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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 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.**

*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 2023

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 2023 (the “Year”) together with the comparative figures for the year ended 31 December 2022 as follows:

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

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<b>Revenue</b>	4	<b>170,406</b>	149,292
Cost of services		<u>(110,056)</u>	<u>(106,698)</u>
<b>Gross profit</b>		<b>60,350</b>	42,594
Other income	5	<b>3,931</b>	6,083
Bargain purchase from business combination		<b>1,265</b>	–
Administrative expenses		<b>(31,821)</b>	(26,935)
Provision of expected credit loss (“ECL”)		<b>(527)</b>	(378)
Finance costs		<u>(242)</u>	<u>(89)</u>
<b>Profit before income tax</b>	6	<b>32,956</b>	21,275
Income tax expense		<u>(4,727)</u>	<u>(2,802)</u>
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>		<b><u>28,229</u></b>	<b><u>18,473</u></b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	9	<b><u>3.53</u></b>	<b><u>2.31</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (Restated)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		11,536	6,594
Deposits for acquisition of property, plant and equipment	10	–	200
Deferred tax assets		<u>2,382</u>	<u>–</u>
		<u>13,918</u>	<u>6,794</u>
<b>Current assets</b>			
Contract assets	11	29,903	24,232
Trade and other receivables	10	74,768	52,338
Tax recoverable		–	989
Time deposits with original maturity over 3 months		–	56,816
Cash and bank balances		<u>67,547</u>	<u>79,169</u>
		<u>172,218</u>	<u>213,544</u>
<b>Current liabilities</b>			
Contract liabilities	11	272	145
Provisions		1,888	2,091
Trade and other payables	12	13,733	11,182
Lease liabilities		3,544	2,778
Amounts due to directors		5,163	11,350
Tax payable		<u>1,214</u>	<u>–</u>
		<u>25,814</u>	<u>27,546</u>
<b>Net current assets</b>		<u>146,404</u>	<u>185,998</u>
<b>Total assets less current liabilities</b>		<u>160,322</u>	<u>192,792</u>
<b>Non-current liabilities</b>			
Lease liabilities		4,503	1,027
Deferred tax liabilities		–	51
Long service payment (“LSP”) obligations	13	<u>2,722</u>	<u>1,846</u>
		<u>7,225</u>	<u>2,924</u>
<b>Net assets</b>		<u>153,097</u>	<u>189,868</u>
<b>EQUITY</b>			
Share capital	14	8,000	8,000
Reserves		<u>145,097</u>	<u>181,868</u>
<b>Total equity</b>		<u>153,097</u>	<u>189,868</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Total equity attributable to equity holders of the Company				Total HK\$'000
	Share capital HK\$'000 (Note 14)	Capital reserve* HK\$'000	Share premium* HK\$'000	Retained earnings* HK\$'000	
Balance at 1 January 2022	8,000	17,000	64,668	81,727	171,395
Profit and total comprehensive income for the year (restated)	—	—	—	18,473	18,473
Balance at 31 December 2022 and 1 January 2023 (restated)	<b>8,000</b>	<b>17,000</b>	<b>64,668</b>	<b>100,200</b>	<b>189,868</b>
Dividend declared (note 8)	—	—	—	(65,000)	(65,000)
Transactions with owners	—	—	—	(65,000)	(65,000)
Profit and total comprehensive income for the year	—	—	—	28,229	28,229
<b>Balance at 31 December 2023</b>	<b>8,000</b>	<b>17,000</b>	<b>64,668</b>	<b>63,429</b>	<b>153,097</b>

\* These reserves accounts comprise the Group's reserves of HK\$145,097,000 (2022: HK\$181,868,000) in the consolidated statement of financial position.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2023*

### **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. The addresses of its registered office and principal place of business is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and 5/F, Winning Commercial Building, 46–48 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Company, which is an investment holding company, and its subsidiaries (collectively referred as the “Group”) are principally engaged in provision of engineering design, landscape architecture 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 MATERIAL ACCOUNTING POLICIES**

#### **Basis of presentation**

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 (“GEM Listing Rules”).

The material 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 Note 3.

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.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### **New and amended HKFRSs that are effective for annual periods beginning on 1 January 2023**

In the current year, the Group has applied for the first time the following new and 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 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of the new and 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 amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective date not yet determined

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

## New HKICPA guidance on the accounting implication of the MPF-LSP offsetting mechanism

As disclosed in note 24 to consolidated financial statement, in June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will take effect on 1 May 2025 (the “Transition Date”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset LSP in respect of an employee’s service from the Transition Date (the “Abolition”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the “Practical Expedient”) to account for the offsettable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (“the Guidance”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022 (see note 24 to the consolidated financial statements), with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 December 2022. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022. It also did not have a material impact on the company-level statements of financial position as at 31 December 2022 and 31 December 2023.

This change in accounting policy has been applied retrospectively by restating the balances as at 31 December 2022. The following table summarises the impacts of the adoption of the Guidance on the comparatives presented in the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

### Consolidated statement of financial position as at 31 December 2022

	Carrying amount as at 31 December 2022 (before the adoption) <i>HK\$’000</i>	Impact of adoption of the HKICPA guidance <i>HK\$’000</i>	Restated carrying amount as at 31 December 2022 (after the adoption) <i>HK\$’000</i>
Tax recoverable	695	294	989
Provisions	2,157	(66)	2,091
Long service payment obligations	–	1,846	1,846
Retained earnings	101,686	(1,486)	100,200

**Consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2022**

	Original amount (before the adoption) <i>HK\$'000</i>	Impact of adoption of the HKICPA guidance <i>HK\$'000</i>	Restated amount (after the adoption) <i>HK\$'000</i>
<b>Cost of services</b>	(105,138)	(1,560)	(106,698)
Administrative expenses	(26,715)	(220)	(26,935)
Profit before income tax	23,055	(1,780)	21,275
Income tax expenses	(3,096)	294	(2,802)
Profit and total comprehensive income for the year attributable to equity holders of the Company	<u>19,959</u>	<u>(1,486)</u>	<u>18,473</u>
<b>Earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	<u>2.49</u>	<u>(0.18)</u>	<u>2.31</u>

The following table summarises the impacts of the adoption of the Guidance on the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position for the year ended 31 December 2023, if the Group had not changed its accounting policy as noted above and had continued to apply the practical expedient in paragraph 93(b) of HKAS 19:

**Consolidated statement of financial position as at 31 December 2023**

	Carrying amount as at 31 December 2023 (before the adoption) <i>HK\$'000</i>	Impact of adoption of the HKICPA guidance <i>HK\$'000</i>	Restated carrying amount as at 31 December 2023 (after the adoption) <i>HK\$'000</i>
Tax payable	1,256	(42)	1,214
Provisions	2,575	(687)	1,888
Long service payment obligations	–	2,722	2,722
Retained earnings	<u>63,642</u>	<u>(213)</u>	<u>63,429</u>

**Consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2023**

	Amount before the adoption <i>HK\$'000</i>	Impact of adoption of the HKICPA guidance <i>HK\$'000</i>	Amount after the adoption <i>HK\$'000</i>
Cost of services	(109,484)	(572)	(110,056)
Administrative expenses	(32,138)	317	(31,821)
Profit before income tax	33,211	(255)	32,956
Income tax expenses	(4,769)	42	(4,727)
Profit and total comprehensive income for the year attributable to equity holders of the Company	<u>28,442</u>	<u>(213)</u>	<u>28,229</u>

**4. 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, landscape architecture and consultancy services as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Civil engineering		
– Road & structural engineering	109,997	98,598
– Geotechnical engineering	11,565	12,553
– Others	14,017	13,673
	<u>135,579</u>	124,824
Traffic engineering	24,166	20,278
Building engineering	5,881	3,725
Landscape architecture	2,815	–
Other ancillary services	1,965	465
	<u>170,406</u>	<u>149,292</u>

Under the contracts with customers, each engineering design, landscape architecture 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 2023 and 2022.

	<b>At 31 December 2023 HK\$'000</b>
<b>Remaining performance obligations expected to be satisfied during the year ending</b>	
31 December 2024	201,444
31 December 2025	54,684
After 31 December 2025	37,010
	<hr/>
	<b>293,138</b>
	<hr/> <hr/>
	<b>At 31 December 2022 HK\$'000</b>
<b>Remaining performance obligations expected to be satisfied during the year ending</b>	
31 December 2023	132,311
31 December 2024	71,419
After 31 December 2024	11,113
	<hr/>
	214,843
	<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, landscape architecture 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:

	<b>2023 HK\$'000</b>	2022 HK\$'000
Customer A	<b>24,339</b>	34,464
	<hr/> <hr/>	<hr/> <hr/>

## 5. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Bank interest income	3,114	1,233
Government subsidies ( <i>note a</i> )	773	726
COVID-19 related government subsidies ( <i>note b</i> )	–	3,959
Sundry income	34	3
Accrual written off	10	162
	<u>3,931</u>	<u>6,083</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.

## 6. PROFIT BEFORE INCOME TAX

	2023 HK\$'000	2022 HK\$'000 (Restated)
Profit before income tax is stated after charging:		
(a) Staff costs (including directors' emoluments ( <i>note</i> ))		
– Salaries, wages, bonus and other benefits	105,960	99,799
– Contributions to defined contribution retirement plans	2,855	2,591
– Expenses arising from LSP obligations	614	1,754
	<u>109,429</u>	<u>104,144</u>
(b) Other items		
Depreciation (included in administrative expenses)		
– Owned assets	1,721	1,612
– Right-of-use assets	3,957	3,896
Subconsultancy fees (included in cost of services)	14,125	13,269
Auditors' remuneration – audit services	800	770
Short-term lease charges in respect of:		
– Carpark	49	–
– Office	486	–
Exchange losses	483	898
Provision of ECL on:		
– Contract assets	60	103
– Trade receivables	467	275
	<u>467</u>	<u>275</u>

Note:

Staff costs (including directors' emoluments)

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Cost of services	<b>94,332</b>	91,977
Administrative expenses	<b>15,097</b>	12,167
	<b><u>109,429</u></b>	<b><u>104,144</u></b>

During the years ended 31 December 2023 and 2022, 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 2023 and 2022, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.

## 7. INCOME TAX EXPENSE

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Provision for Hong Kong Profits Tax		
– Current tax	<b>4,728</b>	2,923
– Overprovision in respect of prior years	<b>(6)</b>	(10)
Deferred tax		
– Current year	<b>5</b>	(111)
	<b><u>4,727</u></b>	<b><u>2,802</u></b>

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 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%.

## 8. DIVIDENDS

Dividends attributable to the year:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend of HK\$8.125 cents per ordinary share (2022: HK\$Nil)	<b><u>65,000</u></b>	<u>–</u>

The directors did not recommend the payment of final dividend for the years ended 31 December 2023 and 2022.

## 9. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
<b>Profit</b>		
Profit for the year attributable to equity holders of the Company	28,229	18,473
<b>Number of shares</b>		
Number of ordinary shares ( <i>in thousands</i> )	<u>800,000</u>	<u>800,000</u>
	<i>HK Cents</i>	<i>HK Cents</i>
Basic earnings per share	<u>3.53</u>	<u>2.31</u>

There were no dilutive potential ordinary shares during the years ended 31 December 2023 and 2022 and therefore, diluted earnings per share equals to basic earnings per share.

## 10. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	61,827	43,650
Less: ECL allowance	<u>(2,221)</u>	<u>(1,754)</u>
	<u>59,606</u>	<u>41,896</u>
Other receivables	13,205	8,695
Prepayments	1,517	1,575
Utility and other deposits	<u>440</u>	<u>372</u>
	74,768	52,538
Less: Non-current deposits for acquisition of property, plant and equipment	<u>–</u>	<u>(200)</u>
	<u>74,768</u>	<u>52,338</u>

Other receivables represent 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, landscape architecture 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	17,839	13,711
31–60 days	13,180	6,968
61–90 days	6,007	4,392
91–365 days	15,454	14,097
Over 365 days	7,126	2,728
	<u>59,606</u>	<u>41,896</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance at 1 January	1,754	1,479
ECL allowance recognised during the year	467	275
Balance at 31 December	<u>2,221</u>	<u>1,754</u>

### Other receivables

No amounts in relation to other receivables were past due at 31 December 2023 and 2022.

## 11. CONTRACT BALANCES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets	30,141	24,410
Less: ECL allowance	<u>(238)</u>	<u>(178)</u>
Contract assets, net of ECL allowance	29,903	24,232
Contract liabilities	<u>(272)</u>	<u>(145)</u>
	<u><b>29,631</b></u>	<u><b>24,087</b></u>

The amount of revenue reversed during the year ended 31 December 2023 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is HK\$233,000 (2022: HK\$3,588,000).

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 2023 and 2022 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Transfers from contract assets recognised at the beginning of the year to receivables	<u><b>(16,097)</b></u>	<u><b>(15,503)</b></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u><b>84</b></u>	<u><b>74</b></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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance at 1 January	178	75
ECL allowance recognised during the year	<u>60</u>	<u>103</u>
Balance at 31 December	<u><b>238</b></u>	<u><b>178</b></u>

## 12. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables (note (a))	2,922	1,574
Accruals and other payables (note (b))	10,811	9,608
	<u>13,733</u>	<u>11,182</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:

	2023 HK\$'000	2022 HK\$'000
0–30 days	2,202	1,010
31–60 days	97	–
61–90 days	–	43
91–365 days	190	248
Over 365 days	433	273
	<u>2,922</u>	<u>1,574</u>

- (b) Included in the Group's accruals and other payables as at 31 December 2023 was an amount of HK\$9,153,000 (2022: HK\$7,556,000), 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.

## 13. LONG SERVICE PAYMENT OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF, with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee's total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The present value of unfunded LSP obligations and its movements are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
At 1 January	<b>1,846</b>	–
Re-classified from provisions	–	92
Addition through business combination	<b>262</b>	–
Expenses recognised in profit or loss		
– Current service cost	<b>614</b>	–
– Past service cost	–	1,754
	<u>–</u>	<u>1,754</u>
At 31 December	<b><u>2,722</u></b>	<b><u>1,846</u></b>

The current service cost and past service cost are included in employee benefits expenses. They are recognised in the following line items in the consolidated statement of profit or loss:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Cost of services	<b>572</b>	1,560
Administrative expenses	<b>42</b>	194
	<u>–</u>	<u>–</u>
	<b><u>614</u></b>	<b><u>1,754</u></b>

## Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	<b>2023</b>	2022 (Restated)
Discount rate	<b>3.703%</b>	3.909%
Salary growth rate	<b>2%</b>	2%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 6.10 years (2022: 6.77 years).

Expected maturity analysis of undiscounted LSP obligations in the next 14 years as at 31 December 2023 is disclosed as follows:

	<b>Within 1 year <i>HK\$'000</i></b>	<b>Over 1 year but within 2 years <i>HK\$'000</i></b>	<b>Over 2 years but within 5 years <i>HK\$'000</i></b>	<b>Over 5 years <i>HK\$'000</i></b>
LSP obligations	<u>694</u>	<u>–</u>	<u>650</u>	<u>2,252</u>

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

## Changes in the significant actuarial assumptions

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

	Changes in assumption	Impact on LSP obligations	
		Increase in the assumption <i>HK\$'000</i>	Decrease in the assumption <i>HK\$'000</i>
<b>As at 31 December 2023</b>			
Discount rate	5%	(713)	713
Salary growth rate	5%	15	(15)
<b>As at 31 December 2022</b>			
Discount rate	5%	(588)	588
Salary growth rate	5%	24	(24)

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

## 14. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,500,000,000	15,000
<b>Issued and fully paid:</b>		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	800,000	8,000

## **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; (iii) building engineering; and (iv) landscape architecture.

For the Year, the Group recorded a profit attributable to equity holders of the Company of approximately HK\$28.2 million as compared to the year ended 31 December 2022 during which the Group recorded a profit attributable to equity holders of the Company of approximately HK\$18.5 million. The Directors are of the view that the increase was primarily due to the increase in project awarded and enhancement of productivity due to the lifting of all COVID-19 restriction by the Hong Kong Government in early 2023.

## **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\$170.4 million for the Year by approximately HK\$21.1 million or 14.1%, from approximately HK\$149.3 million for the year ended 31 December 2022. This was principally due to an increase in projects awarded during the Year and enhancement of productivity due to the lifting of all COVID-19 restriction by the Hong Kong Government in early 2023.

### **Cost of services**

Our cost of service mainly comprises staff cost of technical staffs and subconsultancy fees. During the Year, the cost of services amounted to approximately HK\$110.1 million, which remain stable comparing to the financial year ended 31 December 2022.

### **Gross profit**

During the Year, our Group's gross profit increased to approximately HK\$60.4 million by approximately HK\$17.8 million or 41.7%, from approximately HK\$42.6 million for the year ended 31 December 2022. The increase was mainly due to the increase in projects awarded and enhancement of productivity as Hong Kong Government lifted all the COVID-19 restriction in early 2023.

## **Other income**

Other income decreased by approximately HK\$2.2 million or 36.1% from approximately HK\$6.1 million for the year ended 31 December 2022 to approximately HK\$3.9 million for the Year. The decrease was due to the absent of the government subsidies in respect of COVID-19 in relation to the Employment Support Scheme provided by the Hong Kong Government, which amounted approximately HK\$4.0 million for the year ended 31 December 2022.

## **Bargain purchase from business combination**

On 11 August 2023, the Group has acquired Team 73 HK Limited (“Team 73”), a landscape architecture company incorporated in Hong Kong with limited liabilities, at a cash consideration of HK\$3,524,000. Team 73 was acquired so as to continue the expansion of the Group’s operations.

## **Administrative expenses (including provision of expected credit loss allowance)**

Our administrative expenses (including provision of expected credit loss allowance) increased to approximately HK\$32.3 million for the Year, by approximately HK\$5.0 million or 18.3%, from approximately HK\$27.3 million for the year ended 31 December 2022. The increase was mainly due to the increase in staff benefit for the Year after the easing of COVID-19 restriction by the Hong Kong Government in early 2023.

## **Income tax expense**

Income tax expense increased by approximately HK\$1.9 million or 67.9% from approximately HK\$2.8 million for the year ended 31 December 2022 to approximately HK\$4.7 million for the Year, the increase was mainly due to the increase in taxable profit 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 (2022: nil).

Together with the interim dividend of HK\$0.08125 per ordinary share paid to the Shareholder on 18 September 2023, the total cash dividend for the Year will be HK\$0.08125 (2022: nil) per ordinary share.

## **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 C1 of the GEM Listing Rules. To the best knowledge of the Board, except as disclosed herein the Company has complied with the CG Code during the Year and up to the date of this annual announcement.

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 C.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 C.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, 23 April 2024 to Friday, 26 April 2024, 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, 26 April 2024.

## **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 2023 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 or 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 paragraph A.5.2 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, 28 March 2024

*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](http://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](http://www.boltekholdings.com).*