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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 2021

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 2021

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 2021 (the “Year”) together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	129,911	111,908
Cost of services		<u>(84,467)</u>	<u>(66,066)</u>
Gross profit		45,444	45,842
Other income and other gain	4	1,256	8,082
Administrative expenses		(23,162)	(24,748)
Reversal/(provision) of expected credit loss (“ECL”)		370	(1,389)
Finance costs		<u>(82)</u>	<u>(134)</u>
Profit before income tax	5	23,826	27,653
Income tax expense	6	<u>(3,594)</u>	<u>(3,666)</u>
Profit and total comprehensive income for the year attributable to equity holders of the Company		<u>20,232</u>	<u>23,987</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>2.53</u>	<u>3.00</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,609	5,731
Deposits	9	–	111
		<u>8,609</u>	<u>5,842</u>
Current assets			
Contract assets	10	19,826	16,652
Trade and other receivables	9	44,772	39,920
Time deposit with original maturity over 3 months		46,753	–
Cash and cash equivalents		74,294	103,365
		<u>185,645</u>	<u>159,937</u>
Current liabilities			
Contract liabilities	10	134	127
Provisions		2,231	2,296
Trade and other payables	11	10,273	7,525
Lease liabilities		3,476	1,993
Amounts due to directors		4,130	1,800
Tax payable		416	540
		<u>20,660</u>	<u>14,281</u>
Net current assets		<u>164,985</u>	<u>145,656</u>
Total assets less current liabilities		<u>173,594</u>	<u>151,498</u>
Non-current liabilities			
Lease liabilities		2,037	54
Deferred tax liabilities		162	281
		<u>2,199</u>	<u>335</u>
Net assets		<u><u>171,395</u></u>	<u><u>151,163</u></u>
EQUITY			
Share capital		8,000	8,000
Reserves		163,395	143,163
Total equity		<u><u>171,395</u></u>	<u><u>151,163</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 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 and 1 January 2021	8,000	17,000	64,668	61,495	151,163
Profit and total comprehensive income for the year	—	—	—	20,232	20,232
Balance at 31 December 2021	8,000	17,000	64,668	81,727	171,395

* These reserves accounts comprise the Group's reserves of HK\$163,395,000 (2020: HK\$143,163,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021 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 (collectively referred as the “Group”) 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, 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.

Amended HKFRSs that are effective for annual periods beginning or after 1 January 2021

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 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
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 ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁵

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective date not yet determined

⁵ 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

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Civil engineering		
– Road & structural engineering	84,691	71,262
– Geotechnical engineering	14,682	9,701
– Others	8,165	7,037
	<u>107,538</u>	<u>88,000</u>
Traffic engineering	16,551	20,126
Building engineering	4,820	2,015
Other ancillary services	1,002	1,767
	<u>129,911</u>	<u>111,908</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 2021 and 2020.

	At 31 December 2021 <i>HK\$'000</i>
Remaining performance obligations expected to be satisfied during the year ending	
31 December 2022	164,192
31 December 2023	17,670
After 31 December 2023	<u>21,273</u>
	<u>203,135</u>

At 31 December
2020
HK\$'000

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	29,478
	<hr/>
	192,721
	<hr/> <hr/>

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:

	2021 HK\$'000	2020 HK\$'000
Customer A	26,810	21,586
Customer B*	N/A*	11,398
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* Revenue from this customer is less than 10% of the Group's revenue in 2021.

4. OTHER INCOME AND OTHER GAIN

	2021 HK\$'000	2020 HK\$'000
Other income		
Bank interest income	266	632
Government subsidies (<i>note a</i>)	461	1,360
COVID-19 related government subsidies (<i>note b</i>)	375	6,084
Sundry income	13	6
Other gain		
Exchange gain	141	–
	<u>1,256</u>	<u>8,082</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): Government subsidies in respect of COVID-19 have been received from the Employment Support Scheme and Construction Industry Anti-epidemic Fund provided by the HKSAR Government.

5. PROFIT BEFORE INCOME TAX

	2021 HK\$'000	2020 HK\$'000
Profit before income tax is stated after charging:		
(a) Staff costs (including directors' emoluments (<i>note</i>))		
– Salaries, wages, bonus and other benefits	81,207	68,755
– Contributions to defined contribution retirement plans	2,378	2,249
	<u>83,585</u>	<u>71,004</u>
(b) Other items		
Depreciation (included in administrative expenses)		
– Owned assets	1,511	1,287
– Right-of-use assets	3,304	2,538
Subconsultancy fees (included in cost of services)	10,417	8,010
Auditors' remuneration – audit services	720	620
(Reversal)/Provision of ECL on:		
– contract assets	(80)	–
– trade receivables	(290)	1,389
	<u>(80)</u>	<u>1,389</u>

Note:

Staff costs (including directors' emoluments)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of services	72,995	56,969
Administrative expenses	<u>10,590</u>	<u>14,035</u>
	<u><u>83,585</u></u>	<u><u>71,004</u></u>

During the years ended 31 December 2021 and 2020, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 December 2021 and 2020, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.

6. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax		
– Current tax	3,913	3,685
– Overprovision in respect of prior years	<u>(200)</u>	<u>(24)</u>
	<u>3,713</u>	<u>3,661</u>
Deferred tax		
– Current year	<u>(119)</u>	<u>5</u>
	<u><u>3,594</u></u>	<u><u>3,666</u></u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 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 2021 and 2020.

8. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit		
Profit for the year attributable to equity holders of the Company	20,232	23,987
Number of shares		
Number of ordinary shares (in thousands)	800,000	800,000
	<i>HK Cents</i>	<i>HK Cents</i>
Basic earnings per share	2.53	3.00

There were no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020 and therefore, diluted earnings per share equals to basic earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	39,876	37,151
Less: ECL allowance	(1,479)	(1,769)
	38,397	35,382
Other receivables	5,831	4,190
Prepayments	414	200
Utility and other deposits	130	259
	44,772	40,031
Less: Non-current deposits for purchase of property, plant and equipment	–	(111)
	44,772	39,920

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	10,623	10,380
31 – 60 days	9,110	5,128
61 – 90 days	3,555	5,892
91 – 365 days	10,898	10,498
Over 365 days	4,211	3,484
	<u>38,397</u>	<u>35,382</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance at 1 January	1,769	380
ECL allowance (reversed)/recognised during the year	<u>(290)</u>	<u>1,389</u>
Balance at 31 December	<u>1,479</u>	<u>1,769</u>

Other receivables

No amounts in relation to other receivables were past due at 31 December 2021 and 2020.

10. CONTRACT BALANCES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets	19,901	16,807
Less: ECL allowance	<u>(75)</u>	<u>(155)</u>
Contract assets, net of ECL allowance	19,826	16,652
Contract liabilities	<u>(134)</u>	<u>(127)</u>
	<u>19,692</u>	<u>16,525</u>

The amount of revenue reversed during the year ended 31 December 2021 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is HK\$2,200,000 (2020: HK\$2,849,000).

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 2021 and 2020 were 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Transfers from contract assets recognised at the beginning of the year to receivables	<u>(12,053)</u>	<u>(8,906)</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>81</u>	<u>140</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance at 1 January	155	155
ECL allowance reversed during the year	<u>(80)</u>	<u>–</u>
Balance at 31 December	<u>75</u>	<u>155</u>

11. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	1,353	441
Accruals and other payables (<i>note (b)</i>)	8,920	7,084
	<u>10,273</u>	<u>7,525</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	681	21
31 – 60 days	130	40
61 – 90 days	–	–
91 – 365 days	340	160
Over 365 days	202	220
	<u>1,353</u>	<u>441</u>

- (b) Included in the Group's accruals and other payables as at 31 December 2021 was an amount of HK\$7,059,000 (2020: HK\$4,998,000), 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 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>800,000</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, the Group recorded a profit of approximately HK\$20.2 million as compared to the year ended 31 December 2020 during which the Group recorded a profit of approximately HK\$24.0 million. The Directors are of the view that the decrease was primarily due to the decrease of COVID-19 related government subsidies received, which amounted to approximately HK\$0.4 million for the Year and approximately HK\$6.1 million for the year ended 31 December 2020. Setting aside the COVID-19 related government subsidies, the Group's profit would have been approximately HK\$19.9 million for the Year and approximately HK\$17.9 million for the year ended 31 December 2020.

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\$129.9 million for the Year by approximately HK\$18.0 million or 16.1%, from approximately HK\$111.9 million for the year ended 31 December 2020. This was principally due to an increase in projects awarded.

Cost of services

Our cost of services increased to approximately HK\$84.5 million for the Year by approximately HK\$18.4 million or 27.9%, from approximately HK\$66.1 million for the year ended 31 December 2020. The increase in costs was principally due to the increase in the salary and bonus of technical staff and increase in number of senior technical staff.

Gross profit

During the Year, our Group's gross profit amounted to approximately HK\$45.4 million which remain stable compared to the year ended 31 December 2020.

Other income and other gain

Other income and other gain decreased by approximately HK\$6.8 million from approximately HK\$8.1 million for the year ended 31 December 2020 to approximately HK\$1.3 million for the Year. The decrease was mainly due to decrease in the government subsidies in respect of COVID-19 in relation to the Employment Support Scheme provided by the Hong Kong government received, which amounted to approximately HK\$0.4 million for the Year and approximately HK\$6.1 million for the year ended 31 December 2020.

Administrative expenses (including reversal/(provision) of expected credit loss allowance)

Our administrative expenses (including reversal/(provision) of expected credit loss allowance) decreased to approximately HK\$22.8 million for the Year, by approximately HK\$3.3 million or 12.8%, from approximately HK\$26.1 million for the year ended 31 December 2020. The decrease was mainly due to decrease in number of senior administrative staff and reversal of expected credit loss for the Year.

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 (2020: 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.

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, 3 May 2022 to Friday, 6 May 2022, 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 Friday, 29 April 2022.

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 2021 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 Ms. Chik Wai Chun, Mr. Chan Yu Sum Sam and Mr. Chan Kai Kow Macksion. Ms. Chik Wai Chun is the chairlady 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, 25 March 2022

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 Ms. Chik Wai Chun 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.