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## **BOLTEK HOLDINGS LIMITED** **寶燧控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 8601)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

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

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

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

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

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries for the three months and six months ended 30 June 2019 (the “Review Period”), together with the unaudited comparative figures for the three months and six months ended 30 June 2018, as follows:

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

For the three months and six months ended 30 June 2019

		Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	3	<b>25,652</b>	22,063	<b>52,253</b>	42,872
Direct costs		<u>(14,085)</u>	<u>(12,616)</u>	<u>(28,716)</u>	<u>(24,491)</u>
<b>Gross profit</b>		<b>11,567</b>	9,447	<b>23,537</b>	18,381
Other income and gain	3	<b>265</b>	1	<b>530</b>	59
Administrative expenses		<u>(5,467)</u>	<u>(8,892)</u>	<u>(11,453)</u>	<u>(16,227)</u>
<b>Profit before income tax</b>	5	<b>6,365</b>	556	<b>12,614</b>	2,213
Income tax expenses	6	<u>(1,230)</u>	<u>(345)</u>	<u>(2,334)</u>	<u>(1,032)</u>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<u><b>5,135</b></u>	<u>211</u>	<u><b>10,280</b></u>	<u>1,181</u>
<b>Earning per share</b>					
Basic and diluted (HK cents per share)	7	<u><b>0.64</b></u>	<u>0.04</u>	<u><b>1.29</b></u>	<u>0.197</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<i>Notes</i>	As at <b>30 June 2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2018 <i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,775	1,475
Right of use asset		4,805	–
		<b>7,580</b>	<b>1,475</b>
<b>Current assets</b>			
Contract assets		10,104	8,504
Trade and other receivables	9	43,861	30,822
Current tax recoverable		–	1,266
Cash and bank balances		74,413	75,285
		<b>128,378</b>	<b>115,877</b>
<b>Current liabilities</b>			
Contract liabilities		759	659
Provisions		2,221	2,206
Trade and other payables	10	5,845	2,059
Amount due to a director		–	1,500
Lease liability		2,016	–
Current tax liabilities		1,057	–
		<b>11,898</b>	<b>6,424</b>
<b>Net current assets</b>		<b>116,480</b>	<b>109,453</b>
<b>Total assets less current liabilities</b>		<b>124,060</b>	<b>110,928</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		167	153
Lease liability		2,938	–
		<b>3,105</b>	<b>153</b>
<b>Net assets</b>		<b>120,955</b>	<b>110,775</b>
<b>EQUITY</b>			
Share capital	11	8,000	8,000
Reserves	12	112,955	102,775
<b>Total equity</b>		<b>120,955</b>	<b>110,775</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2019*

	<b>Share Capital HK\$'000</b>	<b>Capital reserve HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Retained earnings HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 January 2019 (Audited)	<b>8,000</b>	<b>17,000</b>	<b>64,668</b>	<b>21,107</b>	<b>110,775</b>
Adjustment from adoption of HKFRS 16	<u>–</u>	<u>–</u>	<u>–</u>	<u>(100)</u>	<u>(100)</u>
Restated balance as at 1 January 2019	<b>8,000</b>	<b>17,000</b>	<b>64,668</b>	<b>21,007</b>	<b>110,675</b>
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,280</u>	<u>10,280</u>
Balance at 30 June 2019 (Unaudited)	<b><u>8,000</u></b>	<b><u>17,000</u></b>	<b><u>64,668</u></b>	<b><u>31,287</u></b>	<b><u>120,955</u></b>

*For the six months ended 30 June 2018*

	Share Capital <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2018 (Audited)	—	—	—	22,545	22,545
Issue of ordinary shares for loan capitalisation	5,000	—	—	—	5,000
Share issue pursuant to the pre-IPO investments and bonus share	9	—	11,991	—	12,000
Effect of group reorganisation	(4,993)	4,993	—	—	—
Profit and total comprehensive income for the period	—	—	—	1,181	1,181
Balance at 30 June 2018 (Unaudited)	<u>16</u>	<u>4,993</u>	<u>11,991</u>	<u>23,726</u>	<u>40,726</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Net cash generated from/(used in) operating activities	<b>285</b>	(3,495)
Net cash used in investing activities	<b>(1,157)</b>	(197)
Net cash generated from financing activities	<b>—</b>	8,927
(Decrease)/increase in cash and cash equivalents	<b>(872)</b>	5,235
Cash and cash equivalents at beginning of the period	<b>75,285</b>	8,355
Cash and cash equivalents at end of the period	<b>74,413</b>	13,590

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 18 April 2018. The address of registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 5/F, Winning Commercial Building, 46-48 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of engineering consultancy services in Hong Kong.

The Company's immediate and ultimate holding company is Waywin Investment Holding Limited, a company incorporated in the British Virgin Islands (the "BVI"). The ultimate controlling shareholder of the Group is Mr. Cheung Kwan Tar ("Mr. Cheung" or "Controlling Shareholder").

The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited on 13 September 2018.

## 2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK\$'000"), except where otherwise indicated.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited combined financial information for each of the years ended 31 December 2016 and 2017 and the three months ended 31 March 2018 as set out in the prospectus of the Company dated 29 August 2018 ("Prospectus"), the audited consolidated financial information for the year ended 31 December 2018 as set out in the annual report of the Company dated 15 March 2019 ("Annual Report") and the unaudited consolidated financial information for the period ended 31 March 2019 as set out in the first quarter report of the Company dated 10 May 2019 ("First Quarter Report").

Except as described below, the accounting policies used in the financial highlights for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

## HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 “Leases” will replace HKAS 17 and three related Interpretations.

Under HKFRS 16, distinctions of operating leases and finance leases are removed for lease accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

As allowed by HKFRS 16, the Group has elected the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases, and has applied the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application, 1 January 2019. The Group has opted the modified retrospective approach for the adoption of HKFRS 16 on 1 January 2019 and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information will not be restated.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the new accounting model to short-term leases and leases of low-value assets, not to perform a full review of existing leases and apply HKFRS 16 only to new contracts and to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

The following table summarises the impacts of applying HKFRS 16 on the Group’s condensed consolidated statement of profit or loss and other comprehensive income. Line items that were not affected by the changes have not be included.

### Impacts on condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2019

	Six months ended 30 June 2019 (Unaudited)		
	As reported <i>HK\$’000</i>	Results without application of HKFRS 16 <i>HK\$’000</i>	(Decrease)/ increase in profit for the period <i>HK\$’000</i>
Administrative expenses	(11,453)	(11,404)	(49)
Income tax expenses	(2,334)	(2,343)	9
Profit and total comprehensive income for the period attributable to owners of the Company	<u>10,280</u>	<u>10,320</u>	<u>(40)</u>

<b>Condensed consolidated statement of financial statement (extract)</b>	<b>31 December 2018</b>	<b>HKFRS 16</b>	<b>1 January 2019 Restated</b>
	<b>As originally presented</b>		
<b>Non-current asset</b>			
Right of use asset	–	5,766	5,766
	<u>–</u>	<u>5,766</u>	<u>5,766</u>
<b>Current liability</b>			
Lease liability	–	1,893	1,893
	<u>–</u>	<u>1,893</u>	<u>1,893</u>
<b>Non-current liability</b>			
Lease liability	–	3,973	3,973
	<u>–</u>	<u>3,973</u>	<u>3,973</u>
<b>Equity</b>			
Reserves	102,775	(100)	102,675
	<u>102,775</u>	<u>(100)</u>	<u>102,675</u>

The HKICPA has issued certain new and revised HKFRSs. For those which are effective for accounting periods beginning on or after 1 January 2019, the adoption has no material impact on how the results and financial positions of the Group for the current and prior periods have been prepared and presented. For those which are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group’s results and financial position.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on GEM (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 10 August 2018. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure – Reorganisation” in the Prospectus.

The Group is under the common control of the Controlling Shareholder prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

Accordingly, the audited combined financial statements of the Group have been prepared using the principles of merger accounting in accordance with Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by HKICPA as if the group structure under the Reorganisation had been in existence throughout the three months ended 31 March 2018, or since their respective dates of incorporation, where it is a shorter period. The assets and liabilities of all the companies now comprising the Group are consolidated using the book values from the Controlling Shareholder’s perspective.

### 3. REVENUE AND OTHER INCOME

#### 3.1 Revenue

The Group's principal activities are disclosed in Note 1 of the unaudited condensed consolidated financial statements. Revenue is recognised over time and is disaggregated by nature of engineering design and consultancy services as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Civil engineering				
– Road & structural engineering	11,646	9,787	24,768	18,662
– Geotechnical engineering	2,386	2,115	5,382	4,244
– Others	1,642	1,159	3,344	1,745
	<u>15,674</u>	<u>13,061</u>	<u>33,494</u>	<u>24,651</u>
Traffic engineering	8,568	7,516	16,930	14,889
Other ancillary services	1,410	1,486	1,829	3,332
	<u>25,652</u>	<u>22,063</u>	<u>52,253</u>	<u>42,872</u>

Under the contracts with customers, each engineering design and consultancy service contract relates to facts and circumstances that are specific to each customer. Contract terms provide the Group with an enforceable right to payment, for its performance completed to date, of its costs incurred plus a reasonable margin.

#### *Remaining performance obligations*

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2019.

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)
<b>Remaining performance obligations expected to be satisfied during the year ending</b>	
30 June 2020	72,117
30 June 2021	35,639
After 30 June 2021	<u>23,857</u>
	<u><u>131,613</u></u>

### 3.2 Other Income

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	265	1	401	1
Government subsidies ( <i>note</i> )	–	–	129	34
Sundry income	–	–	–	24
	<u>265</u>	<u>1</u>	<u>530</u>	<u>59</u>

*Note:* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the HKSAR Government, for providing on-the-job training for graduate engineers and trainees, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

## 4. SEGMENT INFORMATION

### Segment information

The chief operating decision maker has been identified as the executive directors of the Company. The directors regard the Group's business of provision of engineering design and consultancy services as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

### Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

## 5. PROFIT BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit before income tax is stated after charging:				
(a) Staff costs (including directors' emoluments) ( <i>Note (i)</i> )				
– Salaries, wages, bonus and other benefits	14,031	11,629	29,403	22,226
– Contributions to defined contribution retirement plans	472	391	948	804
	<u>14,503</u>	<u>12,020</u>	<u>30,351</u>	<u>23,030</u>
(b) Other items				
Depreciation (included in administrative expenses)				
– Owned assets	112	64	258	189
– Right of use asset	481	–	961	–
Subconsultancy fees (included in cost of services)	1,973	2,601	3,588	5,266
Auditor's remuneration	130	–	280	–
Operating lease charges in respect of leased premises	142	659	282	1,352
Listing expenses	–	5,259	–	8,980
	<u>–</u>	<u>5,259</u>	<u>–</u>	<u>8,980</u>

*Note:*

(i) Staff costs (including directors' emoluments)

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cost of services	11,783	9,917	24,689	19,006
Administrative expenses	2,720	2,103	5,662	4,024
	<u>14,503</u>	<u>12,020</u>	<u>30,351</u>	<u>23,030</u>

## 6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Current tax – Hong Kong Profits Tax	1,224	344	2,322	1,024
Deferred income tax	6	1	12	8
	<u>1,230</u>	<u>345</u>	<u>2,334</u>	<u>1,032</u>

Hong Kong profits tax has been provided in accordance with the two-tiered profits tax regime for the six months ended 30 June 2019 and 2018.

## 7. EARNING PER SHARE

The calculation of basic earning per share attributable to equity holders of the Company is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
<b>Earning</b>				
Profit for the period attributable to equity holders of the Company	<u>5,135</u>	<u>211</u>	<u>10,280</u>	<u>1,181</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares (in thousands)	<u>800,000</u>	<u>600,000</u>	<u>800,000</u>	<u>600,000</u>

There were no dilutive potential ordinary shares during the three months and six months ended 30 June 2019 and 2018 and therefore, diluted earning per share equals to basic earning per share.

### Diluted earnings per share

The Group has no potentially dilutive ordinary shares in issue during the three months and six months ended 30 June 2019 and 2018. Diluted earnings per share for the three months and six months ended 30 June 2019 and 2018 were the same as the basic earnings per share.

## 8. DIVIDEND

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

## 9. TRADE AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2018 <i>HK\$'000</i> <b>(Audited)</b>
Trade receivables	33,952	24,301
Other receivables and prepayments	9,791	6,333
Utility and other deposits	118	188
	<u>43,861</u>	<u>30,822</u>

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

### Trade receivables

The Group usually provide customers with a credit term of 0 to 60 days. For the settlement of trade receivables from provision of engineering consultancy services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	As at <b>30 June</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2018 <i>HK\$'000</i> <b>(Audited)</b>
0 – 30 days	7,175	12,827
31 – 60 days	9,218	3,194
61 – 90 days	2,656	2,010
91 – 365 days	10,612	5,583
Over 365 days	4,291	687
	<u>33,952</u>	<u>24,301</u>

The Group applies the simplified approach to provide for expected credit loss (“ECL”) prescribed by HKFRS 9 which permits the use of lifetime ECL provision for all trade receivables. The ECL rate for the trade receivables is minimal for all the above bands of the trade receivables.

### Other receivables

No amounts in relation to other receivables were past due as at 30 June 2019 and 31 December 2018.

## 10. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2018 <i>HK\$'000</i> <b>(Audited)</b>
Trade payables ( <i>note (a)</i> )	746	795
Accruals and other payables	<u>5,099</u>	<u>1,264</u>
	<u><b>5,845</b></u>	<u><b>2,059</b></u>

*Notes:*

- (a) The Group is usually granted by suppliers with a credit term of 0 to 30 days.

The ageing analysis of trade payables based on the invoice dates is as follows:

	As at <b>30 June</b> <b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2018 <i>HK\$'000</i> <b>(Audited)</b>
0 – 30 days	34	185
31 – 60 days	50	12
61 – 90 days	92	21
91 – 365 days	55	138
Over 365 days	<u>515</u>	<u>439</u>
	<u><b>746</b></u>	<u><b>795</b></u>

- (b) All amounts are short-term and hence, the carrying values of the Group's trade payables and accruals and other payables are considered to be a reasonable approximation of fair value.

## 11. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each upon incorporation on 18 April 2018 (Note (a))	10,000,000	100
Increase of authorised share capital (Note (b)(ii))	<u>1,490,000,000</u>	<u>14,900</u>
<b>As at 31 December 2018 and 30 June 2019</b>	<b><u>1,500,000,000</u></b>	<b><u>15,000</u></b>
<b>Issued but not paid up:</b>		
Ordinary shares of HK\$0.01 each upon incorporation on 18 April 2018 (Note (a))	1	–
Transfer to issued and fully paid upon Reorganisation (Note (b)(i))	<u>(1)</u>	<u>–</u>
<b>As at 31 December 2018 and 30 June 2019</b>	<b><u>–</u></b>	<b><u>–</u></b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each upon incorporation on 18 April 2018 (Note (a))	–	–
Transfer from issued and not paid upon the Reorganisation (Note (b)(i))	1	–*
Issuance of ordinary shares (Note (b)(i))	1,999	–*
Issuance of ordinary shares pursuant to the Capitalisation Issue (Note (b)(iii))	599,998,000	6,000
Issuance of ordinary shares pursuant to the Share Offer (Note (c))	<u>200,000,000</u>	<u>2,000</u>
<b>As at 31 December 2018 and 30 June 2019</b>	<b><u>800,000,000</u></b>	<b><u>8,000</u></b>

\* The balances represented an amount less than HK\$1,000.

### Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 18 April 2018 with an initial authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares of HK\$0.01 each and 1 nil-paid share was issued thereafter.
- (b) As part of the Reorganisation for the Listing:
- (i) On 10 August 2018, 1,999 new ordinary shares and the one issued ordinary share were credited as fully paid.
  - (ii) On 20 August 2018, the authorised share capital was increased from HK\$100,000 divided into 10,000,000 ordinary shares of par value HK\$0.01 each to HK\$15,000,000 divided into 1,500,000,000 ordinary shares of par value HK\$0.01 each, by the creation of an additional 1,490,000,000 shares.
  - (iii) On 20 August 2018, 599,998,000 new ordinary shares of nominal value of HK\$5,999,980 were issued and credited as fully paid, by way of capitalisation from the share premium account of the Company, pursuant to the Capitalisation Issue as detailed in the Prospectus.

- (c) On 12 September 2018, 200,000,000 new ordinary shares of par value of HK\$0.01 each share were issued at a price of HK\$0.4 per share and credited as fully paid pursuant to the Share Offer as detailed in the Prospectus. The gross proceeds amounted to HK\$80,000,000 and the listing costs directly attributable to the issue of shares amounted to approximately HK\$7,332,000. The remaining proceeds amounted to approximately HK\$70,668,000 were credited to the Company's share premium account.
- (d) On 27 February 2018, the same capital of Mannings was increased by HK\$4,999,900 with allotment of 4,999,900 ordinary shares by capitalising HK\$4,999,900 of amounts due to the then shareholder ("Loan Capitalisation").
- (e) In March 2018, as part of the Reorganisation, (i) Richness Universal was authorised to allot and issue, credited as fully paid, a total of 482 ordinary shares of US\$1 each to Pre-IPO Investors at consideration of HK\$12,000,000 ("Pre-IPO Investments"); and (ii) 518 new ordinary shares and 98 new ordinary shares of Richness Universal, credited as fully paid at par, were allotted to Mr. Cheung Kwan Tar and a Pre-IPO Investor respectively, by way of bonus issue ("Bonus Shares").

## 12. RESERVES

The amounts of the Group's reserves and the movements during the periods are presented in the condensed consolidated statement of changes in equity of the condensed consolidated financial statements.

### (a) Capital reserve

Capital reserve of the Group as at 30 June 2019 represents the difference between the nominal value of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the Reorganisation.

### (b) Share premium

The share premium includes (i) the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company as detailed in Note 11(c) less the Capitalisation Issue as detailed in Note 11(b)(iii).

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **DEVELOPMENT OF BUSINESS AND PROSPECTS**

The Group is an engineering consultant in Hong Kong with a focus on the field of infrastructure developments.

For the six months ended 30 June 2019, the Group recorded a net profit of approximately HK\$10.3 million as compared to a net profit of approximately HK\$1.2 million for the same period in 2018. The Directors are of the view that the increase was primarily due to the non-recurring expenses for the listing (“Listing Expenses”) of approximately HK\$9.0 million (six months ended 30 June 2019: nil) incurred for the six months ended 30 June 2018. Setting aside the Listing Expenses, the Group’s net profit for the six months ended 30 June 2018 would be approximately HK\$10.2 million (six months ended 30 June 2019: approximately HK\$10.3 million) while the increase was primarily driven by the increased number of projects awarded during the six months ended 30 June 2019. In view of the fact that there has been an increasing number of project quotation invitations received by the Group from potential and current customers, and the net proceeds from the share offer are expected to allow expansion of the Group’s operational capacity, the Directors are cautiously optimistic about the Group’s business outlook.

### **OUTLOOK**

The shares of the Company were listed on GEM on 13 September 2018 (the “Listing Date”) by way of share offer (the “Share Offer”). The Group always strives to improve our operation efficiency and profitability of our business. The Group will also proactively seek opportunities to expand our customer base and our market share and undertake more projects which will enhance value to our shareholders.

The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group’s market position in Hong Kong.

### **FINANCIAL REVIEW**

#### **Revenue**

Our revenue increased to approximately HK\$52.3 million for the six months ended 30 June 2019 by approximately HK\$9.4 million or 21.9%, from approximately HK\$42.9 million for the corresponding period ended 30 June 2018. This was principally due to increased amounts of contracts awarded during the six months ended 30 June 2019.

## **Direct Costs**

Our direct costs increased to approximately HK\$28.7 million for the six months ended 30 June 2019 by approximately HK\$4.2 million or 17.3%, from approximately HK\$24.5 million for the corresponding period ended 30 June 2018. The increase in costs was mainly due to an increase in direct labour cost.

## **Gross Profit**

Our gross profit increased to approximately HK\$23.5 million for the six months ended 30 June 2019 by approximately HK\$5.2 million or 28.1%, from approximately HK\$18.4 million for the corresponding period ended 30 June 2018. The increase was substantially due to an increase in the amount of contract awarded and a decrease in the amount of work outsourced to subconsultants.

## **Administrative Expenses**

Our administrative expenses decreased to approximately HK\$11.5 million for the six months ended 30 June 2019, by approximately HK\$4.8 million or 29.4%, from approximately HK\$16.2 million for the corresponding period ended 30 June 2018. The decrease was mainly due to non-recurring Listing Expenses of approximately HK\$9.0 million (six months ended 30 June 2019: nil) incurred for the six months ended 30 June 2018.

## **Dividend**

The Board does not recommend the payment of dividend for the six months ended 30 June 2019.

## USE OF PROCEEDS

Up to 30 June 2019, we utilised the net proceeds raised from the Listing in accordance with the designated uses set out in the Prospectus as follows:

<b>Description</b>	<b>Planned use of proceeds Planned use of proceeds HK\$M</b>	<b>Planned use of proceeds from Listing Date to 30/6/2019 HK\$M</b>	<b>Actual use of proceeds from Listing Date to 30/6/2019 HK\$M</b>	<b>% utilised</b>
Setting up a new team specialising in the field of building development	32.1	4.2	3.7	88.1%
Strengthening our in-house team of professional staff to increase our service capacity	6.8	1.1	1.7	154.5%
Leasing additional office space to accommodate our expansion	3.2	0.7	0.1	14.3%
Upgrading our information technology system to enhance our engineering design capability	2.9	0.4	1.5	375.0%
Acquisition of additional motor vehicles to accommodate our transportation needs	2.6	1.7	–	Nil
Increasing our marketing effort	2.5	0.9	0.6	66.7%
General working capital	4.9	2.0	2.0	100%
<b>Total</b>	<b>55.0</b>	<b>11.0</b>	<b>9.6</b>	<b>87.3%</b>

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following table sets forth the business objectives shown in the Prospectus as compared to the Group's actual business progress up to 30 June 2019:

Business objectives	Implementation plan	Actual business progress
Setting up a new team specialising in the field of building development	<ul style="list-style-type: none"> <li>• Recruit one Registered Structural Engineer (as defined in the Prospectus) to review structural plans of buildings, performing structural inspection and handling statutory submission to Government (as defined in the Prospectus) authority;</li> <li>• Recruit three building engineers to prepare designs of building structures;</li> <li>• Recruit an administrative staff to handle the administrative affairs in relation to the establishment and operation of the new team;</li> <li>• Recruit two electrical and mechanical engineers to conduct electrical and mechanical engineering designs; and</li> <li>• Recruit two draftsmen to prepare technical drawings and schedule based on the design prepared by our engineering staff.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has hired one Registered Geotechnical Engineer (as defined in the Prospectus)</li> <li>• The Group has hired one senior project manager, four senior building engineers, one architect and four draftsmen specialising in building development</li> <li>• The Group has hired one administrative staff</li> <li>• The Group has hired two electrical and mechanical engineers</li> <li>• The Group has hired two draftsmen</li> </ul>

Business objectives	Implementation plan	Actual business progress
Strengthening our in-house team of professional staff to increase our service capacity	<ul style="list-style-type: none"> <li>• Recruit a project engineer for assisting the project manager in the implementation of projects and managing daily communication with clients;</li> <li>• Recruit a draftsman for preparing technical drawings and schedule;</li> <li>• Recruit a marketing staff for the coordination of our marketing activities and promotion of our services; and</li> <li>• Recruit an administrative staff for handling administrative matters.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has hired one project engineer, one engineer and four assistant engineers</li> <li>• The Group has hired one draftsman for preparing technical drawings and schedule</li> <li>• The Group has hired an administrative staff</li> </ul>
Leasing additional office space to accommodate our expansion	<ul style="list-style-type: none"> <li>• Identify and lease office premises with gross floor area of approximately 2,250 square feet for accommodating our expansion.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has leased office premises with gross floor area of approximately 380 square feet for accommodating our expansion; the lease was effective on 1 January 2019</li> </ul>
Acquisition of additional motor vehicles to accommodate our transportation needs	<ul style="list-style-type: none"> <li>• Acquisition of two additional motor vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group is in the process of selecting the appropriate motor vehicles.</li> </ul>
Upgrading our information technology system to enhance our engineering design capability	<ul style="list-style-type: none"> <li>• Purchase new computers equipped with appropriate software and tools for our additional staff; and</li> <li>• Upgrade computers and software for existing staff.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has acquired 29 sets of computers and 1 set of 3D printer for new and existing staff</li> <li>• The Group has upgraded the company server.</li> </ul>
Increasing our marketing effort	<ul style="list-style-type: none"> <li>• Strengthen our marketing activities.</li> </ul>	<ul style="list-style-type: none"> <li>• The Group has engaged a public relations company</li> </ul>

The net proceeds from the Listing, after deducting related expenses, were approximately HK\$55.0 million. After the Listing, a part of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus, and the remainder of which will be deployed in accordance with previously stated plans as soon as the opportunity arises. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules during the six months ended 30 June 2019.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Grande Capital Limited ("Grande") to be the compliance adviser. As notified by Grande, as at 30 June 2019, save for the compliance adviser agreement dated 16 August 2018 entered into between the Company and Grande, neither Grande, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### Directors' and Chief Executive's Interests and Short Positions in the Shares, the Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standard of dealings as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long positions in ordinary shares of the Company

Name of Director	Nature of interest	Number of the shares held/ interested	Percentage of shareholding
Cheung Kwan Tar	Interest in a controlled corporation ( <i>Note</i> )	426,000,000	53.25%

*Note:* These shares were held by Waywin Investment Holding Limited ("Waywin"), a controlled corporation of Mr. Cheung Kwan Tar.

#### Long positions in ordinary shares of associated corporation – Waywin

Name of Director	Nature of interest	Number of shares held/ interested	Percentage of shareholding
Cheung Kwan Tar	Beneficial owner	1	100%

Saved as disclosed above, as at 30 June 2019, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO.

## Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in the Shares, and Underlying Shares of the Company

As at 30 June 2019, the following parties (other than the Directors or the chief executive of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions in ordinary shares of the Company

Name of substantial shareholder	Nature of interest	Number of shares held/ interested	Percentage of shareholding
Cheung Kwan Tar	Interest in a controlled corporation ( <i>Note 1</i> )	426,000,000	53.25%
Chiu Chui Ping	Interest of spouse ( <i>Note 2</i> )	426,000,000	53.25%
Waywin Investment Holding Limited	Beneficial owner	426,000,000	53.25%
Cheng Chi Heng	Beneficial owner	58,800,000	7.35%
Polar Lights Limited	Beneficial owner	57,600,000	7.20%
Wong Che Shing	Interest in a controlled corporation ( <i>Note 3</i> )	57,600,000	7.20%
Lam Mi Yung	Interest of spouse ( <i>Note 4</i> )	57,600,000	7.20%
Twinkle Galaxy Limited	Beneficial owner	57,600,000	7.20%
Lam Kwan Yuen	Interest in a controlled corporation ( <i>Note 5</i> )	57,600,000	7.20%
Qiu Jianlian	Interest of spouse ( <i>Note 6</i> )	57,600,000	7.20%

#### Notes:

1. These shares were held by Waywin, a controlled corporation of Mr. Cheung Kwan Tar.
2. Ms. Chiu Chui Ping was deemed to be interested in 426,000,000 shares of the Company through the interest of her spouse, Mr. Cheung Kwan Tar.
3. These shares were held by Polar Lights Limited, a controlled corporation of Mr. Wong Che Shing.
4. Ms. Lam Mi Yung was deemed to be interested in 57,600,000 shares of the Company through the interest of her spouse, Mr. Wong Che Shing.

5. These shares were held by Twinkle Galaxy Limited, a controlled corporation of Mr. Lam Kwan Yuen.
6. Ms. Qiu Jianlian was deemed to be interested in 57,600,000 shares of the Company through the interest of her spouse, Mr. Lam Kwan Yuen.

Save as disclosed above, as at 30 June 2019, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## **CORPORATE GOVERNANCE PRACTICE**

The Company is committed to achieving a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code throughout the period from the Listing Date to 30 June 2019.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the Company. No incidence of non-compliance was noted for the six months ended 30 June 2019 and up to the date of this announcement.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the "Share Option Scheme") on 20 August 2018. No share option has been granted under the Share Option Scheme since its adoption.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this announcement, the audit committee comprises of three independent non-executive Directors, namely Mr. Chan Wan Fung, Mr. Chan Yu Sum Sam and Mr. Chan Kai Kow Macksion.

The unaudited interim results of the Company for the six months ended 30 June 2019 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee members who have provided advice and comments thereon.

By order of the Board  
**Boltek Holdings Limited**  
**Cheung Kwan Tar**  
*Chairman and executive Director*

Hong Kong, 9 August 2019

*As at the date of this announcement, the executive Directors are Mr. Cheung Kwan Tar and Mr. Ng Pak Hung and the independent non-executive Directors are Mr. Chan Wan Fung, Mr. Chan Yu Sum Sam and Mr. Chan Kai Kow Macksion.*