

BOSA TECHNOLOGY HOLDINGS LIMITED

人和科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8140)

Annual Report 2024

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This report, for which the directors (the “Directors”) of BOSA Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report 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 report misleading.

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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian (*Chairman*)

EXECUTIVE DIRECTORS

Mr. Lim Su I
Mr. Paulino Lim
Mr. Yang Tien-Lee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Sung Ching Gavin
Ms. Chu Wei Ning
Mr. Ng Ming Hon

AUDIT COMMITTEE

Mr. Ng Ming Hon (*Chairman*)
Mr. Kwan Tek Sian
Mr. Law Sung Ching Gavin

REMUNERATION COMMITTEE

Mr. Law Sung Ching Gavin (*Chairman*)
Mr. Paulino Lim
Mr. Ng Ming Hon

NOMINATION COMMITTEE

Mr. Kwan Tek Sian (*Chairman*)
Ms. Chu Wei Ning
Mr. Ng Ming Hon

COMPANY SECRETARY

Ms. Lam Yuen Man Maria

AUTHORIZED REPRESENTATIVES

Mr. Paulino Lim
Ms. Lam Yuen Man Maria

COMPLIANCE OFFICER

Mr. Paulino Lim

REGISTERED OFFICE

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PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
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CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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Hong Kong

STOCK CODE

8140

COMPANY WEBSITE

www.hklistco.com/8140

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of BOSA Technology Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2024 (the "Year").

PERFORMANCE FOR THE YEAR

During the Year, the Group's revenue decreased by approximately HK\$6.0 million or 5.6%, from approximately HK\$106.7 million for the year ended 30 June 2023 to approximately HK\$100.7 million for the Year, as a result of the decrease in revenue from provision of mechanical slicing services, which includes the sales of couplers, and the decrease in new projects and customers during the Year. However, the Group's net profit margin increased from approximately 19.5% for the year ended 30 June 2023 to approximately 34.2% for the Year mainly due to the reversal of impairment loss in respect of trade receivables during the current year.

PROSPECT

The Year ended 30 June 2024 was another tough year for the property market and the construction industry in Hong Kong. The continuation of the high interest rates environment, the lack of purchasing power and the abundance of unsold inventory of developers caused the slow recovery of property price and led to the overall weakening of the property market. To soften the impacts of these challenges, the Group has adopted various flexible approaches to minimize its costs including the diversification of its source of supplies of materials and closing one of the workshops during last year. Looking ahead, although the local economy will still be facing a number of these challenges, and the property market is likely to remain sluggish in the short run, the Board remains positive about the prospects of Hong Kong in the long run due to the Government's recent scrapping of the previously imposed "spicy" measures on the property market and its continued commitment to infrastructure investments and housing policy by various short, medium and long term land supply initiatives including the plans of development for Northern Metropolis and Lantau Tomorrow Vision. The Board will also continue to diversify the customer base to broaden the revenue base.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our shareholders, customers, subcontractors and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and dedication.

Kwan Tek Sian

Non-executive Director and Chairman

Hong Kong, 23 September 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Market Review

In attempts to stabilize the decline in the local residential property market, the Legislative Council of Hong Kong passed the bill in April 2024 to cancel the “spicy” stamp duty measures, which included the Special Stamp Duty, Buyer’s Stamp Duty and New Residential Stamp Duty. The Hong Kong Monetary Authority has also relaxed the restriction of the mortgage loan limit from 60% to 70% for property prices under HK\$35 million. According to the announcement made by the government on 16th August 2024, an overall growth of 3.3% in the second quarter of 2024 on a year-to-year basis was reported, after a minor growth of 2.7% in the first quarter of the year. However, the business environment remains difficult for the local property market and the construction industry due to the high-interest environment, lack of purchasing power and the surplus of inventories carried by developers. In the announcement, the government commented that the residential property market was highly active at the beginning of the second quarter but quietened progressively thereafter as the pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of the US interest cut dimmed, with overall flat prices recording a 2% decline. According to an earlier comment by CBRE in Jul 2024, the residential price has fallen by 1.7% in the first five months of 2024 according to the data from the Rating and Revaluation Department, they anticipated the trend is likely to keep going downward for the remainder of the year and probably record an overall decrease of 5–10% for the whole year of 2024.

As the United States is still fighting to stabilize the inflation in the world’s largest economy, it has started to increase the Federal Reserve’s influential benchmark rate from 0.25% to 0.5% in March 2022 to 5.25% to 5.5% in July 2023 and the same interest rate remained unchanged as in August 2024 and reached the highest level in 23 years. However, compared with the goal of 2% and the peak at 9.1% in June 2022, the US inflation rate fell to 2.9% in July 2024, the inflation has reached a much more comfortable level and it’s lowest in three years. According to the spokesman of the Federal Reserve, the door to deduction is still open in the rest of the year 2024. As Hong Kong dollar is pegged to US dollar, Hong Kong has started to follow the path of interest rate increments from the end of September 2022 in order to keep the Hong Kong dollar at the pegged exchange rate zone against the greenback. The bank prime rates have soared to the 17-year high to the region of 5.875% to 6.125% in August 2024. These hikes in interest rates have been seriously impairing the purchasing powers of potential buyers. The slowdown in the economy of China and the recent collapse of its property market, the property buyers from the mainland are fewer than previously hoped. The V-shape rebound in the economy of Hong Kong has not been seen after the reopening of the borders between Hong Kong and the mainland China. With low confidence in the market and economic environment, reducing inventory has become the main theme for the developers while investors keep adopting the “wait and see” approach in their investment decisions.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the challenges, the Board is confident in the long-term economic development in Hong Kong. Firstly, the current interest rate level is likely to be close to its ceiling though the high interest environment is likely to last probably at the end of 2024. As the high-interest environment dampens the long-term economic growth, US is likely to reduce the interest rates eventually. Secondly, the continuous commitment of the Hong Kong government in the infrastructure and housing policy has offered huge economic opportunities. In the 2024-25 budget, the government has laid down the below infrastructure-related initiatives that will provide opportunities for the continuous growth of the property market and the construction industries. These initiatives include but not limited to the followings:

- The development of the Northern Metropoli, which integrates deeply with the planning of Shenzhen and other Greater Bay Area (GBA) cities, improving collaboration in areas such as economic development, infrastructure, Innovation and Technology (I&T) and ecological conservation, and facilitating Hong Kong's integration into the overall development of the country, including the GBA.
- 8 residential sites under the 2024/25 Land Sale Program, railway property development, private development and redevelopment projects as well as the URA's projects to provide about 15,000 units; 2 commercial sites and 1 industrial site to provide about 120,000 square metres of commercial floor area and 540,000 square metres of industrial floor area respectively.
- Secure land for the production of no less than 80,000 private housing units in the coming 5 years.
- Public housing: identified sufficient land for the provision of about 308,000 public housing units.
- Cash Allowance Scheme to be continued for one more year till the end of June 2025.
- Private housing: completion of private residential units to average over 19,000 units annually in the 5 years from 2024 onwards. The expected first-hand private residential unit supply for the next 3 to 4 years is about 109,000 units.
- Other Projects: Smart and Green Mass Transit Systems, Roads, Bridges and Cross-Boundary Projects, Hong Kong International Airport Expansion, I&T infrastructure, Kau Yi Chau Artificial Islands, and Vibrant Harbour.

BUSINESS REVIEW

The Group is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The Group's customers are primarily main contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong. Construction projects that the Group service can generally be categorised into public sector projects and private sector projects. The majority of the Group's revenue during the two years ended 30 June 2024 was derived from private sector projects.

The Group will continue to cautiously monitor the business opportunities and continue to strengthen its competitiveness in the market to enhance the profitability of the Group and interests of the shareholders of the Company.

Completed projects

During the Year, the Group had completed 126 (2023: 148) projects with revenue recognized of approximately HK\$17.6 million (2023: HK\$15.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Ongoing projects

As at 30 June 2024, the Group had 126 (2023: 132) ongoing projects. The revenue recognised for these contracts amounted to approximately HK\$83.1 million (2023: HK\$91.7 million) for the Year. The management considered that all of the ongoing projects were on schedule and none of which would cause the Group to indemnify the third parties and increase the contingent liabilities nor any material adverse effect on the financial results of the Group. Details of top 5 ongoing projects (in terms of revenue recognised during the two years ended 30 June 2024) are as follows:

For the year ended 30 June 2024	Sector	Commencement date	Revenue HK\$ million
Commercial & Residential Development at Kowloon High Speed Rail Terminus	Private	September 2021	4.81
Construction of cut-and-cover tunnels, re-provisioning of Gascoigne Road Flyover with noise enclosures	Public	January 2021	4.02
Residential Development at Concorde Road, Kai Tak Area 1E1	Private	August 2022	3.94
Residential Development at Shap Sze Heung	Private	August 2021	3.85
Redevelopment of The Excelsior Hong Kong	Private	November 2022	3.67

For the year ended 30 June 2023

Commercial & Residential Development at Kowloon High Speed Rail Terminus	Private	September 2021	6.0
Residential Development at Shap Sze Heung	Private	August 2021	5.9
Residential Development at Kai Tak Area	Private	August 2020	5.4
Residential Development at Concorde Road, Kai Tak Area 1E1	Private	August 2022	5.3
Third Runway of The Hong Kong Airport	Public	July 2021	4.2

Newly awarded projects

During the Year, the Group had secured 149 (2023: 158) newly awarded contracts with revenue recognised of approximately HK\$39.1 million (2023: HK\$31.4 million). Details of the top 5 newly awarded projects (in terms of revenue recognised during the two years ended 30 June 2024) are as follows:

For the year ended 30 June 2024	Sector	Commencement date	Revenue HK\$ million
Commercial Development of Data Centre for China Mobile International	Private	January 2024	3.46
Construction of MTR Tung Chung West Station and Tunnels	Public	October 2023	2.27
Commercial Development related to the Expansion of Cyberport	Private	July 2023	1.69
Commercial Development related to Hong Kong-Shenzhen Innovation & Tech Park	Private	August 2023	1.62
Commercial Development of Lee Garden, Causeway Bay	Private	October 2023	1.58

For the year ended 30 June 2023

Residential Development at Concorde Road, Kai Tak Area 1E1	Private	August 2022	5.3
Industrial Development at Lot 313 at TWIL 49 Tsuen Wan	Private	December 2022	1.4
Office Redevelopment at 20 Des Voeux Road	Private	July 2022	1.3
Redevelopment of The Excelsior Hong Kong	Private	November 2022	1.3
Provision of Universal Accessibility Facilities at Footbridges, Elevated Walkways and Subways at Shatin, Yuen Long and North District	Public	August 2022	1.3

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The overall construction business in Hong Kong is expected to remain in the region of steady to slow in the short to medium term and the Hong Kong government is likely to provide stimulus to the local economy. Yet, the trend of interest rate, the US-China relationship and the geopolitical tensions continue to pose uncertainties to the Hong Kong economy. The fluctuations of TW\$ and steel price may also drive up the material cost and the gross margin may be eroded. The Group will monitor prudently the selling price to the customers and the purchases price of couplers from Taiwan to ensure the business of the Group maintaining a reasonable gross margin.

FINANCIAL HIGHLIGHT AND OVERVIEW

	For the year ended 30 June		
	2024	2023	Change
	HK\$'000	HK\$'000	%
Revenue	100,724	106,696	-5.6%
Gross profit	47,042	46,768	0.6%
Gross profit margin	46.7%	43.8%	6.6%
Net profit and total comprehensive income	34,481	20,881	65.1%
Earnings per share (<i>HK cents</i>)	4.30	2.60	65.4%

FINANCIAL REVIEW

Revenue

During the two years ended 30 June 2024, all of the Group's revenue was generated from services of processing and connecting reinforcing bars in Hong Kong. Accordingly, the Group has only one single operating segment and one geographical segment.

	For the year ended 30 June					
	2024			2023		
	Number of projects with revenue contribution	HK\$ million	% of total revenue	Number of projects with revenue contribution	HK\$ million	% of total revenue
Private sector projects	216	76.4	75.9	234	83.9	78.6
Public sector projects	62	24.3	24.1	46	22.8	21.4
Total	278	100.7	100	280	106.7	100

The Group's revenue decreased by approximately HK\$6.0 million or 5.6% from approximately HK\$106.7 million for the year ended 30 June 2023 to HK\$100.7 million for the Year, which was mainly attributable to the decrease in sales of couplers to new projects and customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The Group's cost of sales consists primarily of coupler supplies, direct labour costs, direct overheads (including electricity charged and depreciation charges on plant and equipment), consumables and depreciation charges on right-of-use assets. Direct labour costs comprise of labour costs of workers at workshops and direct overhead comprise of overhead of workshops. Consumables comprise of machine parts, such as springs and screws for equipment repair and maintenance, remote controls and devices for equipment operations at workshops.

The Group's cost of sales decreased by approximately HK\$6.2 million or 10.4% from approximately HK\$59.9 million for the year ended 30 June 2023 to HK\$53.7 million for the Year, mainly due to the drop in sales and the decrease in direct material costs and the saving in direct overhead related to the closure of one workshop during last year. It is worth noting that the average rate of TW\$ has dropped by about 3.8% from TW\$3.92 to HK\$1.00 for the year ended 30 June 2023, to approximately TW\$4.07 to HK\$1.00 for the year ended 30 June 2024. As basically all the materials are purchased from Taiwan, this drop in TW\$ has led to a huge saving in the direct material costs for the Year.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$0.2 million or 0.6% from approximately HK\$46.8 million for the year ended 30 June 2023 to approximately HK\$47.0 million for the Year. The gross profit margin of the Group increased from approximately 43.8% for the year ended 30 June 2023 to 46.7% for the Year mainly due to the decrease in direct material cost and direct overhead related to the closure of a workshop just mentioned.

Other income

The Group's other income consist primarily of service income, insurance compensation and bank interest income. The Group's other income increased by approximately HK\$0.9 million or 11.0% from approximately HK\$8.2 million for the year ended 30 June 2023 to approximately HK\$9.1 million for the Year.

The increase was mainly attribute to the increase in insurance compensation of approximately HK\$0.5 million and the bank interest income of approximately HK\$2.7 million, but offset partially by the decrease in service income of approximately HK\$1.6 million and Government grants on Employment Support Scheme of approximately HK\$0.7 million.

Other losses

The Group's other losses increased slightly by approximately HK\$0.6 million from approximately HK\$0.3 million for the year ended 30 June 2023 to approximately HK\$0.9 million for the Year. The increase mainly arose from the increase in exchange loss due to the less fluctuation of JPY and Euro held by the Group during the Year.

Selling and distribution expenses

The Group's selling and distribution expenses consist primarily of advertising and promotional expenses, which mainly represent the costs of attending industry seminars as well as costs of providing various souvenirs in such seminars.

The Group's selling and distribution expenses slightly increased by approximately HK\$190,000 from approximately HK\$187,000 for the year ended 30 June 2023 to approximately HK\$377,000 for the Year.

Impairment loss recognised in respect of trade receivable

The Group's impairment loss recognised in respect of trade receivable is assessed under expected credit loss ("ECL") model on trade receivable. The amount of ECL is updated to reflect changes in credit risk for the year ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's recognized a sporadic gain of approximately HK\$3.7 million due to the reversal of provision made in respect of the trade receivable this Year, hence a positive year-on year change of HK\$14.2 million compared to a loss of HK\$10.5 million recognised for the year ended 30 June 2023. The reversal was mainly attributable to the reduction in the past due over 180 days trade receivable. Due to the rapid rise in interest rates and thus the increase in both the borrowing costs and opportunity costs, customers have been driven to hold on to their cash for a longer period. The credit risk has still maintained at high level.

Administrative expenses

The Group's administrative expenses consist primarily of office staff costs and Directors' remuneration, entertainment and marketing expenses, travelling and transportation expenses, depreciation charges, office expenses, legal and professional fees and other administrative expenses.

The Group's administrative expenses increased slightly by approximately HK\$0.4 million from approximately HK\$18.0 million for the year ended 30 June 2023 to approximately HK\$18.4 million for the year.

Finance costs

The Group's finance costs comprise primarily of interests on lease liabilities.

The Group's finance costs increased by approximately HK\$77,000 from approximately HK\$229,000 for the year ended 30 June 2023 to approximately HK\$306,000 for the Year, which was mainly attributable to the renewal of three workshop lease agreements during the year.

Taxation

The Group's taxation increased by approximately HK\$0.3 million or 6.0%, from approximately HK\$5.0 million for the year ended 30 June 2023 to approximately HK\$5.3 million for the Year. The tax provision was assessable profit for the Group subjected to Hong Kong profit tax. Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2.0 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$2.0 million for the years ended 30 June 2023 and 2024.

Profit for the year

As a result of the foregoing factors, the Group recorded a profit of approximately HK\$34.4 million for the Year, as compared to approximately HK\$20.8 million for the year ended 30 June 2023.

Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the Year. As at 30 June 2024, the Group had bank balances of approximately HK\$57.9 million (2023: approximately HK\$59.1 million) and time deposits with maturity over three months of HK\$100.0 million (2023: HK\$44.7 million). The current ratio (current assets divided by current liabilities) of the Group was approximately 7.2 times as at 30 June 2024 (2023: approximately 6.7 times). The Group has no bank overdrafts as at 30 June 2024 (2023: nil). The Group's gearing ratio, representing total borrowings divided by total equity, was nil as at 30 June 2024 (2023: nil). In view of the Group's current level of cash and bank balances, funds generated internally from operations, the Board is confident that the Group will have sufficient resources to meet its financial needs for its operations.

Material acquisitions and disposals

There were no material acquisitions and disposals during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure

The Group purchased all of the couplers used in business operations from Taiwan. These purchases were denominated in TW\$. The Group expects to continue to make coupler purchases in Taiwan in the near future. Accordingly, fluctuations in TW\$ against HK\$ may result in exchange losses or gains and affect the results of operations. The management considered that the Group has sufficient foreign exchange to meet its foreign exchange liabilities as they become due, which will be funded by our cash generated for operating activities. The Group has not entered into any agreement to hedge exchange rate exposure relating to TW\$ and will continue to monitor its foreign exchange exposure. The Group will consider hedging significant foreign currency exposure should the need arises and no derivative financial instruments were held by the Group as at 30 June 2024 for speculative purposes.

Capital Commitments

As at 30 June 2024, the Group had no capital expenditure (2023: nil) in respect of the acquisition of plant and equipment contracted and not provided in the consolidated financial statements.

Pledge of Assets

The Group's obligations under leases liabilities were secured by the lessor's charge over the leased assets. As at 30 June 2024, the Group had secured and unguaranteed obligations under lease liabilities of approximately HK\$180,000 (2023: approximately HK\$306,000), which were secured by motor vehicles of the Group.

Save as disclosed above, the Group did not have other pledged assets as at 30 June 2023 and 2024.

Capital Structure

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 24 October 2016. Its shares were listed on GEM of the Stock Exchange on 12 July 2018. The Company's capital comprises ordinary shares and capital reserves. The Group finances its working capital, capital expenditures and other liquidity requirements through a combination its cash and cash equivalents and cash flows generated from operations. There has been no change in the capital structure of the Group during the Year and up to the date of this report.

Future Plans for Material Investment and Capital Assets

The Group did not have any other plans for material investment and capital assets as at 30 June 2024 save for the acquisition of a parcel of land to open new workshop in Hong Kong and acquisition of certain plant and equipment. Details of the implementation plan for the acquisition of a parcel of land were set out in this report under the section "Use of Listing Proceeds".

Employees and Remuneration Policies

As at 30 June 2024, the Group had 40 full-time employees (2023: 46 employees), including the Directors. Total staff costs (including Directors' emoluments and part-time employees) were approximately HK\$27.5 million for the Year as compared to approximately HK\$26.4 million for the year ended 30 June 2023. Such increase was mainly due to increments in salary in respect of basic salaries, incentives and bonus during the Year. Remuneration is determined with reference to duties, responsibilities, experience and skills. On top of basic salaries, the Group provides discretionary bonuses to its senior management and key employees as incentive bonuses.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Listing Proceeds

The Company's shares were listed on GEM of the Stock Exchange on 12 July 2018 for which the Company issued 200,000,000 new shares at HK\$0.30 per share. The net listing proceeds received by the Company, after deducting underwriting fees and other related expenses, are approximately HK\$37.8 million. These proceeds are intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market. As at the date of this report, the Group does not anticipate any material change to the plan as to the use of listing proceeds. All unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Hong Kong. Barring any unforeseen circumstances, the remaining proceeds will be utilised by 31 December 2026.

Comparison Between Business Objectives and Actual Business Progress

The below table sets out the proposed applications of the net proceeds as set out in the Prospectus and the unutilized amount as at 30 June 2024:

Description <i>Use of net proceeds</i>	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$ million</i>	Business plan as disclosed in Prospectus	Utilized		Latest development	Expected timeframe
			as at 30 June 2024 <i>HK\$ million</i>	Total remaining net proceeds available as at 30 June 2024 <i>HK\$ million</i>		
Expanding scale of operations	35.3	<p>Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che</p> <ul style="list-style-type: none"> — Finalise selection of a parcel of land (Internal resources) — Purchase a parcel of land (HK\$35.3 million) — Commence construction of a new workshop or adapt existing structure for purposes of the new workshop (as the case may be) (Internal resources) 	–	35.3	<p>The previously social unrest in 2019–2020, the ongoing COVID-19 pandemic, the increase in land price after listing, the lower than expected recoveries in the local economy after the reopening of the borders of mainland China, the slowdown of the mainland China economy and the rapid raising of interest rates. All these factors are affecting economic activities and demand extremely careful reconsiderations. As a result, the searching for a suitable parcel of land has been delayed. Save as Yuen Long and Ping Che, the Group is also considering other geographical location for the expansion of workshop in appropriate circumstances.</p>	<p>The proposed acquisition of a parcel of land is expected to be completed by 31 December 2026</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Description <i>Use of net proceeds</i>	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$ million</i>	Business plan as disclosed in Prospectus	Utilized as at		Total remaining net proceeds available as at <i>HK\$ million</i>	Latest development	Expected timeframe
			30 June 2024 <i>HK\$ million</i>	30 June 2024 <i>HK\$ million</i>			
Placing resources into research and development	2.4	Conduct research and development with a view to enhancing the quality and cost-effectiveness of our existing mechanical splicing services, and reducing overhead costs and servicing time:				The Group is in the course of identifying suitable candidate(s) to join our research and development team and would continue to seek for suitable research and development opportunities once our research and development capability is improved.	The completion date is expected to be 31 December 2026
		— Employ one additional qualified technical staff to join our research and development team and carry out research and development activities (HK\$0.4 million)	—	0.4			
		— Conduct research and development activities to enhance quality and cost-effectiveness of our services (HK\$0.4 million)	0.4	—			
		— Explore ways to enhance and improve the automated features of our machines to increase efficiency and reduce human errors, including developing our next generation of our self-developed CNC crimping machines and CNC threading machines (HK\$0.2 million)	—	0.2			
		— Develop two prototypes of our next generation machines and collect data points on reliability, efficiency and other metrics (HK\$0.9 million)	0.9	—			
		— Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market (HK\$0.4 million)	—	0.4			
		— Continue to prepare production manuals and update quality assurance protocols (HK\$0.1 million)	—	0.1			
General working capital	0.1		0.1	—			
Total	37.8		1.4	36.4			

MANAGEMENT DISCUSSION AND ANALYSIS

As at date of this report, the remaining amount of approximately HK\$36.4 million were expected to be utilized in the same manner as disclosed in the Prospectus based on the flowing timeline:

Acquire a parcel of land to open a new workshop

As at date of this report, approximately HK\$35.3 million allocated for acquiring a parcel of land to open a new workshop has not been utilized by the Group, which was planned to be completed during the period from 1 July 2018 to 31 December 2018 as set forth in the Prospectus. The number of factors affecting the timeline of acquiring the land have been increased and getting more and more complicated. The previously social unrest in 2019–2020, the increase in the land price after listing, the ongoing COVID-19 pandemic, the lower than expected recoveries in the local economy after the reopening of the borders of mainland China, the slowdown of the mainland China economy and the rapid raising of interest rates. All these factors are affecting economic activities and demand extremely careful reconsiderations. In light of the uncertainties and potential adverse impacts of these factors, the Group has adopted a more cautious approach in evaluating a suitable parcel of land. Apart from the selection criteria as set forth in the Prospectus, the Group needs to take into consideration investment return, profitability of acquisition in the latest market condition, synergy effect with the Group and challenges and expenses that could arise from integrating with the acquisition of a parcel of land. The Board considers that the delay had no material adverse impact on the business operation and financial position of the Group. Since Listing, the management of the Group has established a location selection committee and were in the course of identifying a potential parcel of land for opening a new workshop. As the acquisition of a parcel of land to open a new workshop was considered a crucial factor in determining the long-term growth and future success, the Group will require more time to identify suitable potential workshop location based on the factors identified above, and it is expected that the unutilized net proceeds will be fully utilized on or before 31 December 2026.

Placing resources into research and development

According to the Prospectus, the planned use of net proceeds (as adjusted on a pro rata basis based on the actual net proceeds raised) for spending on research and development by 31 December 2018 is approximately HK\$2.4 million. The actual use of the net proceeds up to 30 June 2024 is approximately HK\$1.3 million. The actual used amount was less than the planned use amount primarily because (i) there was a delay in opening a new workshop as mentioned above; and (ii) the Group has taken a longer time to assess and implement the research and development plan in a proper manner.

The Group will continue to seek for suitable research and development opportunities with a view of enhancing the quality and cost-effectiveness of our existing mechanical splicing services, and reducing overhead costs and servicing time. It is expected that the unutilized net proceeds for research and development will be fully utilized on or before 31 December 2026.

The expected timeline for the full deployment of the unutilised proceeds disclosed above is based on the best estimation from the Board with the latest information and market condition as at the date of this report. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Group considers that the delay in the use of proceeds does not have any material adverse impact on the operation of the Group. However, further delays may still happen due to the intermittent outbreaks of Omicron. The Board will continue to closely monitor the situation and evaluate the effects on the timeline to deploy the unutilised proceeds and keep shareholders and potential investors informed if there are any material changes.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian

Mr. Kwan Tek Sian (“Mr. Kwan”), aged 48, is the non-executive Director and Chairman of the Board. He was appointed as the Director on 18 August 2017 and is also a member of audit committee and chairman of nomination committee of the Company.

Mr. Kwan is primarily responsible for overall corporate strategies and development of the Group. Mr. Kwan is an entrepreneur with interests across multiple industries. He is an executive director of JMC Technologies Pte. Ltd., a Singapore-based company that is principally engaged in providing information technology solutions to multinational technology companies. He is also a director of Bionic Vision Technologies Pty. Ltd., a privately held Australian based company that develops visual prostheses to restore vision to the blind. Mr. Kwan is a principal of State Path Capital Limited, a joint venture company involved in investing in technology companies. Mr. Kwan is the major shareholder of Bionic Vision Technologies Pty. Ltd., he owns shares in it through State Path Capital Limited. Mr. Kwan is beneficially interested in approximately 35.5% of the issued shares of PepCap Resources Inc. (Symbol: WAV.V), a capital pool company (as defined under the rules of the TSX Venture Exchange) which shares are listed on TSX Venture Exchange. Mr. Kwan is an executive Director, Chairman and Chief Executive Officer of AL Group Ltd (stock code: 8360), an architectural and interior design company. Mr. Kwan holds a bachelor of science, master of health science and a graduate diploma in Law.

EXECUTIVE DIRECTORS

Mr. Lim Su I

Mr. Lim Su I (“Mr. K. Lim”), aged 58, is the executive Director and Chief Executive Officer of the Company. He was appointed as the Director on 18 August 2017. Mr. K. Lim has over 20 years of experience in the construction industry. Mr. K. Lim is primarily responsible for overall corporate strategies, development, sales and marketing activities, and management of the Group. Mr. K. Lim obtained his bachelor degree in Civil Engineering from The University of Melbourne in 1991.

Prior to joining the Group, Mr. K. Lim was a site agent/section engineer in Hong Kong Construction (Holdings) Limited (formerly Kumagai Gumi (HK) Limited) for the years from 1998 to 2004, and was the sales manager and business consultant in Dextra Pacific Limited, provision of mechanical, for the years from 2004 to 2012.

Mr. K. Lim is the brother of Mr. P. Lim, an executive Director of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

Mr. Paulino Lim

Mr. Paulino Lim (“Mr. P. Lim”), aged 50, is the executive Director and Chief Operating Officer of the Company. He is also one of the founders of the Group. He was appointed as the Director on 18 August 2017 and is also a member of remuneration committee of the Company.

Mr. P. Lim is primarily responsible for the overall corporate management and operation of the Group. He obtained his bachelor degree in Science from La Trobe University in Australia in 1997. From January 2008 to June 2012, Mr. P. Lim was the Sales and Marketing Manager of Global Securitylink Pty Ltd in Australia where he was responsible for quality control, technical support, sales and marketing activities, and management of subcontractors, human resources, accounts and inventory.

Mr. P. Lim is the brother of Mr. K. Lim, an executive Director of the Company.

Mr. Yang Tien-Lee

Mr. Yang Tien-Lee (“Mr. Yang”), aged 56, is the executive Director of the Company. He was appointed as the Director on 10 May 2021. He has joined the Company as technical manager since March 2012 and has accumulated over 26 years of experience in the engineering industry. He is currently a director of certain subsidiaries of the Group. He is primarily responsible for the Group’s quality control, and research and development. Mr. Yang completed a two-year programme in civil engineering at Taoyuan Innovation Institute of Technology at Taiwan in 1989.

Mr. Yang worked at two companies that specialized in producing couplers and other construction reinforcement materials for eight years. In 1998, Mr. Yang started his own business, BOSA Technology (Hong Kong) Ltd — Taiwan Branch, a company which specialises in producing couplers and bolts.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Sung Ching Gavin

Mr. Law Sung Ching Gavin (“Mr. Law”), aged 67, was appointed as independent non-executive Director of the Company on 1 March 2020 and is also a member of audit committee and chairman of remuneration committee of the Board.

Mr. Law has accumulated over 25 years of experience in finance and over 15 years of experience in auditing, accounting and company secretarial services from several financial institutions, including IBI Asia Limited and CEF Holdings Limited.

Mr. Law is currently a director of LSC Consultants Ltd. and senior advisor of C C Kwong & Company, Certified Public Accountants.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

Ms. Chu Wei Ning

Ms. Chu Wei Ning (“Ms. Chu”), aged 52, was appointed as independent non-executive Director of the Company on 19 June 2018 and is also a member of nomination committee of the Company.

Ms. Chu obtained a bachelor degree in Business Administration from the Chinese University of Hong Kong in May 1994 and a master degree of Business Administration from the University of Texas at Austin with Honors in May 1998. Ms. Chu has been a veteran investment banker and venture capital investment professional with over 16 years of experience. Ms. Chu was a founding member and the managing director of a private investment fund which focused on investments in telecommunications, media, and technology.

Ms. Chu also held various capacities in the investment banking industry. She worked as the managing director of Horizon Ventures Limited, a Hong Kong-based private investment firm specialising in disruptive technologies investment, from May 2007 to January 2012. She was the founding member and an executive director, Private Equity Division of the Bank of China International Limited from August 2004 to December 2005. From 2002 to 2004, Ms. Chu was part of the merger and acquisition team of Tom Group Ltd., focusing primarily on direct investments in the Greater China region in the internet, outdoor advertising, sports, television and entertainment sectors. From April 2000 to January 2002, Ms. Chu was the vice president of Bear Stearns Asia Investment Banking Group, where Ms. Chu was responsible for origination and execution of regional corporate finance transactions in the telecom, media and technology sectors, an investment banking and securities trading and brokerage firm.

Ms. Chu has been an executive director of China Baoli Technologies Holdings Limited (Stock Code: 164) since 8 July 2015. She is also the chief executive officer and authorised representative of China Baoli Technologies Holdings Limited.

Mr. Ng Ming Hon

Mr. Ng Ming Hon (“Mr. Ng”), aged 48, was appointed as independent non-executive Director of the Company on 19 June 2018. Mr. Ng is the chairman of audit committee, member for each of remuneration committee and nomination committee of the Company.

Mr. Ng obtained his bachelor degree in Commerce, majoring in accounting, from Monash University in Australia in 1999 and became a member of CPA Australia in 1999.

Mr. Ng worked as financial controller of Yingda International Leasing Co., Ltd. from August 2013 to August 2016 and worked as chief financial officer of China ZhongDi Dairy Holdings Company Limited (Stock Code: 1492) from October 2014 to December 2015.

Mr. Ng has been the chief financial officer of Heilongjiang Foresun Cattle Industry Co., Ltd. since December 2015.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Chiu Yin Mei

Ms. Chiu Yin Mei (“Ms. Chiu”) is our administration manager. Ms. Chiu is principally responsible for overall administration, human resources and co-ordination. She joined the Group in July 2013 and has over 20 years of experience in the sales and marketing aspect of the construction industry.

Ms. Chiu graduated from Sara Beattie College in Hong Kong in 1992 with a Diploma in Executive Secretarial Studies. From August 1995 to February 1997, Ms. Chiu was the Marketing Service Officer of a trading company that distributed building materials and engineering equipment. Prior to joining the Group, from May 1997 to August 2011, Ms. Chiu worked as the Sales Support Officer of Dextra Pacific Ltd, a company that provided mechanical splicing services.

Ms. Lam Yuen Man Maria

Ms. Lam Yuen Man Maria (“Ms. Lam”) was appointed as our company secretary on 6 May 2022. Ms. Lam is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. She is also an Accredited Mediator. Ms. Lam holds a Bachelor’s degree in Accountancy from the Hong Kong Polytechnic University and a Master’s degree in Management from the Macquarie University.

Ms. Lam has worked with an international accounting firm and other leading listed and private group of companies prior to joining the Company and has extensive experience in company secretarial practice, assurance, treasury and finance experiences. Ms. Lam is not an employee of the Company but has been appointed as the company secretary and the authorised representative of the Company pursuant to the Company’s engagement of an external company secretarial service provider to provide company secretarial services to the Company.

REPORT OF THE DIRECTORS

The Board of Directors of the Company (the “Directors”) have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group (the “Consolidated Financial Statements”) for the year ended 30 June 2024 (the “Year”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company, and the principal activity of its principal subsidiaries is to provide mechanical splicing services to the reinforced concrete construction industry in Hong Kong. Details of the principal activities of the principal subsidiaries of the Company are set out in note 30 to the Consolidated Financial Statements.

The business review of the Group for the Year together the future business development as required pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in the section headed “Management Discussion and Analysis” on pages 6 to 15 of this annual report. This discussion form part of the report of directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The operations of the Group are subject to certain environmental requirements pursuant to the laws in Hong Kong such as Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). Discussion on the environmental policies and performance will set out in the section headed “Environmental, Social and Governance Report” (the “ESG Report”), on pages 47 to 71 of this annual report. The ESG Report forms part of the report of directors.

For the Year and up to the date of this report, the Board did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board reviews and monitors the Group’s policies and practices on compliance with legal and regulatory requirements in a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the Year, to the best of the Company’s knowledge, the Company has complied with the requirements under the memorandum of association and articles of association of the Company, the Listing Rules, the SFO, Companies Law (2016 Revision) of the Cayman Islands and other law applicable to the Company that have significant impact on the Group.

Details of the Company’s compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in the Listing Rules are set out in the section headed “Corporate Governance Report” on pages 33 to 46 of this annual report.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on, among other matters, the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

Customer relationship is crucial for mechanical splicing service providers to maintain long-term relationship with main contractors and subcontractors. Customers generally give preferences to long-term business partners, as they have track records of stable and reliable services. The Group has established a stable business relationship with its major customers, most of which are reputable main contractors and subcontractors. The Group's business has grown from serving a few customers to serving over 100 customers as at 30 June 2024. The Board is of the view that its operating history, together with the stable relationships with its major customers would increase its service quality and enable the Group to attract potential business opportunities.

Suppliers

Couplers are the principal raw material used and purchased by the Group. The Group's couplers are all sourced from Taiwan, which are were manufactured by the OEM Factory. The Group selected the OEM factories to supply our couplers after considering that it is a successful market player in the Taiwan coupler market which assessment is in turn based on the supplier's qualification, reputation, and product quality and consistency. The Group entered into a long-term non-exclusive framework agreement with the OEM Factory according to which the OEM Factory agreed to supply all the necessary couplers to the Group in a timely manner and of the required specification and quality standard in the next 10 years until November 2026. The Directors consider that the Group has a well-established business relationship with its OEM Factory and supply of raw material is guaranteed.

Employees

The Group focuses on the talents of its employees as our most valuable asset. The Group strives to create a good workplace that its employees are happy and motivated to work in. The Group's employees are treated fairly with respect and the Group reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on its core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year are set out in note 13 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movement in share capital of the Company during the Year are set out in note 24 to the Consolidated Financial Statements.

REPORT OF THE DIRECTORS

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 30 June 2024 are set out in the consolidated statement of changes in equity on page 81 and note 24 to the Consolidated Financial Statements, respectively.

As at 30 June 2024, no reserve was available for distribution to the owners of the Company (2023: nil).

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Financial Statements on pages 78 to 82.

The Directors have resolved not to recommend the declaration of a final dividend to shareholders of the Company for the Year (2023: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below:

Any failure to maintain an effective quality control system could have a material adverse effect on the Group's business and operations

The quality and consistency of the Group's services are critical to its ability to retain its customers and acquire and attract new customers. The Group's quality control system is dependent on a number of factors, including a timely update to suit the ever-changing business needs as well as our ability to ensure that the Group's quality control policy and guidelines are followed. Any failure to maintain the effective and adequate quality control system could result in defects in its services that could negatively impact the Group's reputation and expose the Group to claims by its customers. Any such dispute would incur additional costs or damage to the Group's business reputation and corporate image, as well as disrupt the Group's business operations.

The Group does not enter into any formal contract with its customers (with certain exceptions). The Group's customers request services from the Group on an order by order basis, which exposes the Group to potential volatility in its revenue

Except for certain major customers with whom the Group has entered into written contracts for projects, the Group does not enter into any long-term contract with its customers. Therefore, the Group's customers are not obligated in any way to continue placing orders with us at the historical level or at all. The Group cannot guarantee that the Group will receive any orders from the Group's existing customers or that the Group will be able to continue its business relationship with them on the current terms or at all.

The Group's services are provided based on actual orders received from its customers. The Group's customers may cancel or defer their orders. The Group's customers' orders may vary from period to period, and it is difficult to accurately forecast future order quantities. There is no assurance that any of the Group's customers will continue to place orders with the Group in the future at the same volume, or at the same margin, as compared to prior periods, or at all. The Group may not be able to locate alternative customers to place new orders. There is also no assurance that the volume or margin of the Group's customers' orders will be consistent with the Group's expectations. As a result, the Group's results of operations may vary from period to period and may fluctuate significantly in the future.

REPORT OF THE DIRECTORS

Any failure, damage or loss of the Group's equipment may materially and adversely affect the Group's operations and financial performance

The Group's services rely on its equipment, which includes reinforcing bar cutting machines, and self-developed CNC crimping machines and CNC threading machines. If the Group fails to maintain its equipment or cope with any latest development trends or demands or to cater to different needs and requirements of different customers, its overall competitiveness and thus its financial performance and results of operations may be materially and adversely affected.

In addition, there is no assurance that the Group's equipment will not be damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. The Group's equipment may break down or fail to function normally due to wear and tear or mechanical or other issues. The Group does not maintain insurance covering loss of or damage to its equipment. If any failed, damaged or lost equipment cannot be repaired and/or replaced in a timely manner, the Group's operations and financial performance could be materially and adversely affected.

Furthermore, the Group plans to acquire additional equipment to enhance its technical ability and to strengthen its capability to cater to different needs and requirements of different customers. As a result of the purchase of additional equipment, it is expected that additional depreciation will be charged to the profit or loss and may, therefore, affect the Group's business, financial condition and results of operations.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 134 of this annual report. This summary does not form part of the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

Other than the Prospectus and the share option scheme of the Company (as defined below), no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year and up to the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	42.9%
— five largest suppliers in aggregate	100.0%
Sales	
— the largest customer	13.4%
— five largest customers in aggregate	51.0%

During the Year, none of our Directors, their close associates, or any shareholders of the Company who or which, to the knowledge of our Directors, owned more than 5% of the issued Shares of our Company, had any interest in any of the five largest customers of the Group.

DIRECTORS

The Directors of the Company who held office during the Year and up to the date of this report were:

Non-executive Director

Mr. Kwan Tek Sian (*Chairman*)

Executive Directors

Mr. Lim Su I

Mr. Paulino Lim

Mr. Yang Tien-Lee

Independent Non-executive Directors

Mr. Law Sung Ching Gavin

Ms. Chu Wei Ning

Mr. Ng Ming Hon

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The non-executive Director and each of the independent non-executive Directors has signed an appointment letter with the Company with an initial term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/appointment letter.

In accordance with Article 112 of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the Article 108(a) of Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being and any Director appointed pursuant to Article 111 since the then most recent annual general meeting shall retire from office by rotation.

Accordingly, Mr. Paulino Lim, Mr. Yang Tien-Lee and Mr. Law Sung Ching Gavin shall retire from office at the forthcoming annual general meeting to be held on 15 November 2024 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract/appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION ON INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors of the Company and Senior Management" on pages 16 to 19 of this annual report.

CHANGES OF DIRECTORS' INFORMATION

The Company is not aware of other change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of interim report for the six months ended 31 December 2023 of the Company.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article 191 of the Articles of Association of the Company, the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonest, or recklessness. The Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of the Company or the Directors (and/or other officers) or any of them to indemnify the Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to the Company.

Such provision was in force during the Year and up to the date of this report. In addition, the Company has also maintained Directors' and officers' liability insurance throughout the year, which provides appropriate cover for the Directors and officers of the Group.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' emoluments, which are determined by reference to market terms, seniority, his experiences, duties and responsibilities, are subject to shareholders' approval at annual general meeting.

Details of the Directors' emoluments and five highest paid individuals are set out in note 6 to the Consolidated Financial Statements.

EMOLUMENT POLICY

The remuneration policy for our Directors and senior management was based on their experience, level of responsibility and general market conditions. Furthermore, for discretionary bonus to our Directors, our Remuneration Committee will assess performance of each executive Director and determine the terms of the specific bonus package of each executive Director and approve performance-based discretionary bonus, with reference to a number of corporate goals and objectives, including but not limited to, operating results, individual performance, market condition, profitability, overall net profit, working capital sufficiency and future payment obligations of the Group.

A remuneration committee was set up by the Board to develop the Group's remuneration policy and structure for remuneration of the directors and senior management of the Group.

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 25 to the Consolidated Financial Statements. None of them constitutes a disclosable connected transaction pursuant to Chapter 20 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed above and the service contract/appointment letter with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year and up to the date of this report.

NON-COMPETE UNDERTAKING

Each of Kin Sun Creative Company Limited and Mr. Kwan Tek Sian has jointly and severally, irrevocably and unconditionally, undertaken to the Company that he/it shall not, and he/it shall procure that none of his/its respective close associates and/or persons and companies controlled by them (other than members the Group) shall not, except through his or its interests in the Company, whether as principal or agent and whether undertaken directly or indirectly through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business within any of the territories within Hong Kong or any of the territories where any member of the Group carries and/or will carry on business from time to time upon listing of the Company.

Mr. Yang Tien-Lee has also irrevocably and unconditionally, undertaken to our Company that he shall not and he shall procure that none of his close associates and/or persons and companies controlled by Mr. Yang shall not, except through his interests in the Company, whether as principal or agent and whether undertaken directly or indirectly through any person, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group within Hong Kong upon listing of the Company.

Pursuant to their respective undertakings, each of them is required to make an annual declaration on compliance with his/its non-competition undertakings for the relevant financial year in the Company's annual report.

For the Year, each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee confirmed their compliance with the terms of non-competition undertaking.

The independent non-executive Directors reviewed their respective confirmation and confirmed each of them has complied with the non-competition undertaking in accordance with its terms.

CONFLICT OF INTERESTS

Saved as disclosed above, during the Year and up to the date of this report, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (“Share Option Scheme”), which was approved by written resolutions passed by the Shareholders on 19 June 2018 and became unconditional on 12 July 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to provide an incentive or reward for any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive directors) of our Company or its subsidiaries, and any suppliers, customers, consultants, agents and advisers for their contribution or potential contribution to the Company and/or any of its subsidiaries.

The Share Option Scheme shall be valid and effective for a period commencing from the date on which the Share Option Scheme was conditionally adopted by an ordinary resolution of the Shareholders of our Company and ending on the tenth anniversary of the Listing Date (both dates inclusive), after which time no further option will be granted.

As at 30 June 2024 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed “D. Share Option Scheme” in section headed “Statutory and General Information” in Appendix IV to the prospectus of the Company dated 28 June 2018.

Apart from the aforesaid Share Option Schemes, at no time during the Year was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

DIRECTORS AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors and the chief executives of the Company had any interested in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, or the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange.

REPORT OF THE DIRECTORS

As at the date of this report, the interests or short positions of Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, or the Model Code were as follows:

(I) Long Position in the Ordinary Shares and Underlying Shares of the Company

(i) Interests in the Company

Interests in ordinary shares

Name of Director	Capacity	Number of shares held	% of the Company's issued voting shares
Mr. Kwan Tek Sian	Interest in a controlled corporation	251,373,415	31.4%
Mr. Lim Su I	Beneficial owner	114,510,732	14.3%
Mr. Paulino Lim	Beneficial owner	40,975,610	5.1%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%

(ii) Interests in the associated corporation

Name of Director	Name of associated corporation	Number of shares held	% of the Company's issued voting shares
Mr. Kwan Tek Sian	Kin Sun Creative Company Limited	10,000	100.0%

Save as disclosed above, as at the date of this report, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the standards of dealing by Directors as referred to in Rule 5.48 to 5.67 of the GEM Listing Rules, or the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, there was no interest in the Shares and underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, immediately following completion of the capitalisation issue and the share offer, as at the date of this report, the following persons/entities have an interest or a short position in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
Kin Sun Creative Company Limited	Beneficial owner	251,373,415	31.4%
Mr. Kwan Tek Sian <i>Note 1</i>	Interest in a controlled corporation	251,373,415	31.4%
Mr. Lim Su I <i>Note 2</i>	Beneficial owner	114,510,732	14.3%
Mr. Yang Tien-Lee	Beneficial owner	64,390,244	8.0%
Mr. Wang Wann-Bao	Beneficial owner	51,230,244	6.4%
Mr. Paulino Lim <i>Note 2</i>	Beneficial owner	40,975,610	5.1%
Ms. Chiu Yin Mei <i>Note 3</i>	Beneficial owner	40,975,610	5.1%
Ms. Ha Jasmine Nim Chi <i>Note 4</i>	Interest of spouse	251,373,415	31.4%
Ms. Chan Ching <i>Note 5</i>	Interest of spouse	114,510,732	14.3%
Ms. Liu Li Wen <i>Note 6</i>	Interest of spouse	64,390,244	8.0%
Ms. Wang Yu-Ju <i>Note 7</i>	Interest of spouse	51,230,244	6.4%
Ms. Ng Pei Ying <i>Note 8</i>	Interest of spouse	40,975,610	5.1%

REPORT OF THE DIRECTORS

Notes:

1. Mr. Kwan Tek Sian beneficially owns 100% of the entire issued shares of Kin Sun Creative Company Limited. Therefore, Mr. Kwan Tek Sian is deemed, or taken to be, interested in 251,373,415 Shares held by Kin Sun Creative Company Limited for the purposes of the SFO.
2. Mr. Lim Su I and Mr. Paulino Lim are siblings.
3. Ms. Chiu Yin Mei is our administration manager.
4. Ms. Ha Jasmine Nim Chi, spouse of Mr. Kwan Tek Sian, is deemed, or taken to be, interested in 251,373,415 Shares in which Mr. Kwan Tek Sian is interested for the purposes of the SFO.
5. Ms. Chan Ching, spouse of Mr. Lim Su I, is deemed, or taken to be, interested in 114,510,732 Shares in which Mr. Lim Su I is interested for the purposes of the SFO.
6. Ms. Liu Li Wen, spouse of Mr. Yang Tien-Lee, is deemed, or taken to be interested in 64,390,244 Shares in which Mr. Yang is interested for the purposes of the SFO.
7. Ms. Wang Yu-Ju, spouse of Mr. Wang Wann-Bao, is deemed, or taken to be interested in 51,230,244 Shares in which Mr. Wang is interested for the purposes of the SFO.
8. Ms. Ng Pei Ying, spouse of Mr. Paulino Lim, is deemed, or taken to be, interested in 40,975,610 Shares in which Mr. Paulino Lim is interested for the purposes of the SFO.

Save as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices are set out in section headed "Corporate Governance Report" on pages 33 to 46 in this annual report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 15 November 2024 (Friday) and the notice convening such meeting will be published and despatched to the shareholders of the Company in due course.

REPORT OF THE DIRECTORS

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 November 2024 (Monday) to 15 November 2024 (Friday) (both days inclusive), during which period to transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 8 November 2024 (Friday).

AUDITOR

The Consolidated Financial Statements for the year ended 30 June 2024 have been audited by Baker Tilly Hong Kong Limited and there has been no change in the Company's auditor for the preceding three years. Baker Tilly Hong Kong Limited will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors is to be proposed at the AGM.

By order of the Board

BOSA Technology Holdings Limited

Lim Su I

Chief Executive Officer and Executive Director

Hong Kong, 23 September 2024

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board and the management of the Company are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix C1 (formerly Appendix 15) to the GEM Listing Rules.

During the year ended 30 June 2024 (the "Year"), the Company has applied the principles and complied with the code provisions set out in the CG Code except for the deviation from Code provision as stated and explained below.

Code provision D.1.2 provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriates.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, saved as disclosed below, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company from the Listing Date to the date of this report.

THE BOARD OF DIRECTORS

Responsibilities

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

CORPORATE GOVERNANCE REPORT

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board is primarily responsible for overall corporate strategies and development of the Group. The executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board's deliberation and decisions.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board currently comprises seven Directors, of whom three are executive Directors, one is non-executive Director, and three are independent non-executive Directors. The composition of the Board is as follows:

Non-executive Director

Mr. Kwan Tek Sian (*Chairman*)

Executive Directors

Mr. Lim Su I

Mr. Paulino Lim

Mr. Yang Tien-Lee

Independent Non-executive Directors

Mr. Law Sung Ching Gavin

Ms. Chu Wei Ning

Mr. Ng Ming Hon

The relationship among members of the Board and biographical details and responsibilities of the Directors as well as the senior management are set out in the section headed "Biographical Details of the Directors of the Company and Senior Management" on pages 16 to 19 of this annual report. The updated list of Directors and their role and function are published at the Stock Exchange website and the Company's website at www.hklistco.com/8140.

Save as disclosed in the section headed "Biographical Details of the Directors of the Company and Senior Management" of this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Kwan Tek Sian is the non-executive Chairman of the Board. The primary role of the Chairman is to be responsible for overall corporate strategies and development of the Group. Mr. Lim Su I is the Chief Executive Officer of the Company. He is responsible for sales and marketing, monitors inventory level on a regular basis and places orders for couplers when he deems appropriate after considering customers' demand, project progress and other essential factors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board pursuant to Rule 5.05A of the GEM Listing Rules.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules in respect of their independence for the Year. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines throughout the Year.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Board as a whole, with the assistance of nomination committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment of directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The non-executive Director and each of the independent non-executive Directors has signed an appointment letter with the Company with an initial term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/appointment letter.

In accordance with the 112 of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the 108(a) of Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being and Director appointed to fill casual vacancy or as an additional Director since the most recent annual general meeting, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board is scheduled to meet regularly, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business.

Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

During the Year, the Company has held four Board meetings and three audit committee's meetings while one meeting for each of remuneration committee and nomination committee has been held for the year. The Chairman has met with all independent non-executive directors without the presence of the executive directors in compliance with the GEM Listing Rules.

Directors' Attendance at Board/Board Committee/General Meetings

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Total number of meetings held	4	3	1	1	1
Number of Meetings Attended					
<i>Non-Executive Director</i>					
Mr. Kwan Tek Sian Alan	4/4	3/3	N/A	1/1	0/1
<i>Executive Directors</i>					
Mr. Lam Su I	4/4	N/A	N/A	N/A	1/1
Mr. Paulino Lim	1/4	N/A	0/1	N/A	1/1
Mr. Yang Tien-Lee	4/4	N/A	N/A	N/A	0/1
<i>Independent Non-executive Directors</i>					
Mr. Law Sung Ching Gavin	3/4	2/3	1/1	N/A	1/1
Ms. Chu Wei Ning	4/4	N/A	N/A	1/1	1/1
Mr. Ng Ming Hon	4/4	3/3	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to all directors in advance. Notices of regular meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. All Directors are consulted to include additional matters in the agenda for such meetings.

Board paper together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep them apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. Queries raised by directors shall receive a prompt and full response by the management.

At the annual general meeting, the Chairman as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

The company secretary of the Company is responsible to take and keep minutes of all Board meetings and committee meetings. Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Upon reasonable request, the Company should provide separate independent professional advice to directors to assist them to discharge their duties in the appropriate circumstance.

Procedure for Seeking Independent Professional Advice by Directors

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the GEM Listing Rules and CG Code. The Company will develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

The Company has subscribed an insurance policy with an aim to indemnify its Directors and senior management from any losses, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective services agreements entered into with the Company.

CORPORATE GOVERNANCE REPORT

Induction and Continuous Professional Trainings of Directors

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

The Directors have also been informed of the requirement under Code Provision C.1.4 of the CG Code as set out in Appendix C1 to the GEM Listing Rules regarding continuous professional development.

For the Year, regulatory updates have been provided and sent to all the Directors, include briefing by the external auditor on changes or amendments to accounting standards at the Audit committee meetings and update by the Company Secretary on proposed amendments to the GEM Listing Rules from time to time.

The Company shall from time to time arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

BOARD COMMITTEES

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs.

Audit Committee

The Company established an audit committee pursuant to a resolution of our Directors passed on 19 June 2018 in compliance with Rule 5.28 to Rule 5.33 of the GEM Listing Rules. Written terms of reference in compliance with paragraphs D.3.3 and D3.7 of the CG Code as set out in Appendix C1 to the GEM Listing Rules has been adopted. The Company has updated the written terms of reference of audit committee on 21 September 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the audit committee are mainly, among other things, to make recommendation to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting and oversee risk management and internal control procedures of our Company.

The composition of the audit committee up to the date of this report is as follows:

Mr. Ng Ming Hon (*Chairman*)
Mr. Kwan Tek Sian
Mr. Law Sung Ching Gavin

The majority members of the members of the audit committee are independent non-executive Directors. None of them is a former partner of the Company's existing auditing firm. Mr. Ng Ming Hon, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee.

CORPORATE GOVERNANCE REPORT

The Audit Committee has reviewed the Group's audited annual results for the year ended 30 June 2024 and has provided advice and comments thereon.

During the Year, the audit committee held three meetings. Details of the attendance of the members of the audit committee are set out under "Directors' attendance at Board/Board Committee/General Meetings" above.

The summary of work of the audit committee meeting during the Year is as follows:

- To meet with the external auditors, review and make recommendations to the Board for approving the annual financial statement of the Group;
- To review and approved audit fee;
- To review the terms of engagement and make recommendation to the Board for the re-appointment of auditors of the Company, subject to the shareholders' approval at the annual general meeting;
- To review the effectiveness of the Company's risk management and internal control systems; and
- To review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The audit committee has not taken a different view from the Board regarding the selection and re-appointment of external auditor.

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of our Directors passed on 19 June 2018 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph E.1.2 of the CG Code as set out in Appendix C1 to the GEM Listing Rules has been adopted. The terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the remuneration committee are mainly, among other things, to determine, with delegated responsibility, the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of independent non-executive Directors. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee up to the date of this report is as follows:

Mr. Law Sung Ching Gavin (*Chairman*)
Mr. Paulino Lim
Mr. Ng Ming Hon

The remuneration committee is chaired by an independent non-executive Director and majority members of the remuneration committee are also independent non-executive Directors. The remuneration committee held one meeting during the Year. Details of the attendance of the members of the remuneration committee are set out under "Directors' attendance at Board/Board Committee/General Meetings" at above.

CORPORATE GOVERNANCE REPORT

The summary of work of the remuneration committee meeting is as follows:

- To review and recommend to the Board on the Group’s remuneration policy and strategy;
- To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company; and
- To review and recommend to the Board on the Directors’ fees of independent non-executive Directors.

Nomination Committee

The Company established a nomination committee pursuant to a resolution of our Directors passed on 19 June 2018. Written terms of reference in compliance with paragraph B.3.2 of the CG code as set out in Appendix C1 to the GEM Listing Rules has been adopted. The terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee are to review the structure, size and composition of the Board, assess independence of independent non-executive Directors and make recommendations to the Board on appointment of the Directors and succession planning for the Directors.

The composition of the nomination committee up to the date of this report is as follows:

Mr. Kwan Tek Sian (*Chairman*)
Mr. Ng Ming Hon
Ms. Chu Wei Ning

The nomination committee is chaired by the Chairman of the Board and majority members of the nomination committee are also independent non-executive Directors. The nomination committee held one meeting during the Year. Details of the attendance of the members of the nomination committee are set out under “Directors’ attendance at Board/Board Committee/General Meetings” at above.

The summary of work of the nomination committee held is as follows:

- To review the existing Board’s structure, size and composition;
- To review and assess the independence of the independent non-executive Directors;
- To make recommendations on the retiring Directors of the Company; and
- To review the nomination policy.

CORPORATE GOVERNANCE REPORT

Board diversity policy

The Company recognises the benefits of having diversity in the composition of the Board and adopted its own board diversity policy.

The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group.

In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board with reference to the prescribed and available policies of the Group.

The nomination committee has monitored the implementation of the board diversity policy since its adoption, and also reviewed it regularly the implementation of the Board Diversity Policy to ensure its effectiveness and concluded that no revision to the policy is required.

As at the date of this annual report, the Board comprises seven Directors, one of whom is female. As such, the Board has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation over time as and when suitable candidates are identified and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices.

As at 30 June 2024, the gender ratio in the workforce (including senior management) of the Company of female and male are 20% and 80%, which the Board considers to reflect that a gender equality principle has been adhered to by the Group. The Board has not identified any challenges for maintaining gender diversity in the workforce so far.

Board Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code. The Nomination policy provides written guidelines regarding selection criteria and procedures for nominating suitable candidates for appointment as a new director of the Company or to fill a vacancy.

Board Nomination Process and Selection Criteria

When searching candidates for directorship, the nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management and professional referrals. In assessing the suitability of a proposed candidate, the Nomination Committee will take into account of criteria including, diversity of knowledge and experiences, qualifications, integrity, commitment in respect of available time and relevant interest and benefit to the Board diversity. For independent non-executive director, the candidate must also satisfy the independence requirements as set out under any applicable laws, rules and regulations.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

No corporate governance committee has been established and the Board has reviewed the corporate governance practices of the Company with reference to the CG Code as set out in Appendix C1 to the GEM Listing Rules. The summary of their work of is as follows:

- To review the Company's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of Directors and senior management of the Group;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual applicable to employees of the Group and the Directors; and
- To review the Company's compliance with CG Code and disclosure in the corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of financial reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for the Year which gives a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors about their reporting responsibilities is set out in the "Independent Auditors' Report" of the Consolidated Financial Statements.

External Auditors' Remuneration

During the Year, the Company engaged Baker Tilly Hong Kong Limited as the external auditors. The fee in respect of audit services and non-audit services provided by Baker Tilly Hong Kong Limited and its affiliates for the year ended 30 June 2024 amounted to approximately HK\$0.52 million and approximately HK\$0.14 million (which includes professional services for risk advisory and taxation) respectively.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the Year.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually, while the management is responsible for implementing and maintaining the internal controls systems that covers strategic risk, compliance risk, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major business risks and evaluate potential financial implications.

During the Year, the audit committee of the Company, through the engagement of BT Corporate Governance Limited ("BT Corporate"), reviewed the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and strategic risks. BT Corporate reported to the audit committee that they have identified and evaluated the internal control and risk management mechanism of the Group and concluded that no significant deficiencies were identified and various recommendations had been made to audit committee and management for their consideration for the purpose on improvement on the risk management and control systems of the Group.

Based on the review of internal control and enterprise risk assessment of the Group by BT Corporate, audit committee reported such findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations should be properly followed to ensure the sound and effectiveness of the risk and internal control systems of the Group can be maintained.

The Board and the audit committee admitted that through the internal control and enterprise risk assessment of the Group, which can evaluate and improve its effectiveness, and the Board, with the concurrence of the audit committee, considered that such systems including financial, operational and compliance were effective and adequate for the Year based on the work performed and report prepared by BT Corporate. The Group will conduct a review on its risk management and internal control system annually.

Risk Management and Internal Control Systems Review

Internal Audit

During the Year, the Company had appointed an internal control advisor (the "IC Advisor") to perform internal audit function for the Group. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit plan during the Year and reported the internal audit findings and recommendations to both the audit committee and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

CORPORATE GOVERNANCE REPORT

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and Securities and Futures Ordinance (“SFO”).

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

NON-COMPETITION UNDERTAKING

Each of Kin Sun Creative Company Limited, Mr. Kwan Tek Sian and Mr. Yang Tien-Lee confirmed their compliance with the terms of non-competition undertaking for the year ended 30 June 2024.

The independent non-executive Directors reviewed their respective confirmation and confirmed each of them has complied with the non-competition undertaking in accordance with its terms for the year ended 30 June 2024.

COMPANY SECRETARY

The Company appointed Ms. Lam Yuen Man Maria (“Ms. Lam”), an external service provider, as its company secretary. Mr. Lim Su I, an executive Director is the primary contact persons to Ms. Lam at the Company in respect of any compliance and company secretarial matters of the Company. The biographical details of Ms. Lam are set out under the section headed “Biographical Details of Directors of the Company and Senior Management” of this annual report.

During the Year, Ms. Lam undertook not less than 15 hours of relevant professional training to comply with Rule 5.15 of GEM Listing Rules.

DIVIDEND POLICY

The declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company does not have any predetermined dividend pay-out ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, among others, the general financial condition of the Group, the capital and debt level of the Group, the future cash requirements and availability for business operations, business strategies and future development needs, the general market conditions and any other factors that the Board deems appropriate.

The Board will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any given periods.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

During the Year and up to the publication of this report, the Company's constitutional documents have been amended. A copy of the Company's updated constitutional documents is available on the website of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 64 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company (on a one vote per share basis) having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 113 of the Articles of Association provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a member of the Company wishes to qualified to attend and vote a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are published on the Company's website at www.hklistco.com/8140.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders and Investors

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading “The Procedures for Sending Enquiries to the Board” at above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.hklistco.com/8140. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on 15 November 2024. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

During the year ended 30 June 2024, the amended and restated Memorandum and Articles of Association was adopted by the shareholders of the Company in the annual general meeting of the Company held on 17 November 2023 in order to reflect the changes of the relevant laws of the Cayman Islands and the GEM Listing Rules and other consequential and housekeeping changes. A consolidated version of the Company’s constitutional documents is available on the Company’s website and the website of the Stock Exchange.

Hong Kong, 23 September 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPROACH

BOSA Technology Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”, “we” or “our”) are committed to offering mechanical splicing services of the highest quality. With its position as one of the largest providers of mechanical splicing services to the reinforced concrete construction industry in Hong Kong, it is dedicated to creating long-term stakeholder value that focuses on integrating environmental, social and governance (the “ESG”) considerations into the Group’s business operation and practices.

The Group recognises its responsibility to be accountable to all its stakeholders, including its customers, shareholders/investors, employees, suppliers, government, media & public, the Hong Kong Stock Exchange (the “HKEX”), and community, etc. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach in the Group, a designated communication channel has been established to meet each stakeholder’s expectations better.

In the context of rapid technological change and an ever-changing business environment, we emphasize surveillance-related risks and exploring opportunities throughout the Group. We are committed to maintaining a balance between business needs, societal concerns, and environmental impacts, so we continuously identify the risks and opportunities that arise in our day-to-day business operations. We embrace a responsible corporate culture to ensure that our sustainability strategies are effectively communicated to employees, customers, the surrounding communities, and other stakeholders to maintain a steady balance on the social, environmental, and economic systems.

To implement sustainability strategies that apply to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability;
2. To respect human rights and social culture;
3. To engage with stakeholders;
4. To support our employees; and
5. To sustain local communities.

ABOUT THIS REPORT

The Group is delighted to present its ESG Report (the “Report”). The content herein provides an overview of the ESG performance of its major operations in Hong Kong for the year ended 30 June 2024 (the “Reporting Year” or “2024”). It helps the Group closely monitor its current performance and the opportunities to escalate. The Reporting Year is consistent with its financial year.

The principal activity of the Group is mechanical splicing services. During the Reporting Year, the Group is principally engaged in the provision of two types of reinforcing bars processing services including servisplice services and seisplice services in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Scope of the Report

This Report has been prepared in accordance with the ESG Reporting Guide (the “Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the HKEX. The two ESG subject areas, namely environmental and social, are disclosed separately, highlighting the impacts of the operations of the Group in Hong Kong for the Reporting Year.

For the Reporting Year, the material ESG issues are those that have or may have a significant impact on:

- The Hong Kong reinforced concrete construction industry;
- The global mechanical splicing service market;
- The environment or society now or in the future;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

The data and information used in this Report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for 2024.

Reporting Principles

Materiality	Materiality assessments and other viable resources have been used to identify and access material ESG topics and associated risks and opportunities that could significantly impact our investors and other stakeholders. Full details on the materiality assessment are provided in “Materiality Assessment” in this Report.
Quantitative	Historical data and information have been presented quantitatively to ensure the Group’s ESG policies and strategies are implemented effectively and, if applicable, with supporting explanations for their objective and influence, alongside comparable historical data.
Balance	This Report presents a balanced overview of the Group’s ESG management and performance, ensuring the information provided has been disclosed in a fair and impartial manner.
Consistency	Methodologies and formats in this Report remain consistent whenever possible while enabling useful comparisons between ESG data progressively.

Feedback

For details in relation to our financial performance and corporate governance, please visit our website at www.hklistco.com/8140 and our Annual Reports. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to us at (852) 2980 1333 or 8140-ecom@hk.tricorglobal.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT BOSA TECHNOLOGY HOLDINGS LIMITED

Our Business

The principal activities of the Group are the provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The Group currently offers mechanical splicing services, comprising two elements — processing reinforcing bars and connecting reinforcing bars by couplers. We proceed with our services in our workshops or on customers' sites. With the core strengths of unique innovative technologies, self-developed machines, rigorous quality control and an experienced project management team, we maintain ourselves as one of the leading companies in the market.

Our Vision

To capture more market share in the mechanical splicing service industry in Hong Kong.

Our Mission

To provide the best-quality mechanical splicing services based on our experienced and reliable project management team with extensive knowledge of the reinforced concrete construction industry.

Board of Directors

As at the date of this Report, the Board of Directors (the “Board”) consists of:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. Lim Su I Mr. Lim Paulino Mr. Yang Tien Lee	Mr. Kwan Tek Sian (<i>Chairman</i>)	Mr. Law Sung Ching Gavin Ms. Chu Wei Ning Mr. Ng Ming Hon

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR STAKEHOLDERS

The Group actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in this challenging market.

Stakeholders	Key concerns	Communication and responses
HKEX	Compliance with Listing Rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, Company's website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issuing financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human rights.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Training, interviews for employees, employee handbooks, internal memos, and employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Governance Structure

The Board has actively assumed responsibility for overseeing and managing ESG-related issues. As part of our commitment to integrating ESG factors into our business practices, we actively mitigate those risky ESG factors that may impact our financial, reputational, and operational performance by establishing and adopting ESG-related strategies and targets. The Group has established an ESG working group consisting of the Chief Executive Operating Officer and the Executive Accounting Manager from the key business divisions who have professional knowledge and expertise on the Group's business and can initiate sustainability and prepare effective ESG frameworks and strategies for the Group. They are also responsible for identifying, prioritizing, and managing rapid-emerging material ESG issues that may directly impact the Group's business operations and report to the Board regularly. In addition, the Board reviews the Group's performance against the ESG-related targets annually and revises the ESG-related strategies as appropriate if significant deviations are observed from the ESG-related targets.

Materiality Assessment

Our Group believes material ESG issues could significantly impact investors and other stakeholders while providing new opportunities for its business and the surrounding environment. In view of this, we place great emphasis and effort on addressing those concerns with ESG issues raised by our important stakeholders, including but not limited to our customers and employees. We evaluated and identified different significant levels of ESG issues that could potentially impact the Group's business and stakeholders by conducting a materiality assessment and referring to various publicly available sources, including previous ESG reports, internal policies, industry trends, and the Sustainability Accounting Standards Board's Materiality Map¹. The Group has reviewed its materiality assessment to determine the significance level of the identified ESG issues pertinent to its business and other stakeholders. Following the analysis of the results, the Group found that no material changes have occurred in the main concerns of stakeholders and that the priority of related ESG topics has not changed compared to the previous year. The following are the most material ESG issues that have been identified:

1. Product and Service Responsibility
2. Occupational Health and Safety
3. Labor Standards
4. Development and Training
5. Anti-corruption

¹ Sustainability Accounting Standards Board's Materiality Map, <https://materiality.sasb.org/>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SECTION A: ENVIRONMENTAL

The Group places high importance on maintaining and even enhancing its product and service quality standards to cater to its customers' needs, while upholding social responsibilities towards the community and environment at the same time. As we believe that it represents not just an ethical obligation, but also a gateway to business success. Therefore, we make every effort to integrate sustainability into the core of our business by the implementation of eco-friendly measures to reduce carbon and emission footprints, as well as the related intensity². To present a comprehensive emissions overview, we compared the emission figures and relevant intensities of the Reporting Year to the year ended 30 June 2023 ("2023" or "Last Year")³.

The Group strictly complies with laws and regulations regarding environmental and resources management, including but not limited to the Air Pollution Control Ordinance, the Waste Disposal Ordinance, and the Water Pollution Control Ordinance of Hong Kong. During the Reporting Year, the Group was not aware of any case of material non-compliance with applicable laws and regulations that could have a significant impact on the Group, such as air emissions and greenhouse gas ("GHG") emissions, water and land discharge, and hazardous and non-hazardous waste production.

Environmental Targets

The Group's steadfast commitment to driving sustainable development is exemplified by its dedication to establishing a comprehensive set of quantitative environmental targets. These targets serve as measurable benchmarks against the Group's future progress and achievements in environmental sustainability. By setting clear and quantifiable objectives, the Group aims to enhance its sustainability initiatives' transparency, accountability, and performance. With these targets in place, the Group is well-positioned to track its environmental progress and make informed decisions that contribute to a more sustainable future.

In alignment with the China Action Plan's objective of achieving "Carbon Emission Peak by 2030" and "Carbon Neutrality by 2060," the Group is committed to actively responding to this national target. To achieve a sustainable, low-carbon future, the Group will bolster its management of material environmental issues and sustainability performance, optimize its business practices, and maintain a monitoring and review process to gauge progress regularly. The subsequent table sheds light on the Group's newly settled environmental targets and the progress made towards their attainment in comparison to the previous targets:

Aspects	Environmental Targets	Progress
Air Emissions	Based on the baseline year of 2022, the Group has established a target to achieve a 10% reduction in NO _x , SO _x , and PM by the year 2030.	Achieve in advance. The Group remains firmly committed to environmental sustainability and will continue to uphold and strengthen appropriate practices to ensure the long-term achievement of our air emission reduction targets. The Group has established a new target for the next reporting period. We are committed to reducing or maintaining the emissions of nitrogen oxides ("NO _x "), sulfur oxides ("SO _x "), and particulate matter ("PM") within a range of 90% to 120% of the levels recorded in our baseline year ended in 2024.

² The intensity figures in this Report are calculated per employee, in which there were 42 employees as of 30 June 2024 (Last Year: 47 employees).

³ Adjustments were made to the emissions data for Last Year when compared with our last ESG report because the emission factors of the electricity consumption, electricity used during fresh water and sewage processing were updated based on the respective latest Annual Report or Sustainability Report 2022/23 issued by CLP Holdings Limited, HK Water Supply Department and HK Drainage Services Department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Environmental Targets	Progress
GHG Emission	Based on the baseline year of 2021, the Group has established a target to achieve a 10% reduction in its total GHG emissions intensity (tCO ₂ e/employee), by the year 2030.	Achieve in advance. The Group remains firmly committed to environmental sustainability and will continue to uphold and strengthen appropriate practices to ensure the long-term achievement of our GHG emissions intensity reduction targets. The Group has established a new target for the next reporting period. We are committed to reducing or maintaining the GHG emissions intensity within a range of 90% to 120% of the levels recorded in our baseline year ended in 2024.
Waste Management	Based on the baseline year of 2022, the Group has established a target to achieve a 10% reduction in its total non-hazardous waste intensity (kg/employee), by the year 2030.	Achieve in advance. The Group remains firmly committed to environmental sustainability and will continue to uphold and strengthen appropriate practices to ensure the long-term achievement of our non-hazardous waste intensity reduction targets. The Group has established a new target for the next reporting period. We are committed to reducing or maintaining the non-hazardous waste intensity within a range of 90% to 120% of the levels recorded in our baseline year ended in 2024.
Water Consumption	Based on the baseline year of 2022, the Group has established a target to achieve a 10% reduction in its total water consumption intensity (cubic meters/employee), by the year 2030.	Fall short. This could be attributed to improvements in the data collection system, more water usage was collected during the Reporting Year. However, the Group remains steadfast in our commitment to environmental sustainability and is actively working towards improving our water management practices.
Energy Consumption	Based on the baseline year of 2022, the Group has established a target to achieve a 10% reduction in its total energy consumption intensity (MWh/employee), by the year 2030.	Achieve in advance. The Group remains firmly committed to environmental sustainability and will continue to uphold and strengthen appropriate practices to ensure the long-term achievement of our energy consumption intensity reduction targets. We are committed to reducing or maintaining the energy consumption intensity within a range of 90% to 120% of the levels recorded in our baseline year ended in 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emissions

Air Emissions

As the Group's core business activity is the provision of mechanical splicing services, there is no gaseous fuel consumption, neither town gas nor liquefied petroleum gas (the "LPG") produced. The air pollutants are emitted from the usage of motor vehicles for transporting the Board, senior management and employees between our workshops, office and customers' sites.

During the Group's daily operations, the usage of motor vehicles is the major activity that generates air pollutants. The Group faces challenges in comprehensively gathering data on vehicle utilization due to data collection constraints. Moving forward, the Group will focus on improving its data collection system to enhance the overall accuracy of its disclosures. The air emissions⁴ from the vehicle usage are as follows:

Indicators ⁵	Unit	2024	2023
NOx	kg	0.008	0.010
SOx	kg	0.018	0.021
PM	kg	0.001	0.001

To further reduce the negative impact on the environment, the Group has implemented related environmental policies to reduce the emissions of the relevant air pollutants. All motor vehicles are under frequent and regular checks and maintenance to ensure that no energy inefficiency occurs. All travel routes are planned with the shortest distance.

Greenhouse Gas Emissions

During the Reporting Year, the total GHG emissions by the Group weighed approximately 88.05 tCO₂e (Last Year: 106.32 tCO₂e). The major GHG emissions by the Group are energy indirect emissions (scope 2) of electricity⁶. Alongside the aforementioned source, there were also several other indirect emissions (scope 3) noted as the electricity used in fresh water and sewage processing⁷, paper waste disposal at landfills and business air travel during 2024. Regarding our 42 employees, the GHG emissions intensity was approximately 2.10 tCO₂e per employee (Last Year: 2.26 tCO₂e per employee), representing a decrease of 7.08%. Compared to Last Year, the total weight of GHG emissions has decreased by approximately 17.18%. During the Reporting Year, the Group's total GHG emissions declined due to a significant decrease in the use of electricity.

⁴ The calculation method of air emissions and the related emission factors were based on, including but not limited to, "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX.

⁵ The presentation format for the environmental KPIs has changed for better disclosures.

⁶ The latest carbon emission factor of unit electricity consumption announced by CLP Holdings Limited was 0.390 kgCO₂e/kWh.

⁷ The latest unit electricity consumption factors during fresh water and sewage processing announced by Hong Kong Water Supply Department and Hong Kong Drainage Services Department were 0.437 kgCO₂/m³ and 0.21 kgCO₂e/m³ respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With our determination of environmental sustainability, several measures to reduce our GHG emissions have been implemented accordingly. Those measures included promoting paperless offices by reusing single-side-printed paper, encouraging employees to switch off all idle appliances and using energy-efficient and environmentally friendly appliances.

Indicators	Unit	2024	2023
Direct emissions (Scope 1)			
— Mobile combustion source	tCO ₂ e	3.33	3.75
Energy indirect emissions (Scope 2)			
— Electricity consumption	tCO ₂ e	74.52	92.69
Other indirect emissions (Scope 3)			
— Paper waste disposal	tCO ₂ e	2.27	3.22
— Freshwater processing	tCO ₂ e	3.80	2.71
— Sewage processing	tCO ₂ e	1.82	1.33
— Business air travel	tCO ₂ e	2.31	2.62
Total	tCO₂e	88.05	106.32
Intensity	tCO₂e/employee	2.10	2.26

Waste Management

Due to the business nature, there was no hazardous waste involved in the Group's operations.

The non-hazardous waste produced by the Group was mainly inert waste, which was the remaining iron portion after processing reinforcing bars, and paper waste. Most of the time, the remaining iron portion was sold to third parties as raw materials for further production. Hence, there was only paper waste to be disposed of in the landfills. The total weight of paper waste disposed of by the Group during the Reporting Year amounted to approximately 472.48 kg (Last Year: 671.30 kg), with an intensity of approximately 11.25 kg per employee (Last Year: 14.28 kg per employee), representing a decrease of approximately 21.22%. Compared to Last Year, the total weight of non-hazardous waste disposed has decreased by approximately 198.82 kg, representing a decrease of approximately 29.62%.

Paper usage is always one of the alerting concerns in the consumption of natural resources. Amid the daily operations of the office and workshops, the Group encourages the use of electronic documents. We have replaced printed documents with computer-based documents and endeavoured to realize paperless office and resource sharing, thereby reducing the use of printed documents. Moreover, the printing system is set for double-sided printing by default, and our staff are encouraged to reuse the discarded single-sided printed paper. As part of our ongoing efforts, the Group has implemented various measures as previously mentioned.

Use of Resources

The Group undertakes to become a resource-saving and environmentally friendly enterprise to promote environmental protection. To reduce carbon emissions, we have taken different initiatives to reduce our usage of resources in our business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Consumption

The electricity consumption of the Group's workshops was the largest contributor to the GHG footprint. The culprit of the substantial electricity consumption was the operations of the machines in workshops for mechanical splicing services, namely cutting machines, CNC crimping machines and CNC threading machines, which were driven by electricity.



Three types of mechanical splicing machines are located in workshops

Indicators ¹⁰	Unit	2024	2023
Direct energy consumption			
— Petrol	MWh	12.11	13.65
Indirect energy consumption			
— Purchased electricity	MWh	191.08	237.66
Total	MWh	203.19	251.31
Intensity	MWh/employee	4.84	5.35

During the Reporting Year, the total energy consumption amounted to approximately 203.19 MWh (Last Year: 251.31 MWh), with an intensity of approximately 4.84 MWh per employee with regard to 42 employees (Last Year: 5.35 MWh per employee with regard to 47 employees). With all the efforts that have been exerted, the Group has achieved a decrease of approximately 19.15% in the amount of total energy consumption between 2023 and 2024.

¹⁰ The calculation of unit conversion refers to the "Energy Statistics Manual" issued by the International Energy Agency; With some of the electricity bills unavailable to be provided, the electricity consumption data was calculated with some missing data excluded.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To further extend our achievement in the future, we have adopted an Energy Conservation Policy with the following measures in office:

1. Prioritizing the use of more energy-efficient products, to reduce overall energy consumption;
2. Setting the temperature of air conditioners at appropriate temperatures;
3. Switching computers that stand idle for at least 20 minutes to power-saving mode;
4. Using natural lighting instead of electrical illumination;
5. Switching off air conditioners, lights, computers, printers, photocopiers and any other electrical appliances if they are not in use or when the last employee leaves the office/workshops; and
6. Switching off all plants, machinery and vehicles when not in use.

The Group has emphasized the essentialness of energy conservation. The Group encourages every employee to participate in energy conservation and management initiatives. In addition, the Group has carried out activities to promote knowledge about energy conservation, to raise the awareness of its employees regarding environmental issues through the above means.

Water Consumption

Since water is one of the most precious natural resources in the world, cherishing water resources is one of the fundamental targets of the Group. Being the most material water consumption point, our Group consumed a total of approximately 8,689.00 cubic metres of water during the Reporting Year (Last Year: 6,335.50 cubic meters), which was 206.88 cubic metres per employee (Last Year: 134.80 cubic metres per employee). Compared to Last Year's water consumption of 6,335.50 cubic metres, there was an increase of approximately 37.15% due to improvements in the data collection system, more water usage data was collected during the Reporting Year. Nevertheless, since some records of water bills are still unavailable to be provided, the total water consumption data calculation is based on bill records with the missing ones excluded, which was lower than the actual water consumption incurred. The Group believed that the water consumption level would be reduced in the future based on the promotion of the importance of water-saving at the workshop, as well as the proper collection of actual consumption figures to reduce estimation variance. Since our water sources are from the local government department, there was no water supply issue identified during the Reporting Year.

Effective use of water can significantly whittle down the indirect consumption of electricity during fresh water and sewage processing, and thus the GHG emissions as well. The Group has encouraged its staff to save and use less water when unnecessary.

Packaging Materials

The Group's principal activities are offering mechanical splicing services to the reinforced concrete construction industry. Thus, no significant usage of packaging materials is identified during the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environment and Natural Resources

The Group is committed to the minimization of any adverse impact on the environment resulting from our business operations. The Group believes that the natural environment should not be used to compensate for our business activities. Therefore, alongside the aforementioned aspects, we have established environment and natural resources-related policies and have implemented several ways to monitor closely for further reduction of adverse impacts on the environment.

Noise Control

The Group highlights the significance of noise control management resulting from the use of powered mechanical equipment. The Group abides strictly with the Noise Control Ordinance in which no mechanical splicing work is permitted between 7 p.m. and 7 a.m. on normal weekdays and any time on general holidays without any prior approval. Its directors monitor intently its workshops to comply with environmental laws and regulations.

During the Reporting Year, the Group did not record and is aware of any non-compliance issue with applicable environmental requirements. By integrating environmental considerations into our business strategies, we aim to be an environmentally sustainable business. In the coming years, we will continue promoting GHG emissions reduction, energy and paper resources conservation and efficient use of natural resources. We believe that the above measures not only can raise environmental awareness and reinforce the positive behavioural changes to bring benefits to our financial situation, but they can also be beneficial to future generations. The Group will go forward to achieve better environmental protection results, to be responsible for our promising nature.

Climate Change

The Group has considered the potential climate-related risks in respect of the potential physical risks and transition risks from climate change which may result in adverse financial impacts on the Group's businesses and operations. Hence, climate change-related policies are in place to mitigate the impact of significant climate-related issues.

Acute physical risks can arise from extreme weather conditions such as storms while transition risks may result from changes in environmental-related regulations. Upon evaluation of the potential acute physical risks that may cause disruption and suspension to the Group's mechanical splicing services, the Group concluded that being the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong, it maintains a relatively stable customer base. Besides, the production plant has sufficient protection to avoid the ravages of extreme weather. Thus, the effects of extreme weather which has a negative impact on the Group are low. As for the potential transition risks, the Group continues to monitor the regulatory environment to ensure the mechanical splicing services meet the expectations of its customers and regulators.

It is expected that potential extreme weather conditions and changes in environmental-related regulations would not result in a material impact on the Group's operation. Nevertheless, the Group continues to monitor the climate-related risks and implement relevant measures to minimize the potential physical and transition risks in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SECTION B: SOCIAL

Employment

Employees are always one of the most treasurable assets for the Group. The Group places significant importance on the dedication and effort of its employees and hence it addresses the essence of the common interests of both. Thus, the Group aims to grow with its employees for the future boom.

Employee Benefits

The Group has established a long-term favourable relationship with its employees. We offer a competitive and attractive remuneration package, including on-the-job training, year-end bonuses, performance-based incentive bonuses and travelling accommodation, to our employees. The Group offers its employees 5-day work and 8 hours per day, to ensure that the employees are provided with sufficient rest periods. We also provide a Mandatory Provident Fund to all our qualified employees. All our employees are covered and protected by the Employees' Compensation Insurance. We continuously assess our employees based on their performance to decide the salary increase, bonus amount and promotion chance, to keep them up to our required standards as well as reward them for their contributions. For any employees with performance not up to the Group's standards, targeted training will be provided to enhance their fundamental skills and knowledge.

The Group strictly abides by the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance, the Employees' Compensation Ordinance and other relevant laws and regulations that are related to employee protection and benefits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Harmonious Workplace

To diversify the background exposure of the Group, we hire people based on experience, expertise and values, regardless of race, colour, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. We formulate equal opportunities and diversity policies for all our employees. Equal promotion opportunities were provided to our employees if they could perform satisfactory quality of work. We make significant efforts to build a harmonious workplace without discrimination for our employees.

During the Reporting Year, the Group had a total of 42 employees, the employee profiles by type of employment, gender, age, employment category and geographical location are shown as follows:

As at 30 June	2024
Total Workforce	42
<i>By Type of Employment</i>	
Full time	40
Part time	2
<i>By Gender</i>	
Male	35
Female	7
<i>By Age</i>	
< 25	1
25–29	1
30–39	5
40–49	16
> 49	19
<i>By Employment Category</i>	
Top management	5
Middle management	6
General staff	31
<i>By Geographical Location</i>	
Hong Kong	41
Other	1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, 2 employees left the Group in Hong Kong, with a total employee turnover rate of 4.76%. The breakdowns of employee turnover rate in the Group by gender, age and geographical location are as follows:

As at 30 June	2024
Employee turnover rate¹¹	
By Gender	
Male	5.71%
Female	0%
By Age	
<25	0%
25–29	0%
30–39	0%
40–49	6.25%
> 49	5.26%
By Geographical Location	
Hong Kong	4.88%

Occupational Health and Safety

The Group is committed to safeguarding the safety, health and welfare of all employees, workers, and the public who is likely to be affected by its normal business operations. To redeem our commitment, we have established certain safety policies. The policies include effective promotion and communication of safety procedures with preparation of safety reports; strict requirements for our employees to follow the safety rules and indispensable safety induction briefing sessions and trainings covering prevention, handling and reporting of accidents. We have our own occupational health and safety officer, who is certified in a safety supervision training course organized by an external trainer, to prepare safety plans, manage the occupational health and safety management system and help with any accidents occurred. In addition, a manual of “Occupational Safety — Equipment”, “Work Safety — Electrical Safety and You” and “Safety Handbook for Construction Site Workers” have been adopted and announced within the Group for reminding its staff and construction site workers about the safety precaution and the potential accident during the usage of electrical appliances, mechanical machines and work in the construction sites. Moreover, for specific machines such as Gantry Crane, only those workers with effective certificate are allowed to operate. The machines are also under regular checks and maintenance to ensure that they are in good conditions to be used.

Alongside the safety measures in workshops and customers’ sites, the Group maintains a healthy and safe environment in the office as well. We notice the preparedness for the potential accidents. Thus, there is a first aid box placed at the office in case any injury happens. A safety manual of office operation is also in place to advocate the office safety, such as the correct pose to transfer heavy items.

¹¹ Employee turnover rate by category = Total number of employees leaving employment by category during the financial year/ Total number of employees by category at the end of the financial year * 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group abides strictly to the Section 15 of the Employees' Compensation Ordinance to report any accident to the Commissioner for Labor. Whenever a case of work injury happens, the Group will promptly handle the injured staff and investigate the situation and reason of the work injury. Immediate report will be prepared to notify the Commissioner of the Labor Department as well as the insurance company following the respective regulations and requirements. During the Reporting Year, there were no work injury and fatal case reported within the Group. We will continue to strive for a safe and healthy work environment for our employees and front-line workers to reduce the work injury rate.

During the Reporting Year, the number of deaths due to work injury, the number of reported injuries and the number of lost days due to work injury are shown as follows:

As at 30 June	2024	2023	2022
Number of deaths due to work injury	0	0	0
Number of reported injuries	0	4	6
Number of lost days due to work injury	0	461	947

Development and Training

The Group underlines the indispensableness of employee improvement. The Group promises to provide sufficient and efficient training to its employees. We also focus on the ability requirements of each level of employees to ensure that our employees are grooming with the Company at the same pace. We offer different internal trainings and development courses to our employees to enhance their knowledge and performance. If any of the employees lag behind, additional trainings with assessments will be provided to keep them on track to maintain the work quality.

All employees are required to receive safety induction briefing sessions and trainings before the commencement of work and during the course of employment. The safety trainings focus on the prevention of accident, safety procedures for using the mechanical machineries, emergency dealing and reporting procedures. These training sessions are provided to ensure that our employees fully understand our safety policies and requirements, as well as protect them from getting injured. In addition, we encourage our workers to participate in external training sessions to be equipped with updated and essential skills and knowledge.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Year, the Group have provided staff training for 31 staff with a total of 155 hours. 73.81%¹² of employees being trained. The average training hours completed per employee is 3.69 hours¹³. Statistics related to development and training are detailed as follows:

As at 30 June	2024
Average Hours of Training per Employee¹⁴	
<i>By Gender</i>	
Male	4.31
Female	0.57
<i>By Employment Category</i>	
Top management	5.00
Middle management	4.75
General staff	4.23
Percentage of Employees Trained among Employees Participated in Training¹⁵	
<i>By Gender</i>	
Male	96.77%
Female	3.23%
<i>By Employee Category</i>	
Top management	3.23%
Middle management	12.90%
General staff	83.87%

Labor Standards

The Group strictly abides with the relevant laws and regulations with regards of child labour, minimum wage specified by the government, monthly salary payments and mandatory provident fund scheme. We are delighted to announce that we have not encountered major risks in human rights matters so far. The Group guarantees that no employee is made to work against his/her will or work as forced labour, or subject to coercion related to work. In addition, employee consent to overtime arrangement must be obtained and the relevant compensation will be arranged according to the laws and regulations to prohibit any forced overtime work. Recruitment of child labour is strictly prohibited. Once discovering any child labour, the Group will terminate the contract of the relevant staff with immediate effect and investigate such incident(s) to prevent such incident(s) occur again.

¹² Total percentage of employees trained = Total number of employees trained during the financial year/ Total number of employees at the end of the financial year * 100%.

¹³ Average training hours completed per employee = Total number of training hours completed during the financial year/ Total number of employees at the end of the financial year.

¹⁴ Average training hours = Number of training hours completed by category during the financial year/ Number of employees by category at the end of the financial year.

¹⁵ Percentage of employees trained among employees participated in training = Number of employees trained by category during the financial year / Total number of employees trained during the financial year * 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the recruitment process, our recruiters will obtain the identification documents from the applicants to confirm that there are no employees recruited for under age 18. Through the whistle-blowing mechanism, our employees are able to voice out injustice they face or the misconduct and malpractice they suspect. The identity of the whistleblower will be seriously protected. The reported cases of child and force labour will be investigated by management seriously and follow-up actions will be taken if necessary.

Supply Chain Management

As a group that processes reinforcing bars, we recognize the importance of supply chain management for our sole and primary inventory — couplers. During the supplier selection process, we considered the suppliers' qualifications, reputation, product quality and consistency. We have contracted with an original equipment manufacturer factory (the "OEM factory") in Taiwan for a long-term, non-exclusive framework agreement till November 2026. The OEM factory will promptly supply all the necessary couplers with the required specifications and quality standards to the Group. As at 30 June 2024, the OEM factory is the sole supplier of our Group's inventory, and we have established a good business relationship with the supplier.

The Group recognizes the importance of timely delivery of high-quality mechanical splicing services as a mechanical splicing service provider. Hence, the inventories delivered from the OEM factory play an incredibly significant role in our supply chain. As a precautionary measure against inventory shortages due to the late delivery by the OEM factory, we have already obtained quotes from two other alternative suppliers. We have placed sample orders of couplers from one of the alternatives to conduct quality testing to check if the new supplier can supply inventories up to our quality standards. During the selection of backup alternative suppliers, we underlined the importance of inventory quality, the required skills for the supplier to produce our customized couplers, price and timely delivery. Also, all our business transactions with the suppliers should maintain a high standard of ethics in which bribes or other improper interests cannot be provided or accepted. According to the applicable laws and regulations, information about the business activities, structure, financial status, and performance should also be regularly disclosed.

As part of our efforts to better understand potential adverse environmental and social risks associated with our supply chain, the Group actively engages and communicates with suppliers through several means to build and maintain effective and constructive relationships with our suppliers. During the Reporting Year, we have engaged with 7 suppliers in Taiwan. The Group is making efforts to develop policies and procedures relevant to supply chain management. Due diligence will be conducted to ensure that all related social and environmental risks can be appropriately managed, and when selecting suppliers, priority will be given to suppliers who are considered to have better performance on sustainability, either on their products or services.

Product Responsibility

Since the Group specializes in the provision of the mechanical splicing services to the reinforced concrete construction industry, we are committed to comply with and even exceeding the applicable industrial, safety and quality standards for the sake of safeguarding both the Company's reputation and the public interests.

Quality Standards

The Group has set up a Quality Policy to commit itself for providing satisfactory services to settle customers' desire. We have implemented and maintained our Quality Management System ("QMS") at all costs in which we have been certified to comply with the requirements of ISO 9001: 2015 quality management system standard for the approved scope as "Design, Production and Supply of Mechanical Splices".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Annual Internal Inspection

The Group conducts an internal inspection, covering both the Hong Kong office and Hong Kong workshops in Pingche, regarding the QMS in compliance with ISO 9001: 2015 quality management system standards on an annual basis. The inspection is carried out and monitored by our Quality Management Consultant. An internal inspection report will be prepared to conclude the inspection coverage and criteria and summaries the findings and improvement recommendations. The management holds a meeting to discuss the internal inspection report and review the QMS to ensure that the Group complies with the requirements of ISO 9001:2015 quality management system standards. We will continue to ensure that the implementation of the QMS is up to our required standards.

Quality Control

The Group has implemented a mature inspection system to ensure that all the services provided are of satisfactory quality.

For processing reinforcing bars, all the pre-processed reinforcing bars must be delivered to the Group with mill certificates stating clearly the corresponding heat number of the bars. For connecting reinforcing bars by couplers, the Group closely monitors the production process of the couplers by the OEM factory. Only those raw materials with effective mill certificates and passing mechanical test and chemical test will be used for the production.

After processing and coupling the reinforcing bar, all tags on the processed products must also include the heat number. Then, our Level 3 Technician of Technically Competent Persons under the Registered Structural Engineer's stream ("RSE's TCP (T3)") selects samples randomly from the processed reinforcing bars and inspect with the control bars with the same heat number. The Group invites a registered laboratory under the Hong Kong Laboratory Accreditation Scheme (the "HOKLAS laboratory") to inspect the samples under the supervision of the RSE's TCP (T3). The inspection conducts under the requirements of the Code of Practice for Structural Use of Concrete (2013), conforming the Clause 3.2.8.3 for Type 1 mechanical couplers and Clause 3.2.8.4 for Type 2 mechanical couplers. The processed reinforcing bars are sent to the customers only after the test reports are issued with a "Pass" or "Without Failure" result by the HOKLAS laboratory. The Assistant Quality Supervisor also prepare a thread preparation check record to track whether the samples are satisfactory for the thread length check and the thread profile check.

During the Reporting Year, no products sold or shipped subject to recalls for safety and health reasons.

Customers' Responses

The Group always treasures the customer relationship as an invaluable asset. We invite our customers to evaluate our services upon completion. During the Reporting Year, there were no complaints regarding service quality reported. We will continue to keep well-established relationships with our customers and achieve a complaint-free record in the coming reporting year.

Relevant Laws and Regulations

Actively notifying the compliance issues and inspecting any deficiencies can prevent problems from escalating. Therefore, the Group keeps a close eye on the updates of the Buildings Ordinance, Code of Practice for Structural Use of Concrete and other relevant regulations and codes to revise our policies and operations accordingly to prevent any malpractice. Due to our preventive measures and stringent quality control system, no complaints or non-compliance were reported during the Reporting Year. We will continue striving to provide high-quality service to our precious customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption

For the Group to maintain a fraudless environment, it is important for us to highlight the prevention of any cases of bribery, extortion, fraud and money laundering. Corruption and bribery are not limited to the questions of morals and ethics, but also the questions of legal litigation and the damage to the Group's reputation. Therefore, the Group has set up an Anti-Bribery & Anti-Corruption-Statement to state clearly the definition of bribery and corruption, the Group's stance and the responsibilities of its employees. The Group severely prohibits its employees from accepting any forms of gifts and benefits beyond proper permission. Our employees should always perform duties with integrity in no bribe, fraud or money laundering should be involved for their own benefit by harming the Group's interests.

The Group recognizes the importance of strict anti-corruption measures to all its employees. Accordingly, the Group has arranged for its employees and directors to receive Anti-Corruption and Ethical Governance training provided by the Hong Kong Chartered Governance Institute (HKCGI) during the Reporting Year. In addition, as a preventative measure, the Group has also prepared anti-corruption materials and training videos and will distribute them regularly to the employees and directors. During the Reporting Year, no concluded legal case regarding fraud was brought against the Group or its employees.

Whistleblowing Procedures

The Group has set up a Whistleblowing Policy to encourage its employees to report alleged malpractices or misconduct. The Group values and welcomes its employees to report any suspected malpractices through various channels, i.e., emails, websites, and in person. The management will take immediate action to investigate the issue. The Group promises to fully support the whistleblower, and the identity of the whistleblower will also be well protected.

Community Investment

A prosperous business environment relies on a mutually supportive surrounding community, we are committed to impacting society favourably through effective community investment and employee engagement. The Group intends to establish community investment-related policies and invest more resources in areas that we consider significant, such as labour needs, environmental issues, and health, and will regularly evaluate the effectiveness of these efforts.

REGULATORY COMPLIANCE

The Group was unaware of any non-compliance with laws and regulations that significantly impacted the Group relating to emissions, employment, health and safety, labour standards, product responsibility and anti-corruption during the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE GUIDE CONTENT INDEX

Aspect	Description	Chapter/Section
A. ENVIRONMENTAL		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.	Environmental Targets, Emissions
KPI A1.1	The types of emissions and respective emissions data.	Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of emission target(s) set, and steps taken to achieve them.	Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	Environmental Targets
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Targets, Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. SOCIAL		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4 Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Occupational Health and Safety, Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Due to the business nature, this KPI has been identified as not material to the Group's operation
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Due to the business nature, this KPI has been identified as not material to the Group's operation
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	Description	Chapter/Section
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	The Group is prioritizing resource allocation towards business operations, which has led to a temporary suspension of contributions to external focus areas

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of BOSA Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of BOSA Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 78 to 133, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Revenue recognition on provision of mechanical splicing services

We identified revenue recognition on provision of mechanical splicing services as a key audit matter because revenue is one of the key performance indicators of the Group and errors in the recognition of revenue could have a material impact on the Group's results for the year.

Revenue is mainly derived from provision of mechanical splicing services.

Revenue is recognised when the Group satisfies a performance obligation by transferring the control of promised goods and service to a customer.

An analysis of the Group's revenue information for the year is set out in note 5 to the consolidated financial statements.

Our audit procedures in relation to revenue recognition on provision of mechanical splicing services included:

- obtaining an understanding of the revenue business process and testing the key controls over the recognition of revenue from provision of mechanical splicing services;
- assessing the appropriateness of the Group's accounting policies for revenue recognition and assessing the compliance of those policies with relevant HKFRSs;
- performing substantive testing, on a sampling basis, on the reasonableness of the Group's revenue recognition policy by checking to the contract terms, delivery notes, customers' acknowledgement of receipts and invoices; and
- testing the sale transactions, on a sampling basis, that took place shortly before and after the year end, by reconciling the recognised revenue with corresponding goods delivery note and customers' acknowledgement of receipt, to ensure that revenue was recognised in the correct accounting period.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of trade receivables

We identified the valuation of trade receivables as a key audit matter due to the use of judgement and estimates by management in assessing the expected credit losses (“ECLs”) of trade receivables.

Loss allowances for trade receivables are based on management’s estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers’ repayment history and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgements.

We focused on the impairment assessment which involves significant management judgements and assumptions, primarily including the following:

- criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- economic indicators for forward-looking measurement, and applicable economic scenarios and weightings.

As set out in notes 4, 17 and 28 to the consolidated financial statements, the gross carrying amount of trade receivables is HK\$40,947,000 (2023: HK\$61,247,000) as at 30 June 2024. The ECLs allowances of HK\$11,615,000 (2023: HK\$15,293,000) was recognised as at 30 June 2024.

Our audit procedures in relation to the valuation of trade receivables included:

- understanding management’s process in assessing and determining the ECLs allowances of trade receivables;
- checking the accuracy of ageing analysis of the Group’s trade receivables, on a sampling basis, to invoices;
- assessing the reasonableness of management’s loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;
- reviewing subsequent settlements of trade receivables and challenging management regarding the reasons for not considering a provision against any unsettled past-due balances; and
- evaluating the appropriateness of the disclosures in respect of the credit risk and impairment assessment of trade receivables in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Leung Yun Wa.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 23 September 2024
Leung Yun Wa
Practising certificate number P08096

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024 (Expressed in Hong Kong dollars)

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	5	100,724	106,696
Cost of sales		<u>(53,682)</u>	<u>(59,928)</u>
Gross profit		47,042	46,768
Other income	7	9,059	8,152
Other net losses	7	(934)	(265)
Selling and distribution expenses		(377)	(187)
Reversal of impairment loss/(impairment loss recognised) in respect of trade receivables under expected credit loss model, net		3,678	(10,496)
Administrative expenses		(18,422)	(17,955)
Finance costs	8	<u>(306)</u>	<u>(229)</u>
Profit before tax	9	39,740	25,788
Income tax expense	10	<u>(5,327)</u>	<u>(4,993)</u>
Profit for the year attributable to the owners of the Company		<u>34,413</u>	<u>20,795</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		<u>68</u>	<u>86</u>
Total comprehensive income for the year attributable to the owners of the Company		<u>34,481</u>	<u>20,881</u>
Earnings per share			
— Basic and diluted (HK cents)	11	<u>4.30</u>	<u>2.60</u>

The notes on pages 83 to 133 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Expressed in Hong Kong dollars)

	<i>Note</i>	2024	2023
		HK\$'000	HK\$'000
Non-current assets			
Plant and equipment	<i>13</i>	6,008	8,093
Right-of-use assets	<i>14</i>	4,962	2,150
Deferred tax assets	<i>23</i>	10	–
Deposits	<i>15</i>	717	170
		<u>11,697</u>	<u>10,413</u>
Current assets			
Inventories	<i>16</i>	5,847	6,157
Trade receivables	<i>17</i>	29,332	45,954
Other receivables, deposits and prepayments	<i>15</i>	3,101	2,911
Time deposits with original maturities over three months	<i>18</i>	99,997	44,654
Cash at banks	<i>18</i>	57,920	59,086
		<u>196,197</u>	<u>158,762</u>
Current liabilities			
Trade payables	<i>19</i>	3,332	5,107
Other payables and accrued charges	<i>20</i>	13,467	11,365
Reinstatement provision	<i>21</i>	220	240
Tax payable		6,566	5,293
Lease liabilities	<i>22</i>	3,504	1,537
		<u>27,089</u>	<u>23,542</u>
Net current assets		<u>169,108</u>	<u>135,220</u>
Total assets less current liabilities		<u>180,805</u>	<u>145,633</u>
Non-current liabilities			
Reinstatement provision	<i>21</i>	310	220
Lease liabilities	<i>22</i>	1,515	629
Deferred tax liabilities	<i>23</i>	125	410
		<u>1,950</u>	<u>1,259</u>
Net assets		<u>178,855</u>	<u>144,374</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Expressed in Hong Kong dollars)

	Note	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Share capital	24(a)	41	41
Reserves	24(b)	<u>178,814</u>	<u>144,333</u>
Equity attributable to the owners of the Company		<u><u>178,855</u></u>	<u><u>144,374</u></u>

The consolidated financial statements on pages 78 to 133 were approved and authorised for issue by the Board of Directors on 23 September 2024 and are signed on its behalf by:

Mr. Lim Su I
Director

Mr. Paulino Lim
Director

The notes on pages 83 to 133 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024 (Expressed in Hong Kong dollars)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2022	41	59,936	5,647	(430)	58,299	123,493
Profit for the year	-	-	-	-	20,795	20,795
Other comprehensive income for the year	-	-	-	86	-	86
Total comprehensive income for the year	-	-	-	86	20,795	20,881
At 30 June 2023 and 1 July 2023	41	59,936	5,647	(344)	79,094	144,374
Profit for the year	-	-	-	-	34,413	34,413
Other comprehensive income for the year	-	-	-	68	-	68
Total comprehensive income for the year	-	-	-	68	34,413	34,481
At 30 June 2024	41	59,936	5,647	(276)	113,507	178,855

The notes on pages 83 to 133 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024 (Expressed in Hong Kong dollars)

	Note	2024 HK\$'000	2023 HK\$'000
Operating activities			
Profit before tax		39,740	25,788
Adjustments for:			
Depreciation on plant and equipment	9	3,304	3,629
Depreciation on right-of-use assets	9	3,817	4,004
Reversal of provision for reinstatement costs	7	–	(80)
Gain on early termination of leases	7	–	(21)
Bank interest income	7	(4,345)	(1,664)
(Reversal of impairment loss)/impairment loss recognised in respect of trade receivables under expected credit loss model, net		(3,678)	10,496
Provision for long service payments	9	–	173
Interest on lease liabilities	8	306	229
Operating cash flows before movements in working capital		39,144	42,554
Decrease in inventories		308	4,307
Decrease/(increase) in trade receivables		20,300	(10,660)
(Increase)/decrease in other receivables, deposits and prepayments		(46)	585
(Decrease)/increase in trade payables		(1,534)	340
Increase in other payables and accrued charges		2,102	2,985
Cash generated from operations		60,274	40,111
Income tax paid		(4,349)	(7,006)
Net cash generated from operating activities		55,925	33,105
Investing activities			
Interest received		3,630	934
Placement of time deposits with original maturities over three months		(55,343)	(44,654)
Purchase of plant and equipment		(1,219)	(1,747)
Net cash used in investing activities		(52,932)	(45,467)
Financing activities			
Capital element of lease rentals paid	29	(3,706)	(3,948)
Interest element of lease rentals paid	29	(306)	(229)
Net cash used in financing activities		(4,012)	(4,177)
Net decrease in cash and cash equivalents		(1,019)	(16,539)
Cash and cash equivalents at beginning of the year		59,086	75,693
Effect of foreign exchange rate changes, net		(147)	(68)
Cash and cash equivalents at end of the year	18	57,920	59,086

The notes on pages 83 to 133 form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL

BOSA Technology Holdings Limited (the “Company”) is incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 July 2018.

The addresses of the Company’s registered office and the principal place of business are PO Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands and Room D, 29/F., King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 30. The Company and its subsidiaries are collectively referred to as the “Group”.

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

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

(i) *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (continued)

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

(ii) *Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in note 23, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ³
HKFRS 18	Presentation and Disclosures in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

⁵ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company are in the process of assessing the potential impact of the above, other than HKFRS 18 and amendments to HKFRS 9 and HKFRS 7, the directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes. Revenue is after deduction of any trade discounts.

The Group recognises revenue under the following accounting policies:

Revenue from mechanical splicing service income is recognised at a point in time when performance obligation is completed on customer's construction site or on the Group's own workshops and has a present right to payment for the service performed upon delivery and acknowledged receipt by customer. These mechanical splicing services include two elements:

- processing reinforcing bars — cutting, crimping, chamfering ends of and threading of reinforcing bars of the customers by using the Group's self-developed proprietary technology and methods; and
- connecting reinforcing bars — connecting one end of the processed reinforcing bars by the Group's designed couplers.

The promised services and goods (i.e. the couplers) are not distinct and the Group accounts for all of services and the goods in the contract as a single performance obligation because the promises to transfer the services and goods are not separately identifiable in accordance with the paragraph 27(b) of HKFRS 15 as the Group provides a significant service of integrating the services and the goods (the inputs) into the processed and assembled reinforcing bars (the combined outputs) for which the customer has contracted.

Other income

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease components and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exception for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount of initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk in the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables and deposits, and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 360 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjustment for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other deposits where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other net losses' line item (note 7) as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, accrued charges and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other net losses' line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement and other post-employment benefits

The Group offers the following retirement and other post-employment benefits to its employees:

- (i) defined contribution retirement schemes (including MPF); and
- (ii) LSP under Hong Kong Employment Ordinance for employees in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Retirement and other post-employment benefits (continued)

The assets of retirement schemes are generally held in separate trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Pursuant to the government regulations in Hong Kong, the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 5% of the wages for the year of those employees subject to a statutory cap. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The present values of the Group's LSP obligations are determined by discounting the estimated future cash outflows using discount rate with reference to Government bond yields at the end of the reporting period, which have terms approximating the terms of the related liabilities. The net interest cost is calculated by applying the discount rate to the net balance of the obligations. This cost is included in staff costs in the consolidated income statement. In calculating the Group's LSP obligations, any actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax assets related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax for the current reporting period are recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (i) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices and workshops. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Leases are considered no longer enforceable when the Group as the lessee and the relevant lessors both have the right to terminate the lease without permission from the other party with no more than an insignificant contractual penalty.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by Group;
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

During the year ended 30 June 2024, an additional amount of HK\$3,801,000 of right-of-use assets and lease liabilities recognised under the exercise of the renewal option (2023: no renewal option was exercised).

Key sources of estimation uncertainty

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision for ECL on trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the remaining not credit-impaired trade receivables. The provision rates are based on past due information as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration of forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are further disclosed in notes 28 and 17 respectively.

As at 30 June 2024, the carrying amount of trade receivables is HK\$29,332,000 (2023: HK\$45,954,000), net of loss allowance of HK\$11,615,000 (2023: HK\$15,293,000).

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of mechanical splicing services to main contractors and subcontractors in Hong Kong. Revenue represents the fair value of amounts received and receivable for the services provided and net of discount in the ordinary course of the Group's business from contracts with customers within the scope of HKFRS 15. Revenue is recognised at a point in time when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to receive. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 3. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its mechanical splicing services such that the above information does not include revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for mechanical splicing services that had an original expected duration of one year or less.

Geographical information

No geographical segment information is presented as all the Group's revenue is derived from Hong Kong based on the location of services provided to the customers and the Group's right-of-use assets and plant and equipment as at 30 June 2024 amounting to HK\$10,970,000 (2023: HK\$10,243,000) are all located in Hong Kong physically.

Information about major customers

Revenue attributed from major customers, each of whom accounted for 10% or more of the Group's total revenue during the year, is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	13,475	10,962
Customer B	12,774	25,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES

(a) Emoluments of directors and chief executive

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Retirement benefits scheme contributions <i>HK\$'000</i>	Total emoluments <i>HK\$'000</i>
Year ended 30 June 2024					
Executive directors					
Mr. Lim Su I (<i>note ii</i>)	-	1,473	4,002	18	5,493
Mr. Paulino Lim	-	982	2,237	18	3,237
Mr. Yang Tien-Lee	-	534	490	-	1,024
Non-executive director					
Mr. Kwan Tek Sian	-	-	-	-	-
Independent non-executive directors					
Ms. Chu Wei Ning	240	-	-	-	240
Mr. Law Sung Ching Gavin	240	-	-	-	240
Mr. Ng Ming Hon	240	-	-	-	240
Total	<u>720</u>	<u>2,989</u>	<u>6,729</u>	<u>36</u>	<u>10,474</u>
Year ended 30 June 2023					
Executive directors					
Mr. Lim Su I (<i>note ii</i>)	-	1,339	2,845	18	4,202
Mr. Paulino Lim	-	893	1,544	18	2,455
Mr. Yang Tien-Lee	-	500	272	-	772
Non-executive director					
Mr. Kwan Tek Sian	-	-	-	-	-
Independent non-executive directors					
Ms. Chu Wei Ning	240	-	-	-	240
Mr. Law Sung Ching Gavin	240	-	-	-	240
Mr. Ng Ming Hon	240	-	-	-	240
Total	<u>720</u>	<u>2,732</u>	<u>4,661</u>	<u>36</u>	<u>8,149</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

6 EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Emoluments of directors and chief executive (continued)

Notes:

- (i) The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance.
- (ii) Mr. Lim Su I acts as the chief executive officer of the Group.
- (iii) The emoluments of executive directors stated above were for their services in connection with management of the daily affairs of the Company and its subsidiaries. The emoluments of non-executive director and independent non-executive directors stated above were for their services in connection with their roles as directors of the Company.

No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 30 June 2024 and 2023. There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments for both years.

(b) Five highest paid employees

The five highest paid employees of the Group during the year included three (2023: three) directors, details of whose emoluments are set out in the disclosure (a) above. The emoluments of the remaining two (2023: two) employees for the year ended 30 June 2024 were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	2,724	2,170
Retirement benefits scheme contributions	36	36
	<u>2,760</u>	<u>2,206</u>

Their emoluments were within the following bands:

	2024 Number of employees	2023 Number of employees
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	–
	<u>2</u>	<u>2</u>

No emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 30 June 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7 OTHER INCOME AND OTHER NET LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Service income	3,993	5,548
Insurance compensation	692	197
Bank interest income	4,345	1,664
Government grants (<i>Note</i>)	–	718
Others	29	25
	<u>9,059</u>	<u>8,152</u>
Other net losses		
Reversal of provision for reinstatement costs	–	80
Gain on early termination of leases (<i>note 14</i>)	–	21
Net exchange losses	(934)	(366)
	<u>(934)</u>	<u>(265)</u>

Note: These government grants refer to the funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. There was no unfulfilled condition or contingency relating to these grants for the year ended 30 June 2023.

8 FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	<u>306</u>	<u>229</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

9 PROFIT BEFORE TAX

	2024 HK\$'000	2023 HK\$'000
Profit before tax has been arrived at after charging:		
Auditor's remuneration	520	825
Cost of inventories recognised as an expense	24,588	30,529
Depreciation on plant and equipment	3,304	3,629
Depreciation on right-of-use assets	3,817	4,004
Directors' remuneration (note 6(a))	10,474	8,149
Other staff costs		
— Salaries and other benefits	16,354	17,447
— Retirement benefits scheme contributions	655	640
— Provision for long service payments	—	173
Total staff costs	27,483	26,409
Expense relating to short-term leases	75	118
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	51	41

10 INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax (note (a)):		
Current tax	5,730	5,357
Over-provision in respect of prior years	(108)	(215)
	5,622	5,142
Deferred tax credit, net (note 23)	(295)	(149)
	5,327	4,993

Note:

(a) Hong Kong Profits Tax

The Hong Kong Profits Tax is calculated at 8.25% (2023: 8.25%) on the first HK\$2 million of the estimated assessable profits and at 16.5% (2023: 16.5%) on the remaining estimated assessable profits.

(b) Income tax from other jurisdictions

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxable rating in the relevant countries.

Pursuant to the relevant income tax rules and regulations in other jurisdictions, the Group is not subject to income tax in the jurisdictions of the Cayman Islands and the British Virgin Islands ("BVI").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

10 INCOME TAX (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before tax	<u>39,740</u>	<u>25,788</u>
National tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	6,736	4,248
Tax effect of expenses not deductible for tax purpose	385	474
Tax effect of income not taxable for tax purpose	(717)	(394)
Tax effect of deductible temporary differences not recognised	(625)	997
Tax effect of unused losses not recognised	–	48
Tax effect of utilisation of tax losses previously not recognised	(179)	–
Income tax concession	(165)	(165)
Over-provision in respect of prior years	<u>(108)</u>	<u>(215)</u>
Income tax expense for the year	<u>5,327</u>	<u>4,993</u>

11 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share:		
Profit for the year attributable to owners of the Company	<u>34,413</u>	<u>20,795</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>800,000</u>	<u>800,000</u>

The diluted earnings per share for the years ended 30 June 2024 and 2023 is the same as the basic earnings per share as there were no potential ordinary shares in issue with dilutive effect for both years.

12 DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

13 PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 July 2022	2,537	116	355	30,189	3,212	36,409
Additions	–	–	–	2,212	–	2,212
Written-off	(383)	–	–	–	–	(383)
At 30 June 2023 and 1 July 2023	2,154	116	355	32,401	3,212	38,238
Additions	–	–	–	981	238	1,219
Written-off	–	–	–	–	(295)	(295)
At 30 June 2024	2,154	116	355	33,382	3,155	39,162
Accumulated depreciation and impairment						
At 1 July 2022	2,411	116	355	20,883	3,134	26,899
Provided for the year	126	–	–	3,434	69	3,629
Eliminated on written-off	(383)	–	–	–	–	(383)
At 30 June 2023 and 1 July 2023	2,154	116	355	24,317	3,203	30,145
Provided for the year	–	–	–	3,259	45	3,304
Eliminated on written-off	–	–	–	–	(295)	(295)
At 30 June 2024	2,154	116	355	27,576	2,953	33,154
Carrying amounts						
At 30 June 2024	–	–	–	5,806	202	6,008
At 30 June 2023	–	–	–	8,084	9	8,093

Note:

Depreciation policy

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over lease terms
Office equipment	3 years
Furniture and fixtures	3 years
Plant and machinery	5 years
Motor vehicles	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 RIGHT-OF-USE ASSETS

	Motor vehicles <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 July 2022	579	12,286	12,865
Additions	–	611	611
Termination (<i>note (a)</i>)	–	(1,736)	(1,736)
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	579	11,161	11,740
Additions	–	4,194	4,194
Modification (<i>note (b)</i>)	–	2,435	2,435
Expirations	–	(3,399)	(3,399)
	<hr/>	<hr/>	<hr/>
At 30 June 2024	<u>579</u>	<u>14,391</u>	<u>14,970</u>
Accumulated depreciation			
At 1 July 2022	147	6,162	6,309
Provided for the year	126	3,878	4,004
Eliminated on termination (<i>note (a)</i>)	–	(723)	(723)
	<hr/>	<hr/>	<hr/>
At 30 June 2023 and 1 July 2023	273	9,317	9,590
Provided for the year	126	3,691	3,817
Eliminated on expirations	–	(3,399)	(3,399)
	<hr/>	<hr/>	<hr/>
At 30 June 2024	<u>399</u>	<u>9,609</u>	<u>10,008</u>
Carrying amounts			
At 30 June 2024	<u>180</u>	<u>4,782</u>	<u>4,962</u>
At 30 June 2023	<u>306</u>	<u>1,844</u>	<u>2,150</u>

Note:

- (a) During the year ended 30 June 2023, lease of a workshop occupied by the Group in Hong Kong for which the expiry is originally in 2023 was agreed to be early terminated by the Group and the relevant landlord. Accordingly, the recognised right-of-use assets and lease liabilities with carrying amounts at the termination date of HK\$1,013,000 and HK\$1,034,000 respectively were derecognised, and the net amount of HK\$21,000 was recognised in profit or loss as “other net losses” during the year (*note 7*).
- (b) During the year ended 30 June 2024, lease of a workshop occupied by the Group in Hong Kong for which the expiry is originally in 2023 was agreed to adjust the lease payments and extend the lease term. Accordingly, the Group recognised the relevant right-of-use assets and lease liabilities amounted to HK\$2,435,000 for the lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

14 RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases an office, various workshops and motor vehicles for its operations. Lease contracts are entered into for fixed term of 24 months to 54 months (2023: 24 months to 54 months), but may have extension options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. None of the leases includes variable lease payments.

For both years, the Group has extension options to renew the lease for an additional period after the end of the contract term in a number of leases for workshops. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Workshops — Hong Kong	1,290	1,508	3,985	8,954

In addition, the Group reassess whether it is reasonable certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Group. During both years, there is no such triggering event.

During the year ended 30 June 2024, addition to right-of-use assets included capitalised lease payments payables of HK\$4,124,000 (2023: HK\$611,000) and provision of reinstatement work of HK\$70,000 under certain new and renewed tenancy agreements for an office and workshops.

As at 30 June 2024, right-of-use asset in relation to a motor vehicle with a carrying amount of HK\$180,000 (2023: HK\$306,000) is secured by lessor's charge over the leased asset.

Details maturity analysis of lease liabilities and total cash outflow for leases are set out in notes 22 and 29 respectively.

The Group regularly entered into short-term leases for workshops and car parks, and leases for low-valued assets for office equipment. As at 30 June 2024 and 2023, the portfolio of short-term leases and leases for low-valued assets is similar to which as disclosed in note 9.

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(Expressed in Hong Kong dollars unless otherwise indicated)

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental, utilities and other deposits	1,763	1,601
Other prepayments	1,187	841
Other receivables	<u>1,730</u>	<u>1,501</u>
	4,680	3,943
Less: Allowance for credit losses of other deposits	<u>(862)</u>	<u>(862)</u>
	<u><u>3,818</u></u>	<u><u>3,081</u></u>
Non-current	717	170
Current	<u>3,101</u>	<u>2,911</u>
Total	<u><u>3,818</u></u>	<u><u>3,081</u></u>

Details of impairment assessment of other receivables and deposits are set out in note 28.

16 INVENTORIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Couplers		
— Goods-in-transit	—	972
— Finished goods	<u>5,847</u>	<u>5,185</u>
	<u><u>5,847</u></u>	<u><u>6,157</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

17 TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	40,947	61,247
Less: Allowance for credit losses	<u>(11,615)</u>	<u>(15,293)</u>
	<u>29,332</u>	<u>45,954</u>

The Group's credit terms of 15–45 days (2023: 15–45 days) are granted to customers. An aged analysis of the trade receivables net of allowance for credit losses presented based on the invoice dates, which approximate to the dates of completion of the services rendered, at the end of the reporting period, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	6,609	12,523
31–60 days	7,173	7,960
61–90 days	7,125	7,072
Over 90 days	<u>8,425</u>	<u>18,399</u>
	<u>29,332</u>	<u>45,954</u>

Details of impairment assessment of trade receivables are set out in note 28.

18 TIME DEPOSITS, CASH AND CASH EQUIVALENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Time deposits with original maturities over three months (<i>Note</i>)	<u>99,997</u>	<u>44,654</u>
Cash at banks, and cash and cash equivalents in the consolidated statement of cash flows	<u>57,920</u>	<u>59,086</u>

Note: As at 30 June 2024, the time deposits are made for periods of over three months but within 1 year with creditworthy banks, which are unsecured and carry fixed interest rates ranging from 3.50% to 5.20% (2023: 3.70% to 5.10%) per annum.

Details of impairment assessment of bank balances are set out in note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

19 TRADE PAYABLES

The credit period on purchase of inventories is within 60 days (2023: 60 days). An aged analysis of trade payables presented based on the invoice dates at the end of the reporting period, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	<u>3,332</u>	<u>5,107</u>

20 OTHER PAYABLES AND ACCRUED CHARGES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Salaries payable	2,815	2,885
Provision for annual leaves	350	600
Provision for long service payments (<i>note 26</i>)	1,582	1,582
Accrued charges	8,287	4,942
Other payables	<u>433</u>	<u>1,356</u>
	<u>13,467</u>	<u>11,365</u>

21 REINSTATEMENT PROVISION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	460	540
Additional provision/(reversal of provision) during the year	<u>70</u>	<u>(80)</u>
At the end of the year	<u>530</u>	<u>460</u>
Non-current	310	220
Current	<u>220</u>	<u>240</u>
Total	<u>530</u>	<u>460</u>

The provision of reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods of 24 to 36 months as of 30 June 2024 (2023: 24 to 36 months). These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

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22 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	3,504	1,537
After 1 year but within 2 years	1,101	576
After 2 years but within 5 years	414	53
	<u>5,019</u>	<u>2,166</u>
Less: Amount due for settlement with 1 year shown under current liabilities	<u>(3,504)</u>	<u>(1,537)</u>
Amount due for settlement after 1 year shown under non-current liabilities	<u>1,515</u>	<u>629</u>

Amounts included in the statement of cash flows for leases comprise the followings.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within operating cash flows	126	159
Within financing cash flows	4,012	4,177
	<u>4,138</u>	<u>4,336</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23 DEFERRED TAX

Deferred tax assets and liabilities

The following are the deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Depreciation allowance HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 July 2022	(559)	(1,010)	1,010	(559)
Credit/(charged) to profit or loss (note 10)	149	706	(706)	149
At 30 June 2023 and 1 July 2023	(410)	(304)	304	(410)
Credit/(charged) to profit or loss (note 10)	285	(485)	495	295
At 30 June 2024	<u>(125)</u>	<u>(789)</u>	<u>799</u>	<u>(115)</u>

Deferred tax assets not recognised

As at 30 June 2024, the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$nil (2023: HK\$897,000) and other temporary differences of HK\$3,765,000 (2023: HK\$7,555,000) as it is not certain that future taxable profits against which the assets can be utilised will be available in the relevant tax jurisdiction and entity.

24 SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares '000	Amount HK\$	HK\$'000
Ordinary shares			
Authorised:			
As at 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	<u>10,000,000</u>	<u>1,000,000</u>	<u>1,000</u>
Issued and fully paid:			
As at 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	<u>800,000</u>	<u>40,500</u>	<u>41</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

24 SHARE CAPITAL AND RESERVES (continued)

(b) Nature and purpose of reserves

(i) Share premium

Share premium represented the reserve arising from issuance of share capital at premium price during pre-listing and listing as well as capitalisation of amounts due to shareholders in prior years.

(ii) Other reserve

Other reserve represented the reserves in relation to the shareholders' contribution arising from group reorganisation before listing attributable to the owners of the Company and waiver of amount due to shareholders in prior years.

(iii) Translation reserve

Translation reserve comprises foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

25 RELATED PARTY DISCLOSURES

(a) Related party transactions

The Group had no transactions with its related parties for the years ended 30 June 2024 and 2023.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	12,364	9,562
Post-employment benefits	54	54
	<u>12,418</u>	<u>9,616</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 RETIREMENT BENEFIT SCHEMES

Defined contribution plan — Mandatory Provident Fund Scheme

The Group participates in a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Scheme Ordinance in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK\$1,500 per employee per month.

The retirement benefits scheme contributions arising from the MPF Scheme charged to profit or loss of HK\$691,000 (2023: HK\$676,000) represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

Defined benefit plan — Obligation to pay long service payment under Hong Kong Employment Ordinance, Chapter 57

For the Group’s subsidiary operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay long service payment (“LSP”) to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) \times 2/3 \times Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group’s mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee.

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group’s mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date. The Amendment Ordinance has no material impact on the Group’s LSP liability with respect to employees that participate in MPF Scheme.

As at 30 June 2024, the Group recognised provision for long service payment of HK\$1,582,000 (2023: HK\$1,582,000) and included in accruals as disclosed in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities as disclosed in note 22, net of cash at banks, time deposits with original maturities over three months, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The management actively and regularly reviews the capital structure on an on-going basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

28 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial assets		
At amortised cost	<u>189,880</u>	<u>151,934</u>
Financial liabilities		
At amortised cost	<u>19,886</u>	<u>16,456</u>

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, cash at banks, time deposits with original maturities over three months, trade payables, other payables and accrued charges and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group conducts certain purchase and funding transactions in foreign currencies, i.e. New Taiwan Dollar ("NT\$"), United States Dollar ("US\$"), Japanese Yen ("JPY"), Australian Dollar ("AUD") and Euro, hence is exposed to foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group closely monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

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28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly time deposits with original maturities over three months, cash at banks and trade and other payables are as follows:

	2024 HK\$'000	2023 HK\$'000
Assets		
NT\$	4,670	2,208
US\$	91,393	46,669
JPY	5,684	6,420
AUD	32,023	–
Euro	–	4,442
	<u>133,770</u>	<u>59,739</u>
Liabilities		
NT\$	<u>4,737</u>	<u>6,037</u>

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2023: 10%) increase in the functional currencies of the Group entities against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The number below indicates an increase/(decrease) in profit for the year when the functional currencies strengthen against the relevant foreign currencies. For a 10% weakening of the functional currencies against the relevant foreign currencies, there would be an equal but opposite impact on the result for the year (after tax effect).

	2024 HK\$'000	2023 HK\$'000
NT\$	6	320
US\$	(7,631)	(3,897)
JPY	(475)	(536)
AUD	(2,674)	–
Euro	–	(371)
	<u>(10,774)</u>	<u>(4,484)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the time deposits with original maturities over three months and lease liabilities as disclosed in notes 18 and 22 respectively. The Group's fair value interest rate risk is mainly concentrated on the fluctuation of interest rates on time deposits. The Group is also exposed to cash flow interest rate risk in relation to the Group's variable-rate bank balances as disclosed in note 18.

The Group currently does not have an interest rate hedging policy. However, the management of the Group closely monitors its exposure to future cash flow risk as a result of change on market interest rate and will consider hedging significant exposure to changes in market rates should the need arise.

The management of the Group does not expect there will be a significant interest rate fluctuation on bank balances and in view of the low interest rate environment, no sensitivity analysis is prepared at the end of the reporting periods.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, deposits, time deposits with original maturities over three months and cash at banks. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

The Group has concentration of credit risk as 8.2% (2023: 14.6%) and 34.2% (2023: 53.4%) of the total trade receivables was due from the Group's largest debtor and five largest debtors at the end of the reporting period respectively. These customers are primarily main contractors or subcontractors of residential/commercial property development projects. The management of the Group closely monitors the subsequent settlement of the customers and actively takes follow-up actions to recover overdue debts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. Other than disclosed above, the Group does not have significant credit risk exposure to any single individual customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customers (continued)

The Group rebutted the presumption of significant increase in credit risk and default under ECL model for trade receivables over 30 days and 90 days past due respectively and set the criteria for significant increase in credit risk and default as over 180 days and 360 days past due respectively based on good repayment records for those trade debtors having a continuous business with the Group and the historical settlement pattern for construction sector in Hong Kong. Trade receivables over 360 days past due, which is considered to be credit-impaired are assessed for their lifetime ECLs based on their loss given default with reference to historical debt collection experience, adjusted by current and forward-looking factors.

In addition, the Group applies the HKFRS 9 simplified approach to recognise lifetime ECLs for all trade receivables, and adopts a practical expedient in estimating ECL on debtors by using a provision matrix except for those which are assessed individually. The Group categorises its trade receivables based on past due status. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. Reversal of impairment loss of HK\$3,678,000 (2023: Impairment loss of HK\$10,496,000) is recognised during the year ended 30 June 2024. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition (except for certain amounts of HK\$862,000 which was specifically assessed for impairment due to occurrence of certain adverse events in 2021 and lifetime ECL had been made) and the Group provided impairment based on 12m ECL. As a result, loss allowances in respect of other deposits of HK\$862,000 were recognised as at 30 June 2024 and 2023.

Bank balances

Bank balances of the Group include time deposits with original maturities over three months and cash at banks at the end of the reporting period. Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bank balances (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2024	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised cost				
Bank balances	A to A+	N/A	12m ECL	157,917
Other receivables and deposits	N/A	(Note 1)	12m ECL	2,631
Other deposits	N/A	(Note 1)	Lifetime ECL (credit-impaired)	862
Trade receivables	N/A	(Note 2)	Lifetime ECL (collective assessment)	33,097
Trade receivables	N/A	(Note 2)	Lifetime ECL (credit-impaired)	7,850
2023	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised cost				
Bank balances	AA+	N/A	12m ECL	103,740
Other receivables and deposits	N/A	(Note 1)	12m ECL	2,240
Other deposits	N/A	(Note 1)	Lifetime ECL (credit-impaired)	862
Trade receivables	N/A	(Note 2)	Lifetime ECL (collective assessment)	55,499
Trade receivables	N/A	(Note 2)	Lifetime ECL (credit-impaired)	5,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment: (continued)

Notes:

- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 30 June 2024 and 2023, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised. Certain balance of other deposits of HK\$862,000 (2023: HK\$862,000) which recovery was considered to be remote by the management of the Group due to unfavourable events in respect of certain projects occurred in prior years.
- As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of diversified customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross amount of HK\$7,850,000 as at 30 June 2024 (2023: HK\$5,748,000) was fully impaired after being assessed individually.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables calculated using the provision matrix:

As at 30 June 2024	Average loss rate	Trade receivables HK\$'000	Loss allowance HK\$'000	Net amount HK\$'000
Not past due	4.23%	6,905	(292)	6,613
1–30 days past due	4.73%	1,352	(64)	1,288
31–60 days past due	4.78%	7,802	(373)	7,429
61–90 days past due	5.72%	7,041	(403)	6,638
91–180 days past due	12.59%	7,521	(947)	6,574
181–360 days past due	68.09%	2,476	(1,686)	790
		<u>33,097</u>	<u>(3,765)</u>	<u>29,332</u>
As at 30 June 2023	Average loss rate	Trade receivables HK\$'000	Loss allowance HK\$'000	Net amount HK\$'000
Not past due	5.25%	13,184	(692)	12,492
1–30 days past due	5.86%	8,499	(498)	8,001
31–60 days past due	7.13%	7,424	(529)	6,895
61–90 days past due	9.79%	7,447	(729)	6,718
91–180 days past due	17.01%	7,705	(1,311)	6,394
181–360 days past due	51.48%	11,240	(5,786)	5,454
		<u>55,499</u>	<u>(9,545)</u>	<u>45,954</u>

The estimated loss rates are estimated based on historical observed default rates over the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movement in the ECL in respect of trade receivables during the year is as follows:

	Lifetime ECL (collective assessment) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 July 2022	3,527	1,270	4,797
Changes due to financial instruments recognised as at 1 July 2022			
— Transfer to credit-impaired	(367)	367	–
— Impairment losses recognised	792	4,188	4,980
— Impairment losses reversed	(3,087)	(77)	(3,164)
New financial assets originated	<u>8,680</u>	<u>–</u>	<u>8,680</u>
At 30 June 2023 and 1 July 2023	9,545	5,748	15,293
Changes due to financial instruments recognised as at 1 July 2023			
— Transfer to credit-impaired	(1,948)	1,948	–
— Impairment losses recognised	–	1,396	1,396
— Impairment losses reversed	(7,597)	(2,667)	(10,264)
New financial assets originated	<u>3,765</u>	<u>1,425</u>	<u>5,190</u>
At 30 June 2024	<u><u>3,765</u></u>	<u><u>7,850</u></u>	<u><u>11,615</u></u>

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities which has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 30 June 2024						
Trade payables	N/A	3,332	-	-	3,332	3,332
Other payables and accrued charges (excluding provision)	N/A	11,535	-	-	11,535	11,535
Lease liabilities	5.58	3,696	1,156	421	5,273	5,019
		<u>18,563</u>	<u>1,156</u>	<u>421</u>	<u>20,140</u>	<u>19,886</u>
	Weighted average effective interest rate %	On demand or less than 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at 30 June 2023						
Trade payables	N/A	5,107	-	-	5,107	5,107
Other payables and accrued charges (excluding provision)	N/A	9,183	-	-	9,183	9,183
Lease liabilities	4.62	1,602	588	54	2,244	2,166
		<u>15,892</u>	<u>588</u>	<u>54</u>	<u>16,534</u>	<u>16,456</u>

Fair value of the Group's financial assets and financial liabilities that are measured at amortised cost

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities (note 22) HK\$'000
At 1 July 2022	<u>6,537</u>
Changes from financing cash flows:	
Capital element of lease rentals paid	(3,948)
Interest element of lease rentals paid	<u>(229)</u>
	<u>(4,177)</u>
Other changes:	
New lease entered/renewed	611
Decrease in lease liabilities from early termination of leases during the year	(1,034)
Finance costs recognised	<u>229</u>
	<u>(194)</u>
At 30 June 2023 and 1 July 2023	<u>2,166</u>
Changes from financing cash flows:	
Capital element of lease rentals paid	(3,706)
Interest element of lease rentals paid	<u>(306)</u>
	<u>(4,012)</u>
Other changes:	
New lease entered/renewed	4,124
Lease modification	2,435
Finance costs recognised	<u>306</u>
	<u>6,865</u>
At 30 June 2024	<u><u>5,019</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

30 PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 June 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company as at		Principal activities
				30 June 2024	30 June 2023	
Directly held:						
BOSA Investment Limited	BVI	Hong Kong	US\$10,000	100%	100%	Investment holding
Indirectly held:						
BOSA Technology Worldwide Limited	BVI	Hong Kong	US\$1	100%	100%	Investment holding
BOSA Technology (Hong Kong) Limited	Hong Kong	Hong Kong	HK\$10,000	100%	100%	Provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong
BOSA Technology (R & D) Limited	BVI	Hong Kong	US\$1	100%	100%	Inactive

All subsidiaries now comprising the Group are limited liability companies and have adopted 30 June as their financial year end date.

None of the subsidiaries had issued any debt securities as at 30 June 2024 and 2023 or at any time during both current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets		
Plant and equipment	–	–
Investment in a subsidiary	<u>18,670</u>	<u>18,670</u>
	<u>18,670</u>	<u>18,670</u>
Current assets		
Other receivables, deposits and prepayments	385	642
Amounts due from subsidiaries	21,103	21,074
Time deposits with original maturities over three months	14,912	21,696
Cash at banks	<u>4,466</u>	<u>62</u>
	<u>40,866</u>	<u>43,474</u>
Current liabilities		
Other payables and accrued charges	1,168	1,027
Amount due to a subsidiary	<u>20,255</u>	<u>21,214</u>
	<u>21,423</u>	<u>22,241</u>
Net current assets	<u>19,443</u>	<u>21,233</u>
Net assets	<u><u>38,113</u></u>	<u><u>39,903</u></u>
Capital and reserves		
Share capital	41	41
Reserves (<i>Note</i>)	<u>38,072</u>	<u>39,862</u>
Equity attributable to the owners of the Company	<u><u>38,113</u></u>	<u><u>39,903</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

31 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2022	59,936	5,519	(23,485)	41,970
Loss and total comprehensive expense for the year	—	—	(2,108)	(2,108)
At 30 June 2023 and 1 July 2023	59,936	5,519	(25,593)	39,862
Loss and total comprehensive expense for the year	—	—	(1,790)	(1,790)
At 30 June 2024	59,936	5,519	(27,383)	38,072

32 COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform to the current year's presentation.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 30 June				
	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
RESULTS					
Revenue	<u>73,840</u>	<u>101,292</u>	<u>108,933</u>	<u>106,696</u>	<u>100,724</u>
Profit before tax	9,490	25,339	25,717	25,788	39,740
Income tax expense	<u>(2,278)</u>	<u>(3,698)</u>	<u>(5,187)</u>	<u>(4,993)</u>	<u>(5,327)</u>
Profit for the year attributable to owners of the Company	<u>7,212</u>	<u>21,641</u>	<u>20,530</u>	<u>20,795</u>	<u>34,413</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
Basic and diluted	<u>0.90</u>	<u>2.71</u>	<u>2.57</u>	<u>2.60</u>	<u>4.30</u>
			As at 30 June		
	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS AND LIABILITIES					
Total assets	103,791	135,097	155,286	169,175	207,894
Total liabilities	<u>(22,134)</u>	<u>(32,191)</u>	<u>(31,793)</u>	<u>(24,801)</u>	<u>(29,039)</u>
Net assets	<u>81,657</u>	<u>102,906</u>	<u>123,493</u>	<u>144,374</u>	<u>178,855</u>
Equity attributable to the owners of the Company	<u>81,657</u>	<u>102,906</u>	<u>123,493</u>	<u>144,374</u>	<u>178,855</u>