
Less: total future interest expenses	**(172)**	**–**	(107)	–
Present value of lease liabilities	**3,036**	**3,036**	2,946	2,946
Less: Amount due for settlement within 1 year (shown under current liabilities)		**(1,600)**		(2,118)
Amount due for settlement after one year (shown under non-current liabilities)		**1,436**		828

24 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 2019	109
Charged to profit or loss for the year	297
At 30 June 2020 and 1 July 2020	406
Charged to profit or loss for the year	45
At 30 June 2021	451

25 SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares	Amount	
		HK$	*HK$'000*
Ordinary shares			
Authorised:			
At 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	10,000,000,000	1,000,000	1,000
Issued and fully paid:			
At 1 July 2019, 30 June 2020, 1 July 2020 and 30 June 2021	800,000,000	40,500	41

(b) Nature and purpose of reserves

(i) Share premium

Share premium represented the reserve arising from issuance of share capital at premium price during pre-listing and listing as well as capitalisation of amounts due to shareholders in prior years.

(ii) Other reserve

Other reserve represented the reserves in relation to the shareholders' contribution arising from group reorganisation before listing attributable to the owners of the Company and waiver of amount due to shareholders in prior years.

(iii) Translation reserve

Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operation.

26 RELATED PARTY DISCLOSURES

(a) Related party transactions

The Group had no transactions with its related parties during both the current and prior years.

(b) Compensation of key management personnel

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

	2021	2020
	HK$'000	*HK$'000*
Short-term employee benefits	**7,662**	5,579
Post-employment benefits	**54**	54
	7,716	5,633

27 RETIREMENT BENEFIT SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Scheme 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. 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 scheme 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 6 and 9.

At 30 June 2021 and 2020, certain employees of the Group had completed the required number of years of service under the Employment Ordinance and are eligible for long service payments on termination of their employment. The Group is only liable to make such payments when the termination meets the required circumstances specified in the Employment Ordinance and the employees' entitlement is not covered by the aforesaid MPF Scheme. At 30 June 2021, the Group's contributions to the MPF Scheme and the accrued interest thereon do not exceed the potential liabilities should the required circumstances specified in the Employment Ordinance be met. Consequently, provision for long service payment of HK$1,409,000 (2020: HK$nil) is resulted and included in accruals as disclosed in note 20.

28 CAPITAL COMMITMENTS

	2021	2020
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	**957**	–

29 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 from prior years.

The capital structure of the Group consists of net debt, which includes bank overdrafts and lease liabilities as disclosed in note 22 and 23 respectively, net of bank balances, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on an ongoing 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.

30 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021	2020
	HK$'000	*HK$'000*
Financial assets		
At amortised cost	**114,859**	84,924
Financial liabilities		
At amortised cost	**26,793**	19,446

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, bank balances including time deposits, bank overdrafts, trade payables, other payables and accrued charges and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group conducts certain purchase and funding transactions in foreign currencies, i.e. New Taiwan Dollar ("NT$"), Japanese Yen ("JPY") and Euro, hence is exposed to foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group currently has not entered into any foreign currency future contracts to hedge against foreign currency risk. Management of the Group will consider hedging foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade creditors and bank balances, at each of the reporting date are as follows:

	2021	2020
	HK$'000	*HK$'000*
Assets		
NT$	**8,764**	–
JPY	**7,528**	–
Euro	**4,827**	–
	21,119	–
Liabilities		
NT$	**14,670**	10,281

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2020: 10%) increase in the functional currencies of the Group entities against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 10% change in foreign currency rates. The number below indicates an increase/(decrease) in profit for the year when the functional currencies strengthen against the relevant foreign currencies. For a 10% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the result for the year (after tax effect).

	2021	2020
	HK$'000	*HK$'000*
NT$	**493**	858
JPY	**(629)**	–
Euro	**(403)**	–
	(539)	858

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the whole year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the lease liabilities as disclosed in 23. The Group is also exposed to cash flow interest rate risk in relation to the Group's variable-rate bank balances as disclosed in note 18.

The Group currently does not have any 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 low interest rate environment and short term maturity of the bank time/fixed deposits, no sensitivity analysis is prepared at the end of the reporting period.

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, deposits, and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

During the year ended 30 June 2021, the Group has concentration of credit risk with exposure limited to certain customers. The largest debtor and five largest debtors comprised approximately 16.4% and 50.5% (2020: 12.9% and 49.1%) respectively, of the Group's trade receivables as at 30 June 2021. 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.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due and set the default criterion as 360 days past due based on good repayment records for those trade debtors having a continuous business with the Group and the historical payment patterns for construction sector in Hong Kong. They are assessed based on their probability of default and exposure of default with reference to historical debt collection experience, adjusted by current and forward-looking factors.

In addition, the Group performs impairment assessment under ECL model on trade balance based on provision matrix except for items that are subject to individual assessment, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for new customers. Impairment loss of HK$921,000 (2020: HK$2,487,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For the other receivables and deposits, the management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive available forward-looking information. The management of the Group believes that there are no significant increase in credit risk of these balances since initial recognition (except for certain balances of HK$862,000 which was specifically assessed for impairment due to occurrence of certain adverse event based on lifetime ECL) and the Group provided impairment based on 12m ECL. As a result, the balance of loss allowance in respect of other deposits of HK$862,000 was recognised (2020: HK$nil) in the year.

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bank balances

Credit risk on bank balances including time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

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

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

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

2021	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount** *HK$'000*
Financial assets at amortised cost				
Bank balances	AA+	N/A	12-month ECL	**72,570**
Other receivables and deposits paid	N/A	(Note 1)	12-month ECL	**1,467**
Other deposits	N/A	(Note 1)	Lifetime ECL (credit-impaired)	**862**
Trade receivables	N/A	(Note 2)	Lifetime ECL (provision matrix)	**43,448**
Trade receivables	N/A	(Note 2)	Lifetime ECL (credit-impaired)	**782**

2020	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount** *HK$'000*
Financial assets at amortised cost				
Bank balances	AA+	N/A	12-month ECL	57,628
Other receivables and deposits paid	N/A	(Note 1)	12-month ECL	2,129
Trade receivables	N/A	(Note 2)	Lifetime ECL (provision matrix)	26,446
Trade receivables	N/A	(Note 2)	Lifetime ECL (credit-impaired)	1,208

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

Note:

1. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 30 June 2021 and 2020, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised. Certain balance of other deposits of HK$862,000 which recovery was considered to be remote by the management of the Group due to unfavourable event in respect of certain projects occurred in the year.

2. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

   As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of diversified customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 30 June 2021 within lifetime ECL.

As at 30 June 2021	**Average loss rate**	**Trade receivables**	**Loss allowance**	**Net amount**
		HK$'000	*HK$'000*	*HK$'000*
Not past due	**4.15%**	**12,369**	**(513)**	**11,856**
0–30 days past due	**4.32%**	**10,075**	**(435)**	**9,640**
31–60 days past due	**5.27%**	**10,230**	**(539)**	**9,691**
61–90 days past due	**10.57%**	**5,195**	**(549)**	**4,646**
More than 90 days past due	**21.57%**	**6,361**	**(1,372)**	**4,989**
		44,230	**(3,408)**	**40,822**

As at 30 June 2020	Average loss rate	Trade receivables	Loss allowance	Net amount
		HK$'000	*HK$'000*	*HK$'000*
Not past due	3.51%	7,245	(254)	6,991
0–30 days past due	3.50%	8,147	(285)	7,862
31–60 days past due	3.50%	4,870	(170)	4,700
61–90 days past due	3.69%	1,220	(45)	1,175
More than 90 days past due	28.08%	6,172	(1,733)	4,439
		27,654	(2,487)	25,167

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

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movement in the ECL allowances in respect of trade receivables during the year is as follows:

	2021	2020
	HK$'000	*HK$'000*
At 1 July	**2,487**	–
Provision for ECL recognised during the year	**921**	2,487
At 30 June	**3,408**	2,487

The significant change in the gross carrying amounts of trade receivables contributed to the increase in the ECL allowances origination because of new trade receivables net of those settled resulted in an increase in ECL of approximately HK$921,000 (2020: HK$2,487,000).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances 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.

30 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
As at 30 June 2021						
Non-derivative financial liabilities						
Trade payables	**N/A**	**13,079**	**–**	**–**	**13,079**	**13,079**
Other payables and accrued charges	**N/A**	**8,170**	**–**	**–**	**8,170**	**8,170**
Bank overdrafts	**N/A**	**2,508**	**–**	**–**	**2,508**	**2,508**
Lease liabilities	**4.67**	**1,702**	**860**	**646**	**3,208**	**3,036**
		25,459	**860**	**646**	**26,965**	**26,793**
As at 30 June 2020						
Non-derivative financial liabilities						
Trade payables	N/A	10,281	–	–	10,281	10,281
Other payables and accrued charges	N/A	4,894	–	–	4,894	4,894
Bank overdrafts	N/A	1,325	–	–	1,325	1,325
Lease liabilities	4.89	2,213	840	–	3,053	2,946
		18,713	840	–	19,553	19,446

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

The 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.

31 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.

	Lease liabilities *(Note 23)* *HK$'000*
As at 1 July 2019	954
Capital element of lease rentals paid	(1,661)
Interest element of lease rentals paid	(133)
Increase in lease liabilities arising from entering into new lease contracts	3,653
Finance costs recognised	133
At 30 June 2020 and 1 July 2020	2,946
Capital element of lease rentals paid	(2,520)
Interest element of lease rentals paid	(164)
Increase in lease liabilities arising from entering into new lease contracts	2,610
Finance costs recognised	164
At 30 June 2021	3,036

(Expressed in Hong Kong dollars unless otherwise indicated)

32 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30 June 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company as at 30 June 2021	Equity interest attributable to the Company as at 30 June 2020	Principal activities
Directly held:						
BOSA Investment Limited	BVI	Hong Kong	US$10,000	100%	100%	Investment holding
Indirectly held:						
BOSA Technology Worldwide Limited	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 Technology (R&D) Limited ("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 30 June as their financial year end date.

None of the subsidiaries had issued any debt securities as at 30 June 2021 and 2020 or at any time during both current and prior years.

33 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021	2020
	HK$'000	*HK$'000*
Non-current assets		
Plant and equipment	**–**	1,275
Investment in a subsidiary	**18,670**	18,670
	18,670	19,945
Current assets		
Other receivables, deposits and prepayments	**91**	177
Amounts due from subsidiaries	**21,001**	20,883
Cash and cash equivalents	**29,198**	33,518
	50,290	54,578
Current liabilities		
Other payables and accrued charges	**696**	539
Amount due to a subsidiary	**23,587**	24,502
	24,283	25,041
Net current assets	**26,007**	29,537
Net assets	**44,677**	49,482
Capital and reserves		
Share capital	**41**	41
Reserves *(note)*	**44,636**	49,441
Equity attributable to the owners of the Company	**44,677**	49,482

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

Note:

	Share premium	Other reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2019	59,936	5,519	(12,450)	53,005
Loss and total comprehensive expense for the year	–	–	(3,564)	(3,564)
At 30 June 2020 and 1 July 2020	59,936	5,519	(16,014)	49,441
Loss and total comprehensive expense for the year	–	–	(4,805)	(4,805)
At 30 June 2021	59,936	5,519	(20,819)	44,636

34 CONTINGENT LIABILITIES

As at 30 June 2021, the Group was involved in a litigation related to claims of defamation and malicious falsehood against a subsidiary of the Company for alleging that plaintiff's coupler system infringes the patent of BOSA R&D. Having considered merits and the possible damages of the said legal proceedings as advised by the legal counsel of the Group, the directors of the Company are of the view that no provision for contingent liabilities is required to be made as at 30 June 2020 and 2021 in this regard.

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 June				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Revenue	50,317	55,267	49,495	73,840	**101,292**
Profit before taxation	2,826	660	2,306	9,490	**25,339**
Income tax	(1,882)	(1,825)	(1,300)	(2,278)	**(3,698)**
Profit/(loss) for the year attributable to owners of the Company	944	(1,165)	1,006	7,212	**21,641**
	HK cents	*HK cents*	*HK cents*	*HK cents*	***HK cents***
Earnings/(loss) per share					
Basic	0.17	(0.19)	0.13	0.90	**2.71**

	As at 30 June				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	58,147	49,735	88,814	103,791	**135,097**
Total liabilities	(21,867)	(27,644)	(14,283)	(22,134)	**(32,191)**
Net assets	36,280	22,091	74,531	81,657	**102,906**
Equity attributable to the owners of the Company	36,280	22,091	74,531	81,657	**102,906**