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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)

ANNUAL RESULTS ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2020

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” or “We”) 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.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of Directors of the Company (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	111,908	100,720
Cost of services		<u>(66,066)</u>	<u>(58,158)</u>
Gross profit		45,842	42,562
Other income	4	8,082	1,263
Administrative expenses		(24,748)	(23,315)
Provision for expected credit loss (“ECL”) allowance		(1,389)	(535)
Finance costs		<u>(134)</u>	<u>(215)</u>
Profit before income tax	5	27,653	19,760
Income tax expense	6	<u>(3,666)</u>	<u>(3,262)</u>
Profit and total comprehensive income for the year attributable to equity holders of the Company		<u>23,987</u>	<u>16,498</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>3.00</u>	<u>2.06</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		5,731	7,344
Deposits	9	<u>111</u>	<u>–</u>
		5,842	7,344
Current assets			
Contract assets	10	16,652	12,207
Trade and other receivables	9	39,920	34,171
Cash and bank balances		<u>103,365</u>	<u>89,141</u>
		159,937	135,519
Current liabilities			
Contract liabilities	10	127	163
Provisions		2,296	2,232
Trade and other payables	11	7,525	6,653
Lease liabilities – current portion		1,993	2,554
Amounts due to directors		1,800	1,800
Current tax liabilities		<u>540</u>	<u>121</u>
		14,281	13,523
Net current assets		145,656	121,996
Total assets less current liabilities		151,498	129,340
Non-current liabilities			
Lease liabilities – non-current portion		54	1,888
Deferred tax liabilities		<u>281</u>	<u>276</u>
		335	2,164
Net assets		151,163	127,176
EQUITY			
Share capital	12	8,000	8,000
Reserves		<u>143,163</u>	<u>119,176</u>
Total equity		151,163	127,176

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Total equity attributable to equity holders of the Company				
	Share capital <i>HK\$'000</i> <i>(Note 12)</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 2019	8,000	17,000	64,668	21,010	110,678
Profit and total comprehensive income for the year	–	–	–	16,498	16,498
Balance at 31 December 2019 and 1 January 2020	8,000	17,000	64,668	37,508	127,176
Profit and total comprehensive income for the year	–	–	–	23,987	23,987
Balance at 31 December 2020	8,000	17,000	64,668	61,495	151,163

* These reserves accounts comprise the Group's reserves of HK\$143,163,000 (2019: HK\$119,176,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

Boltek Holdings Limited (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 Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 September 2018. There is a change of addresses of its registered office effective from 16 December 2020 from Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands to Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its addresses of the principal place of business is 5/F, Winning Commercial Building, 46–48 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company, which is an investment holding company, and its subsidiaries are principally engaged in provision of engineering design and consultancy services in Hong Kong and investment holding.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (HK\$’000), except where otherwise indicated.

New and Amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of these amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 16 HKFRS 17	Covid-19-Related Rent Concessions ¹ Insurance Contracts and related amendments ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁶
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current 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 HKFRS Standards 2018–2020 ³
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁶

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 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

⁵ Effective date not yet determined

⁶ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of such standards. The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

3.1 Revenue

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Civil engineering		
– Road & structural engineering	71,262	57,602
– Geotechnical engineering	9,701	8,799
– Others	7,037	6,411
	<u>88,000</u>	<u>72,812</u>
Traffic engineering	20,126	22,191
Building engineering	2,015	3,478
Other ancillary services	1,767	2,239
	<u>111,908</u>	<u>100,720</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 31 December 2020 and 2019.

	At 31 December 2020 <i>HK\$'000</i>
Remaining performance obligations expected to be satisfied during the year ending	
31 December 2021	125,859
31 December 2022	37,384
After 31 December 2022	<u>29,478</u>
	<u>192,721</u>

At 31 December
2019
HK\$'000

**Remaining performance obligations expected to be satisfied
during the year ending**

31 December 2020	79,698
31 December 2021	29,940
After 31 December 2021	49,694
	159,332

3.2 Segment information

The chief operating decision maker has been identified as the executive directors of the Company. The executive 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 and performance assessment. 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.

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	21,586	14,877
Customer B*	11,398	N/A
	32,984	14,877

* Revenue from this customer is less than 10% of the Group's revenue in 2019.

4. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	632	1,052
Government subsidies (<i>note a</i>)	1,360	211
COVID-19 related government subsidies (<i>note b</i>)	6,084	–
Sundry income	6	–
	<u>8,082</u>	<u>1,263</u>

Note (a): Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the Hong Kong Government (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.

Note (b): During the year ended 31 December 2020, government subsidies in respect of COVID-19 in relation to Employment Support Scheme provided by the HKSAR Government have been received.

5. PROFIT BEFORE INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before income tax is stated after charging:		
(a) Staff costs (including directors’ emoluments (<i>note</i>))		
– Salaries, wages, bonus and other benefits	68,755	61,634
– Contributions to defined contribution retirement plans	2,249	1,995
	<u>71,004</u>	<u>63,629</u>
(b) Other items		
Depreciation (included in administrative expenses)		
– Owned assets	1,287	910
– Right-of-use assets	2,538	2,347
Subconsultancy fees (included in cost of services)	8,010	6,088
Auditors’ remuneration	620	620
Short-term leases charges and leases charges with lease term shorter than 12 months as at initial application of HKFRS 16	–	118
ECL allowance on:		
– contract assets	–	155
– trade receivables	1,389	380
	<u>1,389</u>	<u>380</u>

Note: Staff costs (including directors' emoluments)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of services	56,969	51,504
Administrative expenses	14,035	12,125
	<u>71,004</u>	<u>63,629</u>

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax		
– Current tax	3,661	3,144
– Statutory tax concession	–	(20)
	<u>3,661</u>	<u>3,124</u>
Deferred tax		
– Current tax	5	138
	<u>3,666</u>	<u>3,262</u>

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for Mannings (Asia) Consultants Limited (“Mannings”), a subsidiary of the Group, which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

7. DIVIDENDS

The directors did not recommend the payment of a dividend for the years ended 31 December 2020 and 2019.

8. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit		
Profit for the year attributable to equity holders of the Company	<u>23,987</u>	<u>16,498</u>
Number of shares		
Weighted average number of ordinary shares (in thousands)	<u>800,000</u>	<u>800,000</u>
	<i>HK Cents</i>	<i>HK Cents</i>
Basic earnings per share	<u>3.00</u>	<u>2.06</u>

The weighted average number of ordinary shares used to calculate the basic earnings per share for the years ended 31 December 2020 and 2019 is 800,000,000 ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2020 and 2019 and therefore, diluted earnings per share equals to basic earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	37,151	30,332
Less: ECL allowance	<u>(1,769)</u>	<u>(380)</u>
	<u>35,382</u>	<u>29,952</u>
Other receivables	4,190	3,941
Prepayments	200	151
Utility and other deposits	<u>259</u>	<u>127</u>
	40,031	34,171
Less: Non-current deposits for purchase of property, plant and equipment	<u>(111)</u>	–
	<u>39,920</u>	<u>34,171</u>

Other receivables represents resident site staff salary and medical insurance paid as well as secondment staff salaries, which have been fully reimbursed from HKSAR Government authorities subsequently. In respect of projects awarded by the HKSAR Government, it is required to recruit resident site staff to perform site supervision and maintain proper records of site activities. Pursuant to the contract terms, the actual expenditure paid to those employed resident site staff are entitled to be reimbursed by HKSAR Government on a monthly basis.

The directors of the Company 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 design and 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 judgement and experience of the management.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	10,380	10,929
31 – 60 days	5,128	4,503
61 – 90 days	5,892	2,713
91 – 365 days	10,498	8,977
Over 365 days	3,484	2,830
	<u>35,382</u>	<u>29,952</u>

The movement in the ECL allowance of trade receivables is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at 1 January	380	–
ECL allowance recognised during the year	1,389	380
Balance at 31 December	<u>1,769</u>	<u>380</u>

Other receivables

No amounts in relation to other receivables were past due at 31 December 2020 and 2019.

10. CONTRACT BALANCES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract assets	16,807	12,362
Less: ECL allowance	<u>(155)</u>	<u>(155)</u>
Contract assets, net of ECL allowance	16,652	12,207
Contract liabilities	<u>(127)</u>	<u>(163)</u>
	<u><u>16,525</u></u>	<u><u>12,044</u></u>

The amount of revenue recognised during the year ended 31 December 2020 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is HK\$2,849,000 (2019: HK\$892,000).

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

Change of contract assets during the year ended 31 December 2020 was mainly due to changes in number of contract works that the relevant services were completed but yet been certified at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Transfers from contract assets recognised at the beginning of the year to receivables	<u><u>(8,906)</u></u>	<u><u>(6,323)</u></u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u><u>140</u></u>	<u><u>593</u></u>

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

The movement in the ECL allowance of contract assets is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at 1 January	155	–
ECL allowance recognised during the year	<u>–</u>	<u>155</u>
Balance at 31 December	<u><u>155</u></u>	<u><u>155</u></u>

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	441	543
Accruals and other payables (<i>note (b)</i>)	7,084	6,110
	<u>7,525</u>	<u>6,653</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 date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	21	–
31 – 60 days	40	10
61 – 90 days	–	–
91 – 365 days	160	–
Over 365 days	220	533
	<u>441</u>	<u>543</u>

- (b) Included in the Group's accruals and other payables as at 31 December 2020 was an amount of HK\$4,998,000 (2019: HK\$4,848,000), which represented accrued staff bonus.
- (c) 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.

12. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Issued and fully paid:		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>800,000,000</u>	<u>8,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an engineering consultant in Hong Kong with a focus on the field of infrastructure developments. We have accumulated our expertise in different branches of engineering, covering (i) civil engineering mainly comprising road and structural engineering as well as geotechnical engineering; (ii) traffic engineering; and (iii) building engineering.

For the year ended 31 December 2020 (the “Year”), the Group recorded a profit of approximately HK\$24.0 million as compared to the year ended 31 December 2019 during which the Group recorded a profit of approximately HK\$16.5 million. The Directors are of the view that the increase was primarily due to the non-recurring novel coronavirus (“COVID-19”) related government subsidies amounting to approximately HK\$6.1 million for the Year. Setting aside the COVID-19 related government subsidies, the Group’s profit for the Year would have been approximately HK\$17.9 million.

OUTLOOK

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.

FINANCIAL REVIEW

Revenue

Our revenue increased to approximately HK\$111.9 million for the Year by approximately HK\$11.2 million or 11.1%, from approximately HK\$100.7 million for the year ended 31 December 2019. This was principally due to an increase in projects awarded and the increase in number of technical staff which has enhanced the productivity during the Year.

Cost of services

Our cost of services increased to approximately HK\$66.1 million for the Year by approximately HK\$7.9 million or 13.6%, from approximately HK\$58.2 million for the year ended 31 December 2019. The increase in costs was principally due to the increase in the number of technical staff.

Gross profit

Our gross profit increased to approximately HK\$45.8 million for the Year by approximately HK\$3.3 million or 7.7%, from approximately HK\$42.6 million for the year ended 31 December 2019. The increase was due to an increase in projects awarded during the Year.

Other income

Other income and gain increased by approximately HK\$6.8 million from approximately HK\$1.3 million for the year ended 31 December 2019 to approximately HK\$8.1 million for the Year. The increase was mainly due to the government subsidies in respect of COVID-19 in relation to the Employment Support Scheme provided by the Hong Kong government received during the Year.

Administrative expenses (including provision of ECL allowance)

Our administrative expenses (including provision of ECL allowance) increased to approximately HK\$26.1 million for the Year, by approximately HK\$2.3 million or 9.6%, from approximately HK\$23.9 million for the year ended 31 December 2019. The increase was mainly due to increase in number of administrative staff and provision of ECL allowance.

DIVIDEND POLICY

In deciding whether to propose a dividend and in determining the dividend amount, the following will be taken into account, inter alia:

- (i) the general financial condition of the Group;
- (ii) capital and debt level of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (v) the general market conditions; and
- (vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and amended and restated memorandum and articles of association (the "Articles") of the Company. The dividend policy of the Company will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

DIVIDEND

After taking into account the dividend policy of the Company summarised above, the Board does not recommend the payment of final dividend for the Year (2019: nil).

INTEREST IN COMPETING 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) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Grande Capital Limited ("Grande") as the compliance adviser. Except for the compliance adviser agreement entered into between the Company and Grande dated 16 August 2018, neither Grande nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Board confirms that during the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving and maintaining a high standard of corporate governance, as our Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules. The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Cheung Kwan Tar currently assumes the role of both chairman of the Board and chief executive officer of the Company. The Board considers that both roles being held by Mr. Cheung will provide a strong and consistent leadership to the Company which will facilitate effective planning and efficient management of the Company. Furthermore, having considered Mr. Cheung's extensive experience in the engineering industry, the relationships Mr. Cheung has built with customers and the historical development of the Group, the Board considers that it is beneficial for the Group to have Mr. Cheung continue to act as both chairman and

chief executive officer of the Company. In order to maintain good corporate governance and fully comply with the code provision A.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

To the best knowledge of the Board, except for the code provision A.2.1 of the CG Code, the Company has complied with the CG Code during the Year and up to the date of this announcement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions by Directors in respect of the shares of the Company (the "Code of Conduct"). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Year.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 4 May 2021 to Friday, 7 May 2021, both days inclusive, during which no transfer of shares of the Company will be effected. In the case of shares of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 3 May 2021.

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.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements of Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

AUDIT COMMITTEE

The Group established the Audit Committee on 20 August 2018 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the CG Code. The primary duties of our Audit Committee include, among others, (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our periodic reports and accounts and significant financial reporting judgements contained therein; and (c) reviewing our financial controls, internal control and risk management systems. Our Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Wan Fung, Mr. Chan Yu Sum Sam and Mr. Chan Kai Kow Macksion. Mr. Chan Wan Fung is the chairman of our Audit Committee.

The annual results of the Company for the Year have been reviewed by the Audit Committee of the Company, which has provided advice and comments thereon.

On behalf of the Board of
Boltek Holdings Limited
Cheung Kwan Tar
Chairman and executive Director

Hong Kong, 22 March 2021

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

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.boltekholdings.com.