BOLTEK HOLDINGS LIMITED
寶燵控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8601)

ANNUAL RESULTS ANNOUNCEMENT FOR YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	3	**88,422**	86,221
Cost of services		**(50,439)**	(50,831)
Gross profit		**37,983**	35,390
Other income	4	**568**	466
Administrative expenses		**(36,965)**	(15,294)
Profit before income tax	5	**1,586**	20,562
Income tax expense	6	**(3,024)**	(3,372)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company		**(1,438)**	17,190
		HK cents	*HK cents*
(Loss)/Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	**(0.22)**	2.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment		**1,475**	1,362
Current assets			
Contract assets	10	**8,504**	7,338
Trade and other receivables	9	**30,822**	25,119
Current tax recoverable		**1,266**	–
Cash and bank balances		**75,285**	8,355
		115,877	40,812
Current liabilities			
Contract liabilities	10	**659**	657
Provisions		**2,206**	2,206
Trade and other payables	11	**2,059**	5,403
Amount due to a director		**1,500**	8,073
Amount due to a related party		**–**	1,200
Current tax liabilities		**–**	1,959
		6,424	19,498
Net current assets		**109,453**	21,314
Total assets less current liabilities		**110,928**	22,676
Non-current liability			
Deferred tax liabilities		**153**	131
Net assets		**110,775**	22,545
EQUITY			
Share capital	12	**8,000**	–
Reserves		**102,775**	22,545
Total equity		**110,775**	22,545

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Total equity attributable to equity holders of the Company				
	Share capital	**Capital reserve***	**Share premium***	**Retained earnings***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 12)				
Balance at 1 January 2017	–	–	–	18,708	18,708
Profit and total comprehensive income for the year	–	–	–	17,190	17,190
Dividend paid	–	–	–	(13,353)	(13,353)
Balance at 31 December 2017 and 1 January 2018	–	–	–	22,545	22,545
Issuance of ordinary shares of Mannings for Loan Capitalisation *(Note 12(d))*	5,000	–	–	–	5,000
Issuance of ordinary shares of Richness Universal for Pre-IPO Investments and Bonus Shares *(Note 12(e))*	9	–	11,991	–	12,000
Effect of group reorganisation	(5,009)	17,000	(11,991)	–	–
Issue of ordinary shares pursuant to the Capitalisation Issue *(Note 12(b)(iii))*	6,000	–	(6,000)	–	–
Issue of ordinary shares pursuant to the Share Offer *(Note 12(c))*	2,000	–	70,668	–	72,668
Loss and total comprehensive expense for the year	–	–	–	(1,438)	(1,438)
Balance at 31 December 2018	**8,000**	**17,000**	**64,668**	**21,107**	**110,775**

* These reserves accounts comprise the Group's reserves of HK$102,775,000 (2017: HK$22,545,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. GENERAL INFORMATION, BASIS OF PRESENTATION AND PREPARATION

1.1 General information

Boltek Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 18 April 2018. The addresses of the its registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 5/F, Winning Commercial Building, 46–48 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

The Company, which is an investment holding company, and its subsidiaries (collectively referred as the "Group") are principally engaged in provision of engineering consultancy services in Hong Kong and investment holding.

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

The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 September 2018.

1.2 Basis of presentation and preparation

Pursuant to a group reorganisation (the "Reorganisation"), which was completed by interspersing the Company and Richness Universal Limited ("Richness Universal") between Mannings (Asia) Consultants Limited ("Mannings") and the Controlling Shareholder (the "Reorganisation") in connection with the listing of the Company's shares on the GEM (the "Listing"), the Company became the holding company of the companies now comprising the Group on 10 August 2018.

Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 29 August 2018 (the "Prospectus"). The Group is under the common control of the Controlling Shareholder prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended 31 December 2018 and 2017 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 December 2018 and 2017, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position as at 31 December 2018 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those respective dates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

2.1 Adoption of new and amended HKFRSs

All HKFRSs which were effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the consolidation financial statements for the year ended 31 December 2017.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the Group have not early applied the following new and amended Standards, Amendments and Interpretations ("new and amended HKFRSs") which have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 19	Plan amendment, curtailment or settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date not yet determined

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

HKFRS 16 Leases

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations.

Once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 on 1 January 2019 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information will not be restated. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group plans to use the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group plans to measure the rights-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to HK$5,866,000 and HK$5,766,000 respectively, after taking account the effects of discounting, as at 1 January 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial statement from 2019 onwards.

3. REVENUE AND SEGMENT INFORMATION

3.1 Revenue

The Group's principal activities are disclosed in Note 1.1 to the consolidated financial statements. Revenue is recognised over time and is disaggregated by nature of engineering design and consultancy services as follows:

	2018	2017
	HK$'000	*HK$'000*
Civil engineering		
– Road & structural engineering	**40,125**	47,571
– Geotechnical engineering	**8,221**	8,130
– Others	**5,695**	6,001
	54,041	61,702
Traffic engineering	**27,178**	21,795
Building engineering	**2,380**	–
Other ancillary services	**4,823**	2,724
	88,422	86,221

Under the contracts with customers, each engineering design and consultancy service contract relates to facts and circumstances that are specific to each customer. Contract terms provide the Group with an enforceable right to payment, for its performance completed to date, of its costs incurred plus a reasonable margin.

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2018 and 2017.

	At 31 December 2018
	HK$'000
Remaining performance obligations expected to be satisfied during the year ending	
31 December 2019	**67,780**
31 December 2020	**23,996**
After 31 December 2020	**18,187**
	109,963

	At 31 December 2017
	HK$'000
Remaining performance obligations expected to be satisfied during the year ending	
31 December 2018	54,678
31 December 2019	13,508
After 31 December 2019	13,723
	81,909

3.2 Segment information

The chief operating decision maker has been identified as the executive directors of the Company. The directors regard the Group's business of provision of engineering design and consultancy services as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**10,835**	9,196

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**324**	2
Government subsidies *(note)*	**220**	337
Sundry income	**24**	127
	568	466

Note: Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the HKSAR Government, for providing on-the-job training for graduate engineers and trainees, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

5. PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax is stated after charging:		
(a) Staff costs (including directors' emoluments)		
– Salaries, wages, bonus and other benefits	**50,692**	43,631
– Contributions to defined contribution retirement plans	**1,633**	1,486
	52,325	45,117
(b) Other items		
Depreciation (included in administrative expenses)		
– Owned assets	**586**	476
Subconsultancy fees (included in cost of services)	**8,167**	14,390
Auditor's remuneration	**620**	20
Operating lease charges in respect of leased premises	**2,267**	2,471
Listing expenses	**17,762**	–

Note:

(i) Staff costs (including directors' emoluments)

	2018	2017
	HK$'000	*HK$'000*
Cost of services	**41,856**	36,651
Administrative expenses	**10,469**	8,466
	52,325	45,117

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax		
– Current tax	**3,032**	3,399
– Statutory tax concession	**(30)**	(20)
	3,002	3,379
Deferred tax		
– Current tax	**28**	(7)
– Effect of change in tax rates	**(6)**	–
	22	(7)
	3,024	3,372

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the 'Bill') which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

For the year ended 31 December 2018, Hong Kong Profits Tax of Mannings, a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2017.

7. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividends	**–**	13,353

The directors did not recommend the payment of a dividend for the year ended 31 December 2018.

During the year ended 31 December 2017, Mannings has declared and appropriated dividends to its then shareholder amounted to HK$13,353,000.

8. (LOSS)/EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit		
(Loss)/Profit for the year attributable to equity holders of the Company	**(1,438)**	17,190
Number of shares		
Weighted average number of ordinary shares *(in thousands)*	**660,274**	600,000

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 31 December 2018 includes (i) 1 and 1,999 ordinary shares in issue at beginning of the year and during the year respectively; (ii) 599,998,000 new ordinary shares issued pursuant to the Capitalisation Issue (Note 12(b)(iii)), as if all these shares had been in issue throughout the year ended 31 December 2018, and (iii) 60,274,000 shares, representing the weighted average of 200,000,000 new ordinary shares issued pursuant to the Share Offer (Note 12(c)).

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2017 representing the number of ordinary shares of the Company immediately after the Capitalisation Issue (Note 12(b)(iii)), as if all these shares had been in issue throughout the year ended 31 December 2017.

There were no dilutive potential ordinary shares during the years ended 31 December 2018 and 2017 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade receivables	**24,301**	19,809
Other receivables and prepayments	**6,333**	5,112
Utility and other deposits	**188**	198
	30,822	25,119

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

Trade receivables

The Group usually provide customers with a credit term of 0 to 60 days. For the settlement of trade receivables from provision of engineering design and consultancy services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

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

	2018 *HK$'000*	2017 *HK$'000*
0–30 days	**12,827**	6,175
31–60 days	**3,194**	3,557
61–90 days	**2,010**	5,043
91–365 days	**5,583**	4,683
Over 365 days	**687**	351
	24,301	19,809

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9 which permits the use of lifetime ECL provision for all trade receivables. The ECL rate for the trade receivables is minimal for all the above bands of the trade receivables.

Other receivables

No amounts in relation to other receivables were past due at 31 December 2018 and 2017.

10. CONTRACT BALANCES

	2018	2017
	HK$'000	*HK$'000*
Contract assets	**8,504**	7,338
Contract liabilities	**(659)**	(657)
	7,845	6,681

The amount of revenue recognised during the year ended 31 December 2018 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion, is HK$1,029,702 (2017: HK$809,000).

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

Movements in the contract assets and the contract liabilities balances during the years ended 31 December 2018 and 2017 are as follows:

	2018		2017	
	Contract assets	**Contract liabilities**	Contract assets	Contract liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	490	–	1,828
Transfers from contract assets recognised at the beginning of the year to receivables	(4,416)	–	(4,713)	–

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

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**795**	1,236
Accruals and other payables	**1,264**	4,167
	2,059	5,403

Notes:

(a) The Group is usually granted by suppliers with a credit term of 0 to 30 days.

The ageing analysis of trade payables based on the invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**185**	433
31–60 days	**12**	41
61–90 days	**21**	39
91–365 days	**138**	616
Over 365 days	**439**	107
	795	1,236

(b) All amounts are short-term and hence, the carrying values of the Group's trade payables and accruals and other payables are considered to be a reasonable approximation of fair value.

12. SHARE CAPITAL

	Number of shares	***HK$'000***
Authorised:		
Ordinary shares of HK$0.01 each upon incorporation on 18 April 2018 *(Note (a))*	10,000,000	100
Increase of authorised share capital *(Note (b)(ii))*	1,490,000,000	14,900
As at 31 December 2018	**1,500,000,000**	**15,000**
Issued but not paid up:		
Ordinary shares of HK$0.01 each upon incorporation on 18 April 2018 *(Note a)*	1	–
Transfer to issued and fully paid upon Reorganisation *(Note (b)(i))*	(1)	–
As at 31 December 2018	**–**	**–**
Issued and fully paid:		
Ordinary shares of HK$0.01 each upon incorporation on 18 April 2018 *(note (a))*	–	–
Transfer from issued and not paid upon the Reorganisation *(Note (b)(i))*	1	–*
Issuance of ordinary shares *(Note (b)(i))*	1,999	–*
Issuance of ordinary shares pursuant to the Capitalisation Issue *(Note (b)(iii))*	599,998,000	6,000
Issuance of ordinary shares pursuant to the Share Offer *(Note (c))*	200,000,000	2,000
As at 31 December 2018	**800,000,000**	**8,000**

* The balances represented an amount less than HK$1,000.

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 18 April 2018 with an initial authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares of HK$0.01 each and 1 nil-paid share was issued thereafter.

(b) As part of the Reorganisation for the Listing:

(i) On 10 August 2018, 1,999 new ordinary shares and the one issued ordinary share were credited as fully paid.

(ii) On 20 August 2018, the authorised share capital was increased from HK$100,000 divided into 10,000,000 ordinary shares of par value HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 ordinary shares of par value HK$0.01 each, by the creation of an additional 1,490,000,000 shares.

(iii) On 20 August 2018, 599,998,000 new ordinary shares of nominal value of HK$5,999,980 were issued and credited as fully paid, by way of capitalisation from the share premium account of the Company, pursuant to the Capitalisation Issue as detailed in the Prospectus.

(c) On 12 September 2018, 200,000,000 new ordinary shares of par value of HK$0.01 each share were issued at a price of HK$0.4 per share and credited as fully paid pursuant to the Share Offer as detailed in the Prospectus. The gross proceeds amounted to HK$80,000,000 and the listing costs directly attributable to the issue of shares amounted to approximately HK$7,332,000. The remaining proceeds amounted to approximately HK$70,668,000 were credited to the Company's share premium account.

(d) On 27 February 2018, the same capital of Mannings was increased by HK$4,999,900 with allotment of 4,999,900 ordinary shares by capitalising HK$4,999,900 of amounts due to the then shareholder ("Loan Capitalisation").

(e) In March 2018, as part of the Reorganisation, (i) Richness Universal was authorised to allot and issue, credited as fully paid, a total of 482 ordinary shares of US$1 each to Pre-IPO Investors at consideration of HK$12,000,000 ("Pre-IPO Investments"); and (ii) 518 new ordinary shares and 98 new ordinary shares of Richness Universal, credited as fully paid at par, were allotted to Mr. Cheung Kwan Tar and a Pre-IPO Investor respectively, by way of bonus issue ("Bonus Shares").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the year ended 31 December 2018 (the "Year"), the Group recorded a loss of approximately HK$1.4 million. When compared with the year ended 31 December 2017 the Group recorded a profit of approximately HK$17.2 million. The Directors are of the view that the loss was primarily due to the non-recurring expenses from the Listing (the "Listing Expenses")amounting to approximately HK$17.8 million incurred for the Year. Setting aside the Listing Expenses, the Group's profit for the Year would be approximately HK$16.4 million.

OUTLOOK

The Group always strives to improve our operation efficiency and profitability of our business. The Group will also proactively seek opportunities to expend our customer base and our market share and undertake more projects which will enhance value to our shareholders.

The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group's market position in Hong Kong.

FINANCIAL REVIEW

Revenue

Our revenue increased to approximately HK$88.4 million for the Year by approximately HK$2.2 million or 2.6%, from approximately HK$86.2 million for the year ended 31 December 2017. This was principally due to an increase in projects awarded during the Year.

Cost of services

Our cost of services decreased to approximately HK$50.4 million for the Year by approximately HK$0.4 million or 0.8%, from approximately HK$50.8 million for the year ended 31 December 2017. The slight decrease in costs was due to the decrease in the amount of work outsourced to subconsultants.

Gross profit

Our gross profit increased to approximately HK$38.0 million for the Year by approximately HK$2.6 million or 7.3%, from approximately HK$35.4 million for the year ended 31 December 2017. The increase was due to the decrease in the amount of work outsourced to subconsultants.

Other income, gains and losses

Other income and gain increased by approximately HK$0.1 million from approximately HK$0.5 million for the year ended 31 December 2017 to approximately HK$0.6 million for the Year. The increase was mainly due to the increase in bank interest income.

Administrative expenses

Our administrative expenses increased to approximately HK$37.0 million for the Year, by approximately HK$21.7 million or 141.8%, from approximately HK15.3 million for the year ended 31 December 2017. The increase was mainly due to non-recurring Listing Expenses of approximately HK$17.8 million (2017: nil) incurred for the Year.

Listing expenses

During the Year, the Group recognised non-recurring Listing Expenses on an accrual basis of approximately HK$17.8 million (2017: nil).

DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2017: Nil).

INTEREST IN COMPETING INTERESTS

None of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the GEM Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Year, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

INTEREST OF THE COMPLIANCE ADVISER

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Board confirms that during the period from 13 September 2018 (the "Listing Date") to 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. Except for code provision A.2.1 of the CG Code regarding separation of the roles of chief executive and chairman, both of which are currently held by Mr. Cheung Kwan Tar, the Company has principally complied with the CG Code throughout the period from the Listing Date to 31 December 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions by Directors in respect of the shares of the Company (the "Code of Conduct"). After specific enquires by the Company, all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from the Listing Date up to 31 December 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 14 May 2019 to Friday, 17 May 2019, both days inclusive, during which no transfer of shares of the Company will be effected. In the case of shares of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Friday, 10 May 2019.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 20 August 2018. No share option has been granted under the Share Option Scheme since its adoption.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements of Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this announcement, the audit committee comprises of three independent non-executive directors, namely Mr. Chan Wan Fung, Mr. Chan Yu Sum Sam and Mr. Chan Kai Kow Macksion.

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

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

Hong Kong, 15 March 2019

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

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

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