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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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

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

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

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This 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 the nine months ended 30 September 2023, together with the unaudited comparative figures for the three months and the nine months ended 30 September 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	41,294	37,621	120,345	116,460
Direct costs		<u>(32,577)</u>	<u>(33,004)</u>	<u>(82,749)</u>	<u>(83,138)</u>
Gross profit		8,717	4,617	37,596	33,322
Other income and gain		2,563	3,339	5,289	4,350
Administrative expenses		(7,959)	(7,054)	(24,316)	(21,158)
Finance Costs		<u>(51)</u>	<u>(20)</u>	<u>(114)</u>	<u>(71)</u>
Profit before income tax		3,270	882	18,455	16,443
Income tax (expenses)/credit	5	<u>(104)</u>	<u>330</u>	<u>(2,089)</u>	<u>(2,100)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>3,166</u>	<u>1,212</u>	<u>16,366</u>	<u>14,343</u>
Earning per share					
Basic and diluted (HK cents per share)	6	<u>0.40</u>	<u>0.15</u>	<u>2.05</u>	<u>1.79</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 30 September 2023*

	Share Capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2023 (Audited)	<u>8,000</u>	<u>17,000</u>	<u>64,668</u>	<u>101,686</u>	<u>191,354</u>
Profit and total comprehensive income for the period	–	–	–	16,366	16,366
Dividend paid	–	–	–	(65,000,000)	(65,000,000)
Balance at 30 September 2023 (Unaudited)	<u>8,000</u>	<u>17,000</u>	<u>64,668</u>	<u>53,052</u>	<u>142,720</u>

For the nine months ended 30 September 2022

	Share Capital HK\$'000	Capital reserve HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2022 (Audited)	<u>8,000</u>	<u>17,000</u>	<u>64,668</u>	<u>81,727</u>	<u>171,395</u>
Profit and total comprehensive income for the period	–	–	–	14,343	14,343
Balance at 30 September 2022 (Unaudited)	<u>8,000</u>	<u>17,000</u>	<u>64,668</u>	<u>96,070</u>	<u>185,738</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2023

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 Windward 3, Regatta Office Park, 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").

2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 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 the year ended 31 December 2022 as set out in the annual report of the Company dated 27 March 2023 ("Annual Report"), the unaudited consolidated financial information for the period ended 30 June 2023 as set out in the interim report of the Company dated 11 August 2023 ("Interim Report") and the unaudited consolidated financial information for the period ended 30 September 2022 as set out in the third quarterly report of the Company dated 4 November 2022 ("2022 Third Quarterly Report").

Except as described below, the accounting policies used in the financial highlights for the nine months ended 30 September 2023 are the same as those followed in the preparation of the Annual Report.

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 of the Company dated 29 August 2018.

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 unaudited condensed 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 period presented, 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

Revenue, which is also the Group's turnover, represent the engineering consultancy services receipts in the ordinary course of business.

4. 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 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.

5. INCOME TAX (EXPENSE)/CREDIT

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the period, except for 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%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

6. 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 September		Nine months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earning				
Profit for the period attributable to equity holders of the Company	<u>3,166</u>	<u>1,212</u>	<u>16,366</u>	<u>14,343</u>
Number of shares				
Weighted average number of ordinary shares (in thousands)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

There were no dilutive potential ordinary shares during the nine months ended 30 September 2023 and 2022 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 nine months ended 30 September 2023 and 2022. Diluted earnings per share for the three months and nine months ended 30 September 2023 and 2022 were the same as the basic earnings per share.

7. DIVIDEND

At a meeting held on 11 August 2023, the Board of Directors of the Company declared 2023 interim dividend of HK\$0.08125 per ordinary share to the shareholders totaling HK\$65 million (for the six months ended 30 June 2022: nil), which has been paid in cash on 18 September 2023.

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 nine months ended 30 September 2023, the Group recorded a net profit of approximately HK\$16.4 million as compared to a net profit of approximately HK\$14.3 million for the same period in 2022. The Directors are of the view that the increase was due to an increase in projects awarded during the Period. In the view of 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 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\$120.3 million for the nine months ended 30 September 2023 by approximately HK\$3.9 million or 3.3%, from approximately HK\$116.5 million for the corresponding period ended 30 September 2022. This was principally due to the increase in the amounts of contracts awarded during the nine months ended 30 September 2023.

Direct Costs

Our direct costs remains constant at approximately HK\$82.7 million for the nine months ended 30 September 2023 (nine months ended 30 September 2022: approximately HK\$83.1 million).

Gross Profit

Our gross profit increased to approximately HK\$37.6 million for the nine months ended 30 September 2023 by approximately HK\$4.3 million or 12.8%, from approximately HK\$33.3 million for the corresponding period ended 30 September 2022. The increase was substantially due to the increase in the amount of contracts awarded during the nine months ended 30 September 2023.

Administrative Expenses

Our administrative expenses increased to approximately HK\$24.3 million for the nine months ended 30 September 2023, by approximately HK\$3.2 million or 14.9%, from approximately HK\$21.2 million for the corresponding period ended 30 September 2022. The increase was mainly due to the increase in staff benefit after the easing of Covid-19 restriction in early 2023.

Dividend

The Board has resolved to declare an interim dividend of HK0.08125 per ordinary share for the period ended 30 June 2023 (the “Interim Dividend”), which has been paid in cash on 18 September 2023 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) on 30 August 2023.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its 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 nine months ended 30 September 2023.

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 nine months ended 30 September 2023.

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 September 2023, 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 shares held/ interested	Percentage of shareholding
Cheung Kwan Tar	Interest in a controlled corporation (<i>Note</i>)	541,200,000	67.65%

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 September 2023, 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 September 2023, 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>)	541,200,000	67.65%
Chiu Chui Ping	Interest of spouse (<i>Note 2</i>)	541,200,000	67.65%
Waywin Investment Holding Limited	Beneficial owner	541,200,000	67.65%
Cheng Chi Heng	Beneficial owner	58,800,000	7.35%

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 541,200,000 shares of the Company through the interest of her spouse, Mr. Cheung Kwan Tar.

Save as disclosed above, as at 30 September 2023, 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 13 September 2018.

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. The Company has, except as disclosed above and so far as applicable, principally complied with the CG Code throughout the nine months ended 30 September 2023.

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 nine months ended 30 September 2023 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 “Audit Committee”). The primary duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, reappointment 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. As at the date of this announcement, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Chan Yu Sum Sam, Mr. Chan Kai Kow Macksion and Ms. Chik Wai Chun.

The unaudited third quarterly results of the Company for the nine months ended 30 September 2023 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, 3 November 2023

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 Yu Sum Sam, Mr. Chan Kai Kow Macksion and Ms. Chik Wai Chun.