

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

SHARE OFFER

Sole Sponsor

SUNWAH KINGSWAY

新華滙富

Kingsway Capital Limited

Joint Bookrunners

SUNWAH KINGSWAY

新華滙富

Kingsway Financial Services Group Limited

 **SORRENTO**
SECURITIES LIMITED
擎天證券有限公司

Sorrento Securities Limited

Joint Lead Managers

SUNWAH KINGSWAY

新華滙富

Kingsway Financial Services Group Limited

 **SORRENTO**
SECURITIES LIMITED
擎天證券有限公司

Sorrento Securities Limited


GLOBAL MASTERMIND
環球大通

Global Mastermind Securities Limited

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

BOSA TECHNOLOGY HOLDINGS LIMITED

人和科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	200,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	20,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	180,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$0.40 per Offer Share and expected to be not less than HK\$0.30 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.0001 per Share
Stock code	:	8140

Sole Sponsor

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新華滙富

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Joint Bookrunners

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Kingsway Financial Services Group Limited



Sorrento Securities Limited



Global Mastermind Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and our Company on the Price Determination Date. The Offer Price will not be more than HK\$0.40 per Offer Share and is currently expected to be not less than HK\$0.30 per Offer Share. If, for any reason, the Offer Price is not agreed by the Price Determination Date between the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.bosa-tech.com. The Joint Bookrunners (for themselves and on behalf of the other Underwriters), with the consent of our Company, may extend or reduce the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the extension or reduction in the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.bosa-tech.com not later than the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to apply for Public Offer Shares" of this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Joint Bookrunners (for themselves and on behalf of the other Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

28 June 2018

CHARACTERISTICS OF GEM

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 emerging nature of 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 higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is by publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at *www.hkexnews.hk* in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.bosa-tech.com.

2018^(Note 1)

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on
Thursday, June 28

Latest time to complete electronic applications under
the **HK eIPO White Form** service through the

designated website at www.hkeipo.hk (note 2) 11:30 a.m. on
Wednesday, July 4

Application lists for the Public Offer open (note 3) 11:45 a.m. on
Wednesday, July 4

Latest time to complete payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or

PPS payment transfer(s) 12:00 noon on
Wednesday, July 4

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and giving **electronic application**

instructions to HKSCC (note 4) 12:00 noon on
Wednesday, July 4

Application lists for the Public Offer close (note 3) 12:00 noon on
Wednesday, July 4

Expected Price Determination Date (note 5) Thursday, July 5

Announcement of the Offer Price, the indications of

the level of interest in the Placing, the level of applications

in the Public Offer and basis of allocation of

the Public Offer Shares under the Public Offer and

the number of Offer Shares reallocated, if any, between

the Public Offer and the Placing to be published on the websites

of the Stock Exchange at www.hkexnews.hk and our Company at

www.bosa-tech.com on or before Wednesday, July 11

EXPECTED TIMETABLE

2018^(Note 1)

Results of applications in the Public Offer (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Public Offer Shares — Publications of results" in this prospectus from Wednesday, July 11

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function from Wednesday, July 11

Despatch/collection of share certificates or deposit of share certificates into CCASS in respect of wholly or partially successful applications under the Public Offer on or before (note 6) Wednesday, July 11

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications under the Public Offer on or before (note 6) Wednesday, July 11

Dealings in Shares on the GEM of the Stock Exchange expected to commence at 9:00 a.m. on Thursday, July 12

Notes:

- (1) All dates and times refer to Hong Kong dates and time. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 4, 2018, the application lists will not open or close on that day. Further information is set out in the section headed "How to Apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.
- (4) Applicants who apply for Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus for details.
- (5) The Offer Price is expected to be determined by agreement between the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, July 5, 2018. If, for any reason, the Offer Price is not agreed on or before Friday, July 6, 2018, the Share Offer will not proceed.

EXPECTED TIMETABLE

- (6) Refund cheques or e-Auto Refund payment instructions will be issued in respect of all applications, if the conditions of the Share Offer are not fulfilled in accordance with the section headed “Structure and Conditions of the Share Offer” in this prospectus, or if all such conditions of the Share Offer are fulfilled, in respect of wholly or partially unsuccessful applications pursuant to the Share Offer and also in respect of wholly or partially successful applications if the Offer Price as finally determined is less than the price per Offer Share payable on application. If you apply through the **HK eIPO White Form** services by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** services by paying the application monies through multiple bank accounts, refund monies in the form of refund cheque(s) will be sent to the address specified in your application instructions to the designated website (www.hkeipo.hk) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate your refund cheque.

Shares certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination” in this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely at their own risk.

For details of the structure of the Share Offer, including the conditions thereof, please refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than Hong Kong or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. We, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. The contents of our website at www.bosa-tech.com do not form part of this prospectus.

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SUMMARY

OVERVIEW

We are the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong in terms of overall sales revenue in 2017, occupying approximately 27.0% of total market share. BOSA HK, our sole operating subsidiary, was established in Hong Kong in early 2012. Our mechanical splicing services include two elements:

- **Processing reinforcing bars:** we provide services of cutting, crimping, chamfering ends of and threading of reinforcing bars of our customers either at our premises or at the premises of our customers by using our self-developed proprietary technology and methods; and
- **Connecting reinforcing bars by couplers:** we connect one end of the processed reinforcing bars with our self-designed couplers.

We provide two types of reinforcing bars processing services: one under our trademark “Servisplíce” (“**Servisplíce Services**”) and the other one under our trademark “Seisplíce” (“**Seisplíce Services**”). Servisplíce Services do not add ductility to the mechanical splicing systems, unlike Seisplíce Services which add seismic-resistance and ductility to the mechanical splicing systems.

PRODUCTION

We provide all our services either in our workshops or at our customers’ sites in Hong Kong. As at the Latest Practicable Date, we had two workshops located in Fanling and Ping Che, the New Territories, Hong Kong. To provide our mechanical splicing services, our main equipment includes reinforcing bar cutting machines, self-developed automated CNC crimping machines and CNC threading machines. We custom design, develop and assemble our main equipment. We use our equipment at our workshops or install and use our machines at our customers’ sites, depending on the needs of our customers. For further information regarding our equipment, please refer to the section headed “Business — Our equipment” in this prospectus.

PROJECTS AND CUSTOMERS

During the Track Record Period, we had undertaken 285 projects which correspond to our customers’ projects, of which 181 projects were completed. A project is considered by our Group as completed when no purchase order was received by us in respect of such project for three months. While it is difficult to estimate the duration of a construction project, based on our management’s experience, our services will no longer be required for a particular project if no purchase order was received by us in respect of such project for three months. As disclosed in the section headed “Business — Customers — Major terms of engagement”, our customers engage us on a project-by-project basis. Our customers are primarily contractors and subcontractors of various types of reinforced concrete construction projects. The majority of our customers engage us on a project-by-project basis without a written contract and place orders with us by accepting our quotations or issuing purchase orders to us in batches or stages during the project period. Accordingly, it is practically impossible for us to ascertain the amount of revenue expected to be recognized in the future. As at the Latest Practicable Date, we had 82 ongoing projects. Further details of our projects, including revenue recognized during the Track Record Period, are set out in the section headed “Business — Our projects” in this prospectus.

SUMMARY

Construction projects that we service can generally be categorised into public sector projects and private sector projects. Public sector projects refer to public infrastructure projects and public housing projects which are directly or indirectly funded by the Government, which considers, decides and authorizes the use of our service by contractors and sub-contractors. Private sector projects refer to those that are not public sector projects. The majority of our revenue during the Track Record Period was derived from private sector projects.

For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the revenue derived from our top five customers amounted to approximately 62.8%, 49.2% and 58.7%, respectively, of our total revenue.

SUPPLIERS, RAW MATERIALS AND INVENTORY

Couplers are the principal raw material used and purchased by our Group. During the Track Record Period and up to May 2017, we placed all of our orders for couplers used in provision of services with BOSA (Taiwan), which then placed orders for couplers with the OEM Factory. In January 2017, we set up a branch office in Taiwan. In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our branch office in Taiwan was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we placed all of our orders for couplers with the OEM Factory directly through our branch office in Taiwan. We have entered into a long-term non-exclusive framework agreement with the OEM Factory in November 2016. Our Directors are of the view that the establishment of our branch office in Taiwan will not pose any material financial impact on our Group, as the costs of such establishment as well as the ongoing costs of running such branch office is insignificant. From the operational perspective, our Directors believe that the impact will be positive, as we are able to communicate directly and more effectively with the OEM Factory through our own branch office in Taiwan. Please refer to the section headed “Business — Suppliers” in this prospectus for details.

During the Track Record Period and up to the Latest Practicable Date, the purchase prices of our couplers were relatively stable. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the total sum of our purchases for couplers from BOSA (Taiwan) and/or from the OEM Factory through our Taiwan branch office amounted to approximately HK\$13.6 million, HK\$12.0 million and HK\$7.0 million, respectively.

OUR COMPETITIVE STRENGTHS

Our core strengths are set out below:

- We provide unique mechanical splicing services using our innovative technology and self-developed machines, such as, our patented method of controlled crimping using our self-developed CNC crimping machines, and dynamic rolled threading using our self-developed CNC threading machines.
- We use automated machines in provision of our services, enabling high production efficiency and consistent quality of services as well as minimizing human error and reducing overhead expenses.

SUMMARY

- We place considerable emphasis on meeting safety standards and quality control in provision of our services, in particular, the couplers that we use in our mechanical splicing services satisfy applicable Hong Kong requirements (2013 Code, 2004 Code and AC133).
- We have established a stable business relationship with our major customers and the OEM Factory.
- We own and use our machines in the provision of our services and do not rely on providers of equipment rental, enabling us to efficiently and effectively schedule our work and deploy our manpower.
- We have an experienced and professional management team.

OUR STRATEGIES

Our business strategies and development directions are set out below:

- Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che to support our long-term growth and future success;
- Purchase additional equipment to enhance production capacity in order to capitalize on the expected growth of construction work in the near future;
- Recruit additional experienced and skilled employees, in particular, steel fabricators, to meet our production needs and qualified staff to carry out research and development activities;
- Conduct research and development activities to enhance quality and cost-effectiveness of our mechanical splicing services; and
- Strengthen our marketing efforts to capture more market share in the mechanical splicing service industry in Hong Kong.

INDUSTRY

According to the Frost & Sullivan Report, sales value of mechanical splicing service market in Hong Kong took an upward trend. From 2012 to 2017, the sales value of this market increased from HK\$110.6 million to HK\$187.4 million, realizing a CAGR of 11.1%. The Frost & Sullivan Report projects the sales value of the Hong Kong mechanical splicing service market to reach HK\$248.9 million in 2022, representing a CAGR of 5.8% from 2017 to 2022.

According to the Frost & Sullivan Report, there were more than 15 providers of mechanical splicing services providers in Hong Kong as of 2017. The competition in this market in Hong Kong is fairly concentrated. In 2017, the top three providers of mechanical splicing services in Hong Kong, including our Group, together had approximately 80.5% market share of a total sales revenue of approximately HK\$150.9 million, while our Group, being the second largest market player, occupied approximately 27.0% of the total market share.

SUMMARY

It is expected that this industry will be driven by further development of Hong Kong macro-economy, increase in public expenditure on infrastructure projects, increase in building renovation projects and increase in demand for high yield stress products. Entry barriers of the mechanical splicing services market in Hong Kong include long-term customer relationship, sound project management experience, technical qualification and research and development talents.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalization Issue and Share Offer (without taking into account any Shares which might be issued upon exercise of the Offer Size Adjustment Option or options which may be granted under the Share Option Scheme), Mr. Kwan (through Kin Sun) will control 37.7% of the issued share capital of our Company and each of Mr. Kwan and Kin Sun will be our Controlling Shareholders. Kin Sun is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Kwan and Kin Sun confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules. Our Group has been under the ownership and control of Mr. Kwan and Kin Sun throughout the Track Record Period. For further information, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on June 19, 2018 under which certain eligible participants (including, among others, full-time employees) may be granted options to acquire Shares. The major terms of such Share Option Scheme are set out in “D. Share option scheme” in Appendix IV to this prospectus. Our Directors believe that the Share Option Scheme will assist in the recruitment and retention of quality executives and employees. No option has been granted under the Share Option Scheme.

PRE-IPO INVESTMENTS

As an incentive and reward to Mr. K. Lim, for successfully concluding the first few important contracts with major customers, in early 2013, Kin Sun granted an option to Mr. K. Lim to purchase from it 12.5% of the issued share capital of BOSA HK (or its successor). In addition, as an incentive and reward to Ms. Chiu (the senior management of BOSA HK) for successfully concluding the first few important contracts, in early 2013, Kin Sun granted an option to Ms. Chiu to purchase from it 7.0% of the issued share capital of BOSA HK (or its successor). On May 26, 2017, Mr. K. Lim and Ms. Chiu exercised their options in full. For further details, please refer to the section headed “History, Reorganization and Group Structure — Pre-IPO Investments” in this prospectus.

On May 26, 2017, our Company entered into a Pre-IPO subscription agreement with Synergy Resources, pursuant to which 500 Shares were allotted and issued to Synergy Resources at a consideration of HK\$3.0 million. The consideration for such Pre-IPO Investment was determined according to the price earnings ratio of 8.6 times of the after-tax profit of BOSA HK in the amount of approximately HK\$14.0 million as referred to in the management accounts of BOSA HK for the financial year ended June 30, 2016. Synergy Resources is a limited liability company incorporated on May 24, 2011 under BVI laws. It is wholly-owned by Mr. Lam Chung Ho Alastair. Synergy Resources

SUMMARY

is an investment holding company and its wholly-owned subsidiary, a company incorporated in Hong Kong, is principally engaging in the agency services for provision of fuel to pleasure yacht owners and operators in Hong Kong.

Immediately after the completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), Mr. K. Lim, Ms. Chiu and Synergy Resources will hold 73,170,732 Shares, 40,975,610 Shares and 14,634,146 Shares, representing approximately 9.2%, 5.1% and 1.9% of the issued share capital of our Company, respectively.

Our Directors and the Sole Sponsor confirm that they consider the Pre-IPO Investments to be in compliance with the Guidance Letter HKEx-GL29-12 issued by the Stock Exchange in January 2012, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013, and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012.

SUMMARY OF OUR FINANCIAL AND OPERATIONAL INFORMATION

Our consolidated financial information has been prepared in accordance with HKFRS. Selected items of our consolidated financial statements are set out below:

Information on our consolidated statements of profit or loss and other comprehensive income

	Year ended June 30,		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Revenue	54,803	50,317	25,633	25,584
Cost of sales	(31,198)	(28,884)	(13,897)	(15,013)
Gross profit	23,605	21,433	11,736	10,571
Other gains and losses	1,039	(1,724)	129	(489)
Administrative expenses	(7,809)	(11,480)	(5,254)	(5,055)
Profit before taxation	17,024	2,826	4,938	1,652
Profit and total comprehensive income for the year/period attributable to owners of the Company	14,191	943	3,760	620
Non-HKFRS measure				
Adjusted profit and total comprehensive income for the year/period attributable to owners of the Company ⁽¹⁾	14,191	7,014	5,960	4,159

SUMMARY

Note:

- (1) Non-HKFRS adjustments: Adjusted profit and total comprehensive income for the year/period attributable to owners of the Company is presented for illustrative purpose and refers to profit and total comprehensive income for the year/period attributable to owners of the Company excluding non-recurring listing expenses. The term of “adjusted profit and total comprehensive income for the year/period attributable to owners of the Company” is not defined under HKFRS and accordingly are not audited, not included in the financial statements and not presented in accordance with HKFRS.

During the Track Record Period, all of our revenue was generated from providing our customers services of processing reinforcing bars in Hong Kong. During the Track Record Period, we derived more than half of our revenue from private sector projects. The following table sets out a breakdown of our revenue during the Track Record Period attributable to public and private sector projects:

	For the year ended June 30, 2016			For the year ended June 30, 2017			For the six months ended December 31, 2016			For the six months ended December 31, 2017		
	Revenue			Revenue			Revenue			Revenue		
	Number of projects	(HK\$ million)	% of total revenue	Number of projects	(HK\$ million)	% of total revenue	Number of projects	(HK\$ million)	% of total revenue	Number of projects	(HK\$ million)	% of total revenue
Public sector projects	28	20.6	37.6	31	14.8	29.3	23	9.7	37.9	22	4.0	15.4
Private sector projects	108	34.2	62.4	135	35.5	70.7	98	15.9	62.1	114	21.6	84.6
Total	136	54.8	100.0	166	50.3	100.0	121	25.6	100.0	136	25.6	100.0

Our cost of sales during the Track Record Period consisted primarily of coupler supplies, direct labour costs, direct overheads, consumable and rental costs of our workshops. Our gross profit margin during the Track Record Period had been relatively stable at 43.1%, 42.6% and 41.3% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

Since we provide services for public sector projects and private sector projects using the same facilities and labour, it is not practicable for us to determine gross profits and gross profit margins by sectors during the Track Record Period. In particular, as workshop workers work on all projects as they come in, including public sector projects and private sector projects, it is practically impossible for our Group to allocate direct labour costs by public and private sector projects. However, during the Track Record Period, private sector projects have a higher tendency to place orders for our Seisplice Services, which are usually more profitable than our Servisplice Services due to its seismic-resistance and ductility quality. Accordingly, private sector projects were more profitable for our Group during the Track Record Period.

SUMMARY

Information on our consolidated statements of financial position

	As of June 30, 2016 <i>HK\$'000</i>	As of June 30, 2017 <i>HK\$'000</i>	As of December 31, 2017 <i>HK\$'000</i>
Current assets	42,615	52,790	52,896
Current liabilities	22,289	21,155	38,372
Net current assets	20,326	31,635	14,524
Total assets less current liabilities	27,741	36,992	19,475
Equity attributable to owners of the Company	26,837	36,280	18,851

Information on our consolidated statements of cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	Year ended June 30, 2016 <i>HK\$'000</i>	Year ended June 30, 2017 <i>HK\$'000</i>	Six months ended December 31, 2017 <i>HK\$'000</i>
Operating cash flow before movements in working capital	20,424	8,156	3,145
Net cash generated from operating activities	10,533	7,255	515
Net cash used in investing activities	(1,615)	(2,378)	(535)
Net cash (used in)/generated from financing activities	(536)	2,597	(4,004)
Net increase/(decrease) in cash and cash equivalents	8,382	7,474	(4,024)
Cash and cash equivalents at the beginning of the year/period	12,711	21,093	28,566
Effect of foreign exchange rate changes	—	(1)	(3)
Cash and cash equivalents at end of the year/period, represented by bank balances	21,093	28,566	24,539

SUMMARY

Major Cost Components

During the Track Record Period, our major cost components were reflected in our cost of sales and comprised cost of couplers, direct labour, direct overheads, consumables and rental cost of workshops. The following table sets forth the amount of such costs and their respective percentages to revenue for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2016 and 2017.

	For the years ended June 30,		For the six months ended December 31,	
	2016	2017	2016	2017
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	% of revenue	% of revenue	% of revenue	% of revenue
			(unaudited)	
Cost of couplers	13,068	12,503	6,556	6,666
Direct labour	7,991	6,951	3,470	3,997
Direct overheads	3,534	3,481	1,444	1,565
Consumables	3,176	3,065	1,021	1,186
Rental cost of workshops	1,921	2,142	1,116	1,208

Service capacity and utilization rate of our production facilities

The following table sets forth a summary of the annual service capacity of our production facilities in terms of the number of reinforcing bars processed and utilization rates for the periods indicated:

	Service Capacity	Actual Production Volume	Utilization Rate
	(Note 1)		(Note 2)
	(number of reinforcing bars processed)	(number of reinforcing bars processed)	
For the year ended June 30, 2016	1,362,666	1,587,027	116.5%
For the year ended June 30, 2017	1,362,666	1,368,841	100.5%
For the six months ended December 31, 2017	1,362,666	811,453	119.1%

Notes:

- (1) Service capacity is calculated based on the assumptions that there are nine hours of service in one day at our workshops and our machines can process approximately 30 reinforcing bars in an hour. No overtime cost will be incurred by us for nine hours of service per day. Service hours beyond nine hours will require overtime cost for our workers.
- (2) The utilization rate is calculated based on the actual production volume for the relevant year divided by the service capacity for the relevant year on an annualized basis. The utilization rates of our existing production facilities during the Track Record Period exceeded 100%. Our actual production volumes were met only with incurrence of overtime cost for our workers.

SUMMARY

Key financial ratios

The following table sets forth certain key financial ratios as of the dates or for the periods indicated. Please refer to the section headed “Financial Information — Summary of key financial ratios” in this prospectus for descriptions of the calculations and the relevant analysis of the ratios below.

	As at and for the year ended		As at and for the six months ended
	June 30,	2017	December 31,
	2016		2017
Profitability ratios			
Gross profit margin	43.1%	42.6%	41.3%
Net profit margin before interest and tax	31.1%	5.6%	6.5%
Net profit margin	25.9%	1.9%	2.4%
Adjusted net profit margin ⁽¹⁾	25.9%	13.9%	16.3%
Return on assets	28.4%	1.6%	1.1%
Return on equity	52.9%	2.6%	3.3%
Liquidity ratios			
Current ratio	1.9	2.5	1.4
Quick ratio	1.8	2.4	1.3
Capital adequacy ratios			
Gearing ratio (times) ⁽²⁾	0.02	0.01	0.01
Interest coverage ratio	533.0	189.4	414.0

Notes:

- (1) Non-HKFRS adjustments: Adjusted net profit margin is presented for illustrative purpose and refers to net profit margin excluding non-recurring listing expenses. The term of “adjusted net profit margin” is not defined under HKFRS and accordingly are not audited, not included in the financial statements and not presented in accordance with HKFRS.
- (2) Gearing ratio is calculated by dividing all obligations under finance leases at the end of the period by total equity at the end of the period and multiplied by 100%.

Our net profit margin was approximately 25.9%, 1.9%, 2.4% for the years ended June 30, 2016 and 2017 and for the six months ended December 31, 2017, respectively. The significant decrease in net profit margin was primarily due to (i) the incurrence of Listing expenses of approximately HK\$6.1 million and HK\$3.5 million for the year ended June 30, 2017 and for the six months ended December 31, 2017, respectively; (ii) the slight decrease in gross profit margin and revenue; (iii) the increase in administrative expenses for the year ended June 30, 2017 as compared to the year ended June 30, 2016; (iv) the incurrence of loss on disposal of plant and equipment of approximately HK\$1.6 million as a result of the terminations of our workshops during the year ended June 30, 2017; (v) the net exchange gain of approximately HK\$1.0 million during the year ended June 30, 2016 but losses of approximately HK\$0.2 million for the year

SUMMARY

ended June 30, 2017; and (vi) the higher effective tax rate due to the tax non-deductible nature of the Listing expenses and loss on disposal. In particular, our revenue for the year ended June 30, 2017 has decreased slightly when compared to the year ended June 30, 2016 primarily due to (i) a decrease in the scale of public sector projects in which we participated, thereby lowering the revenue we derived from such projects; and (ii) a light decrease in our pricing. The increase in administrative expenses for the year ended June 30, 2017 was mainly due to (i) increase in staff cost as we hired additional accounting staff; (ii) increase in legal and professional expenses primarily in related to tax filing matters; (iii) increase in provision for tax penalty; and (iv) increase in depreciation expenses and rental expenses in relation to the workshop and leasehold improvements located in Yuen Long. The decrease for the six months ended December 31, 2017 was mainly due to (i) decrease in gross profit margin as a result of increased cost of couplers and salary increment of our workers and (ii) increase in Listing expenses during the six months ended December 31, 2017. For further information, please refer to the section headed “Financial Information — Period to period comparison of results of operations” in this prospectus.

Our adjusted net profit margin was approximately 25.9%, 13.9% and 16.3% for the years ended June 30, 2016 and 2017 and for the six months ended December 31, 2017 respectively. Adjusted net profit margin refers to net profit margin excluding non-recurring listing expenses. Excluding the impact of the listing expenses incurred during the Track Record Period, the fluctuations of our adjusted net profit margin during the Track Record Period and the underlying reasons were similar to those of our net profit margin as described above.

DIVIDEND

On September 15, 2017, our Company declared a one-off and non-recurring interim dividend to the existing Shareholders in the amount of HK\$18.5 million, entitlement in the amount of approximately HK\$451,000 was waived by Synergy Resources. On June 7, 2018, Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Ms. Chiu and Mr. P. Lim, being the existing Shareholders, made contribution to our Company in an aggregate amount of approximately HK\$5 million by waiving certain amounts due to them. Such dividends will be paid prior to the Listing and will be funded by our internal resources. There is no expected dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group’s future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any final dividend for a financial year will be subject to the shareholders’ approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. Dividends may be paid only out of our Company’s distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

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SUMMARY OF MATERIAL RISK FACTORS

There are a number of risk factors involved in our business operations, including:

- We depend on the OEM Factory for the supply of couplers. Any shortage or delay in the supply of couplers from the OEM Factory or any change in the OEM Factory's business and marketing strategies may materially and adversely affect our business, financial condition and results of operations.
- The operations at our Fanling workshop may be adversely impacted by the encroachment of the northern part of the temporary structure on government land.
- We attribute our success partially to our self-designed machines, and if our competitors develop machines that are as efficient as, or more efficient than, our machines, our market share, business, financial condition and results of operations may be materially and adversely affected.
- Lease renewal of premises that we use may be affected by conditions of the rental market.
- Any failure to maintain an effective quality control system could have a material adverse effect on our business and operations.
- There was an increasing trend of average trade receivables turnover days and concentration of credit risk during the Track Record Period, and our financial position and business performance may be adversely affected if we are not able to recover our trade receivables from our customers or that they do not settle our trade receivables in a timely manner.
- We do not enter into any formal contract with our customers (with certain exceptions). Our customers request services from us on an order by order basis, which exposes us to potential volatility in our revenue.

A detailed discussion of the risk factors is set forth in "Risk factors" section of this prospectus.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had certain non-compliance incidents in relation to (i) encroachment of part of the temporary structure on government land, which our Hong Kong Legal Counsel has advised that there is no risk of any retrospective penalty to be imposed against us; (ii) lack of approval from the Town Planning Board to use the site of our San Tin workshop as rural workshop and open storage, the maximum penalty of which is a fine of HK\$500,000; (iii) lack of approval from the Town Planning Board to use the site of our Tin Shui Wai workshop as rural workshop, the maximum penalty of which is a fine of HK\$500,000; (iv) failure to inform chargeability for profits tax to the Inland Revenue Department of Hong Kong ("IRD") within the prescribed time limit, the potential penalty of which aggregates to approximately HK\$797,067, as advised by our Tax Rep; (v) failure to file certain employer notifications to the IRD within the prescribed time limit, the maximum penalty of which is a fine of HK\$10,000; (vi) failure to make Mandatory Provident Fund contributions for certain employees within the prescribed time limit, the maximum penalty of which is a fine of HK\$20,700; and (vii) lack of sufficient employees' compensation insurance to cover all our employees, which our Hong

SUMMARY

Kong Legal Counsel has advised that there is no risk of any retrospective penalty to be imposed against us. Please refer to the section headed “Business — Non-compliance” in this prospectus for further details. Our Directors confirm that all such non-compliance incidents had not resulted, and are not expected to result, in any material impact on our business operations and financial conditions.

LISTING EXPENSES

Our Group expects that the total listing expenses, which is non-recurring in nature, will be amounted to approximately HK\$22.9 million, of which approximately HK\$8.1 million is directly attributable to the issue of Offer Shares as part of the Listing and will be accounted for as a deduction from equity upon the Listing; approximately HK\$6.1 million has been charged to consolidated statements of profit or loss and other comprehensive income for the year ended June 30, 2017; approximately HK\$3.5 million has been charged to consolidated statements of profit or loss and other comprehensive income for the six months ended December 31, 2017 and the remaining portion of approximately HK\$5.2 million is expected to be charged to consolidated statements of profit or loss and other comprehensive income for the year ending June 30, 2018.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our business of providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. As at the Latest Practicable Date, we had a total of 82 ongoing projects. Please refer to the section titled “Business — Our projects — Ongoing projects” in this prospectus for a list of our top 10 ongoing projects as at the Latest Practicable Date. Our results of operations for the year ended June 30, 2017 and the six months ended December 31, 2017 had been significantly affected by the Listing expenses incurred during such year. Our results of operation for the year ended June 30, 2018 are expected to be continuously affected by the Listing expenses.

During the six months ended December 31, 2017, the unit prices of our mechanical splicing services (comprising price of coupler and price of threading) experienced a decreasing trend of approximately 15.2%, when compared to our unit prices for the year ended June 30, 2017. Despite our decreased prices, our revenue for the six months ended December 31, 2017 maintained at a similar level to that of the six months ended December 31, 2016, primarily due to the increase in private sector projects undertaken by us during the six months ended December 31, 2017 which were more profitable to us than public sector projects. We are uncertain if this decreasing price trend will continue in the near future.

In May 2018, a local newspaper reported that there were substandard building works at Shatin-to-Central link project. It was reported that a contractor had produced substandard work as it had cut steel bars to make it seem like they were screwed correctly into couplers, posing a danger to the public safety. As at the Latest Practicable Date, the railway company responded that they were conducting investigation on the abovementioned incident. It was reported that the relevant authority had requested the railway company to submit a report in relation to the said incident.

SUMMARY

We were the supplier of the splicing system and were responsible for the supply of processed steel bars and self-designed couplers connected at one end and we were not responsible for installation, connection or screwing works of the other end of the processed steel bars or other related construction works at the project site at all material times. All of our products were delivered to and accepted by the main contractor, and we have no control on how our products were used or handled by the main contractor upon delivery. As at the Latest Practicable Date, we did not receive any complaint or inquiry in relation to our services provided in the Hung Hom Station project of the Shatin-to-Central link and/or the incident and there was no report, complaint or inquiry of defects of our products in the project. All of our work under the project had been completed in June 2017.

Based on the reasons aforesaid, our Hong Kong Legal Counsel, is of the view that our Group being legally liable in respect of the defective works in the incident is remote, and it is unlikely that we will be subject to any legal proceedings arising therefrom. Further, it is unlikely that the recent reported news on the defective works or substandard building works at the Shatin-to-Central link project will have any negative implication on our Group. Given the limited information that no actual claim from and against any parties at as the Latest Practicable Date, the Hong Kong Legal Counsel has no factual and legal basis to make any assessment on any quantum. As with other legal proceedings for breach of contract (if any), the common form of claim would be for economic loss and damages arising from the breach such as loss of profits.

Our Directors confirmed that the recent reported news on defective works or substandard building works at the Shatin-to-Central link project did not have any adverse impact on our operation such as our Group's reputation, relationship with our customers and our production as at the Latest Practicable Date. Our Directors further confirmed that the relevant news is unlikely to have any negative impact on our operation.

Tax amount paid/payable by our Group in 2018

A total amount HK\$1,750,529 of final tax for the Year of Assessment 2015/16 was settled by our Group in February 2018. The final tax payable for the Year of Assessment 2016/17 in an amount of HK\$3,110,071 will be due on July 9, 2018. As at the Latest Practicable Date, such amount has not been settled.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since December 31, 2017 (being the date to which our latest audited financial information of our Group was prepared) and there had been no event since December 31, 2017 which would materially affect the information shown in the Accountants' Report.

SUMMARY

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Share Offer (after deducting underwriting fees and estimated expenses in connection with the Share Offer payable by us and assuming that the Offer Size Adjustment Option is not exercised and an Offer Price of HK\$0.35 per Share, being the mid-point of the proposed Offer Price range) will be approximately HK\$47.1 million. We currently intend to apply such net proceeds for the following purposes. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for details.

Sources of funding and amount of net proceeds if applicable	Intended application	Intended year of application
<ul style="list-style-type: none"> approximately 93.4%, or HK\$44.0 million 	<ul style="list-style-type: none"> acquire a parcel of land to open new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che 	<ul style="list-style-type: none"> 2018^(Note)
<ul style="list-style-type: none"> approximately 6.4%, or HK\$3.0 million 	<ul style="list-style-type: none"> placing resources into research and development 	<ul style="list-style-type: none"> 2018
<ul style="list-style-type: none"> approximately 0.2%, or HK\$0.1 million 	<ul style="list-style-type: none"> general working capital 	<ul style="list-style-type: none"> 2018

Note: We have not identified a target parcel of land which we intend to acquire as at the Latest Practicable Date.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Offer Size Adjustment Option is not exercised.

	Based on minimum indicative Offer Price of HK\$0.30	Based on maximum indicative Offer Price of HK\$0.40
Market capitalization of our Shares ⁽¹⁾	HK\$240 million	HK\$320 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share ⁽²⁾	HK\$0.082	HK\$0.107

Notes:

- (1) The calculation of market capitalization is based on the 800,000,000 Shares expected to be in issue immediately upon completion of the Capitalization Issue and the Share Offer.
- (2) The unaudited pro forma adjusted consolidated net tangible asset value per Share has been set after the adjustments referred to in “Unaudited pro forma statement of adjusted consolidated net tangible assets” in Appendix II to this prospectus and on the basis of 800,000,000 Shares in issue at the Offer Price immediately upon completion of the Share Offer and did not take into account of the contribution from shareholders of approximately HK\$5,000,000 by waiving amounts due to shareholders as at 7 June 2018.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them that are used in connection with the Public Offer
“Articles” or “Articles of Association”	the amended and restated articles of association of the Company, conditionally adopted on June 19, 2018, which will become effective upon the Listing Date, and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	our board of Directors
“BOSA HK”	BOSA Technology (Hong Kong) Limited (人和科技(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on March 14, 2012, a direct and wholly-owned subsidiary of BOSA Worldwide
“BOSA Investment”	BOSA Investment Limited, a company incorporated under the laws of BVI on July 8, 2016, a direct and wholly-owned subsidiary of our Company
“BOSA (R&D)”	BOSA Technology (R&D) Limited, a company incorporated under the laws of the BVI on November 10, 2016, a direct and wholly-owned subsidiary of BOSA Investment
“BOSA (Taiwan)”	BT Systems Limited (倍適得有限公司) (formerly known as BOSA TECHNOLOGY (TAIWAN) LIMITED), a company incorporated under the laws of Taiwan with limited liability on March 26, 1998, of which 36%, 14%, 16.8%, 13% and 20.2% were owned by Mr. Yang, our technical manager, Ms. Liu Li Wen (spouse of Mr. Yang), Mr. Wang, Ms. Wang Yu-Ju (spouse of Mr. Wang) and Mr. Wang Chia-Yuan (son of Mr. Wang), during the Track Record Period and as of the Latest Practicable Date
“BOSA Worldwide”	BOSA Technology Worldwide Limited, a company incorporated under the laws of BVI on July 12, 2016, a direct and wholly-owned subsidiary of BOSA Investment
“Buildings Department”	the Buildings Department of the Government

DEFINITIONS

“Business Day” or “business day”	a day on which commercial banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company upon completion of the Share Offer, details of which are set out in the section headed “Statutory and General Information — A. Further information about the Company — 3. Written resolutions of our Shareholders passed on June 19, 2018” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedure and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Company,” “our Company,” “we,” or “us”	BOSA Technology Holdings Limited (人和科技控股有限公司), a company incorporated in the Cayman Islands on October 24, 2016 as an exempted company with limited liability
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto in the GEM Listing Rules and for the purpose of this prospectus, unless the context otherwise requires, refers to, Kin Sun and Mr. Kwan
“CS Deed of Non-Competition”	the deed of non-competition dated June 19, 2018 entered into by our Controlling Shareholders in favour of our Company (for itself and on behalf of its subsidiaries), in respect of certain non-competition undertakings given by our Controlling Shareholders, particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Non-competition undertakings” in this prospectus
“Deed of Indemnity”	the deed of indemnity dated June 19, 2018 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in the section headed “Statutory and General Information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Director(s)”	our director(s)
“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Frost & Sullivan”	Frost & Sullivan International Limited, our industry consultant, an independent third party
“Frost & Sullivan Report”	the report we commissioned from Frost & Sullivan in respect of the splicing system industry in Hong Kong
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Global Mastermind Securities”	Global Mastermind Securities Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, being one of the Joint Lead Managers to the Share Offer

DEFINITIONS

“Government”	The Government of Hong Kong
“ GREEN application form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company, Tricor Investor Services Limited
“Group” or “our Group”	we, together with our subsidiaries or, where the context so requires, in respect of the period prior to us becoming the holding company of our present subsidiaries, such subsidiaries as if they were our subsidiaries at that time
“HK\$” or “Hong Kong dollars” or “HK dollars” or “cents” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“ HK eIPO White Form ”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form Service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, as amended and revised from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
“Hong Kong Legal Counsel”	Ms. Queenie Ng, Barrister-at-Law
“Hong Kong Takeovers Code” or “Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with us or our connected persons as defined under the GEM Listing Rules
“Joint Bookrunners”	Kingsway Financial and Sorrento Securities
“Joint Lead Managers”	Kingsway Financial, Sorrento Securities and Global Mastermind Securities
“Kin Sun”	Kin Sun Creative Company Limited (建新創意有限公司), a limited liability company incorporated under the laws of Hong Kong on July 18, 2011, and wholly-owned by Mr. Kwan, one of our Controlling Shareholders
“Kingsway Capital” or “Sole Sponsor”	Kingsway Capital Limited, a corporation licensed to engaged in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the sole sponsor for the Listing
“Kingsway Financial”	Kingsway Financial Services Group Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities, being one of the Joint Bookrunners and Joint Lead Managers to the Share Offer
“Labour Department”	the Labour Department of the Government
“Latest Practicable Date”	June 20, 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of our Shares on the GEM of the Stock Exchange
“Listing Date”	the date, expected to be on or around Thursday, July 12, 2018, on which our Shares are listed and from which dealings therein are permitted to take place on GEM
“Listing Division”	the Listing Department of the Stock Exchange
“Memorandum” or “Memorandum of Association”	our amended and restated memorandum of association to be adopted prior to the Listing, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix III to this prospectus

DEFINITIONS

“Mr. Kwan”	Mr. Kwan Tek Sian, our non-executive Director, Chairman of our Board, one of our Controlling Shareholders and one of the founders of our Group
“Mr. K. Lim”	Mr. Lim Su I, our executive Director and Chief Executive Officer
“Mr. P. Lim”	Mr. Lim Paulino, our executive Director, Chief Operating Officer and one of the founders of our Group
“Mr. Wang”	Mr. Wang Wann-Bao, one of the founders of our Group
“Mr. Yang”	Mr. Yang Tien-Lee, our technical manager and one of the founders of our Group
“Ms. Chiu”	Ms. Chiu Yin Mei, our administration manager
“Nomination Committee”	the nomination committee of our Board
“OEM Factory”	a company incorporated under the laws of Taiwan on April 14, 1997, which is an independent third party
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.40 per Offer Share and not less than HK\$0.30 per Offer Share, such price to be determined as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Offer Size Adjustment Option”	the option to be granted by our Company to the Stabilizing Manager pursuant to which the Stabilizing Manager may require our Company to allot and issue up to an aggregate of 30,000,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer at the Offer Price, details of which are described in the section headed “Structure and Conditions of the Share Offer — Offer Size Adjustment Option” in this prospectus
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“Placing”	the conditional placing of the Placing Shares at the Offer Price for and on behalf of our Company to professional, institutional and other investors, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus

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“Placing Shares”	the 180,000,000 new Shares initially offered by our Company for subscription under the Placing, subject to reallocation and the Offer Size Adjustment Option, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriter(s)”	the underwriter(s) for the Placing who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement expected to be entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters relating to the Placing on or about the Price Determination Date
“PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include Hong Kong, Macau and Taiwan
“Pre-IPO Investments”	the investments in our Company undertaken by the Pre-IPO Investors before the Listing, details of which are set out in the section headed “History, Reorganization and Group Structure — Pre-IPO Investments” in this prospectus
“Pre-IPO Investors”	Mr. K. Lim, Ms. Chiu and Synergy Resources
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, July 5, 2018 (Hong Kong time) on which the Offer Price is determined, or such later time as the Sole Sponsor and us may agree, but in any event no later than Friday, July 6, 2018
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 20,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus

DEFINITIONS

“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated June 26, 2018 entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters relating to the Public Offer
“Remuneration Committee”	the remuneration committee of our Board
“Reorganization”	the reorganization arrangements undergone by us in preparation for the Listing as described in the section headed “History, Reorganization and Group Structure — Reorganization” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shareholder(s)”	holder(s) of our Shares
“Shares”	ordinary share(s) in our share capital with par value of HK\$0.0001 each
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on June 19, 2018, the principal terms of which are summarized in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus
“Stabilizing Manager”	Kingsway Financial
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and Kin Sun on the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sorrento Securities”	Sorrento Securities Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, being one of the Joint Bookrunners and Joint Lead Managers to the Share Offer

DEFINITIONS

“subcontractor”	in respect of a construction project, a contractor who is appointed by the main contractor or by another subcontractor involved in the construction and who generally carries out specific work tasks of the construction
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“Surveyor”	KEland Surveying, Planning and GIS Co. Limited, an authorized land surveyor firm in Hong Kong
“Synergy Resources”	Synergy Resources International Limited 匯能資源國際有限公司, a company incorporated in the BVI on May 24, 2011 with limited liability, and wholly-owned by Mr. Lam Chung Ho Alastair
“Track Record Period”	the period comprising the two financial years ended June 30, 2017 and the six months ended December 31, 2017
“TWD” or “NT\$”	New Taiwan Dollar, the lawful currency of Taiwan
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“US\$,” “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“Yang Deed of Non-Competition”	the deed of non-competition dated June 19, 2018 entered into by Mr. Yang in favour of our Company (for itself and on behalf of its subsidiaries), in respect of certain non-competition undertakings given by Mr. Yang, particulars of which are set out in “Relationship with Controlling Shareholders — Non-competition undertakings” in this prospectus

DEFINITIONS

“**YELLOW** Application Form(s)” the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS

“%” per cent.

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, “substantial shareholder” and “significant shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

Certain amounts and percentages figures included in this document have been subject to rounding adjustment. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise expressly stated on the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only.*

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with the business of our Group. The terms and their meanings may not correspond to the standard industry meanings or usage of these terms.

“2004 Code”	Code of Practice for Structural Use of Concrete 2004
“2013 Code”	Code of Practice for Structural Use of Concrete 2013
“AC 133”	Acceptance Criteria for Mechanical Connector Systems for Steel Reinforcing Bars AC 133 June 2008
“BS8110 standard”	British Standard for the design and construction of reinforced concrete structures
“chamfer”	cut off the edge or corner to make a symmetrical sloping edge
“compression”	external force that tends to crush material, squeezing its particles closer and shortening it
“crimp”	the bend or deformity caused by the act of crimping
“Computer numeric control” or “CNC”	the automation of machine tools that are operated by precisely programmed commands encoded on a storage medium (i.e. computer command module usually located on a device) as opposed to controlled manually or mechanically
“crimping of reinforcing bars”	deforming a reinforcing bar to join with the other reinforcing bar; the bend or deformity is called the “crimp”
“ductility”	solid material’s ability to stretch under tensile stress, often characterized by the material’s ability to be stretched into a wire
“elongate”	become longer, especially unusually in relation to width
“elongation”	the action or process of lengthening something
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations

GLOSSARY

“ISO 9001”	ISO 9001 is an internationally recognized standard for a quality management system. It aims at the effectiveness of the quality management system in meeting customer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing
“ISO 14001”	ISO 14001 is an internationally recognized standard for the environmental management of businesses. It aims at recognizing the desirable behaviour of businesses concerning the environment. It prescribes controls for an encompassing range of corporate activities which include the use of natural resources, handling and treatment of waste and energy consumption
“main contractor”	contractor responsible for the day-to-day oversight of a construction site, management of sub-contractors, vendors and other involved parties, and the communication of information to all involved parties throughout the course of a construction project
“mechanical splice”	junction of two or more pieces together that are aligned and held in place by a joining part
“mechanical splicing system”	system of reinforcement bars connected together by couplers used to provide strength in tension and compression for concrete construction
“OEM”	original equipment manufacturer, a company that produces parts and equipment that is marketed by another company
“private sector projects”	contracts that are not public sector projects
“public sector projects”	public infrastructure projects and public housing projects that are directly or indirectly funded by the Government, which considers, decides and authorizes the use of our service by contractors and sub-contractors
“reinforcing bar”	steel reinforcement bar used in concrete construction
“schedule of rates”	a set of general regulations and special conditions governing the execution of work and payment for works performed
“seismic-resistant”	the ability to withstand earthquakes
“tensile stress”	the stress state leading to expansion, that is the length of a material tends to increase in the tensile direction while the volume of the material stays constant

GLOSSARY

“threading of reinforcing bar”	the process of creating a screw thread on a reinforcing bar
“ultimate tensile strength” or “tensile strength”	the maximum stress which a material can handle before breaking
“yield strength”	the stress at which a material deforms permanently

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions or the negative use of such words are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our Group’s business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group’s business;
- our Company’s dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operate;
- future developments in the industry in which our Group operate;
- the trend of the economy of Hong Kong in general; and
- other factors beyond our Group’s control.

These statements are based on several assumptions, including those regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future.

Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group’s future performance may be affected by various factors including, without limitation, those discussed in the sections headed “Risk Factors”, “Business”, “Financial information” and “Future plans and use of proceeds” in this prospectus.

Subject to the requirements of the applicable laws, rules and regulations, our Company does not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions to prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our Group’s intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. You should pay particular attention to the fact that the legal and regulatory environment in Hong Kong may differ in some respects from that which prevails in other countries. The business, financial condition or results of operations of our Group could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

We believe that there are certain risks involved in our business and operations. They can be classified into (i) risks relating to our business; (ii) risk relating to the industry in which we operate; (iii) risks relating to Hong Kong; (iv) risks relating to the Share Offer; and (v) risks relating to this prospectus. You should consider our business and investment in the Offer Shares in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS

We depend on the OEM Factory for the supply of couplers. Any shortage or delay in the supply of couplers from the OEM Factory or any change in the OEM Factory's business and marketing strategies may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period and up to May 2017, we placed all of our orders for couplers used in provision of our services with the OEM Factory through BOSA (Taiwan). In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our branch office in Taiwan was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we placed all of our couplers used in the provision of our services from the OEM Factory through our branch office in Taiwan. Our purchases of couplers from the OEM Factory represented approximately 41.9%, 43.3% and 44.4% of our cost of sales for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. For the details of our dealings with the OEM Factory, please refer to the section headed "Business — Suppliers" in this prospectus. Accordingly, we are dependent on the continuous supply of couplers from the OEM Factory. Our Directors believe that the majority of the OEM Factory's revenue is attributable indirectly to the purchase orders of our Group, however, there is no assurance that this is true or that there will be no deterioration in our relationships with the OEM Factory. This may have an impact on our ability to secure future supply of couplers. Any shortage of or delay in the supply of couplers by our OEM Factory or any change in the OEM Factory's business and marketing strategies, such as any sudden reduction in supply volume to us, may affect our ability to fulfill our customers' demands. We cannot assure you that we will be able to respond to such shortage of or delay in supply of couplers or new business and marketing strategies of the OEM Factory effectively by finding alternative OEM factories on comparable product quality and commercial terms within a short period of time or at all.

RISK FACTORS

We 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 our Group in a timely manner and to the required specification and quality standard till November 2026. If our agreement with the OEM Factory is terminated, interrupted, or adversely modified, our business, financial condition and results of operations could be materially and adversely affected.

In addition, any material disruption to our OEM Factory's operations due to natural or other causes, such as bad weather, riots, natural disaster, fire or other technical and mechanical problems could adversely affect our procurement of couplers. If any of the aforesaid occurs, our business, financial condition and results of operations could be materially and adversely affected.

In May 2016, we obtained quotations from two alternative OEM factories and in July 2016, we placed sample orders of couplers from one alternative OEM factory for conducting laboratory tests. As of the Latest Practicable Date, we have not placed official orders with any of these two alternative OEM factories. Given that we have such limited experience in dealing with the alternative OEM factories, we cannot guarantee that they in fact possess the necessary skill, technology and capacity to manufacture the couplers according to our specifications and whether the alternative OEM factories will transact with the Group on favourable terms or at all. Engaging new supplier or switching from one supplier to another supplier involve additional time and costs and will increase our administrative workload. There is no assurance that we will be able to pass the additional costs to our customers. If we cannot maintain our product quality or pricing due to any change in our coupler supplier, our business and results of operations may be materially and adversely affected.

During the Track Record Period, we did not experience substantial increase in prices of couplers. However, there is no assurance that the price of couplers will not increase in the future. According to the Frost & Sullivan Report, the average price of hot-rolled steel coil, the major raw material of couplers, is expected to increase in the short run. Such increase may result in increase in price of couplers in the near future. Any substantial increase in price of couplers could materially and adversely affect our results of operations.

We cannot assure you that we will be able to maintain adequate supplies or that quantity of couplers that we use will be available in the future. We may also be subject to adverse price fluctuations when purchasing couplers and unable to increase our prices to offset unexpected increases in price of couplers without suffering losses in unit volume, revenue and operating income.

The operations at our Fanling workshop may be adversely impacted by the encroachment of the northern part of the temporary structure on government land.

Under our existing lease agreement for our Fanling workshop, we leased the southern part of the temporary structure comprising our workshop, which is situated within private lots and the permitted area under an existing short-term waiver granted by the Hong Kong government. However, the northern part of the temporary structure, which is not leased to us, encroaches on government land. There is a possibility that the Lands Department may issue warning letter or an enforcement notice to the landlord requesting removal of the northern part of the temporary structure. Although we are not occupying the northern part of the temporary structure, removal of such northern part may impose certain degree of disruption to our operations at the Fanling workshop. If for any unforeseen reasons we are required to suspend our operations at our Fanling workshop, whether temporarily or otherwise, our business, financial condition and results of operations could be materially and adversely impacted.

RISK FACTORS

We attribute our success partially to our self-designed machines, and if our competitors develop machines that are as efficient as, or more efficient than, our machines, our market share, business, financial condition and results of operations may be materially and adversely affected.

We attribute our success partially to our reinforcing bar cutting machines, and self-developed CNC crimping machines and CNC threading machines which we use to process reinforcing bars. Our machines are automated, practical, and easy to assemble and use. Automated processing also helps us to maintain high quality of our services and minimize human error, as well as to reduce overhead expenses since the machines can be operated by a minimum number of employees. According to the Frost & Sullivan Report, there are more than 15 providers of mechanical splicing service providers in Hong Kong as of 2017 and there are approximately 20 mechanical splicing service providers listed on the List of Building Materials (Mechanical Couplers) of the Buildings Department. Please refer to the section headed “Industry Overview” in this prospectus for details. There is no assurance that our competitors will not be able to develop similar or better machines. If our competitors develop machines that are as efficient as, or more efficient than, our machines, our market share, business, financial condition and results of operations may be materially and adversely affected.

Lease renewal of premises that we use may be affected by conditions of the rental market.

We have entered into lease agreements in respect of the premises used for our workshop/storage and offices. Our lease agreement with respect to the use of premises for our workshop/storage in Fanling, Ping Che and our office in Kwun Tong will expire by November 14, 2019, April 30, 2019, and December 31, 2018 respectively. Unpredictable rental increases in Hong Kong may prevent us from renewing the existing lease on terms and conditions acceptable to us. It is also likely that we have to renew such lease on less favourable terms which will increase our operation cost or we may even have to move our workshop/storage and office to new locations, creating extra burden our operations and additional operation and moving costs. If we fail to renew the lease agreements on terms commercially acceptable to us or at all, there could be a material and adverse impact on our business, financial condition and results of operations.

Any failure to maintain an effective quality control system could have a material adverse effect on our business and operations.

The quality and consistency of our services are critical to our ability to retain our customers and acquire and attract new customers. Our 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 our quality control policy and guidelines are followed. Any failure to maintain the effective and adequate quality control system could results in defects in our services that could negatively impact our reputation and expose us to claims by our customers. Any such dispute would incur additional costs or damage to our business reputation and corporate image, as well as disrupt our business operations.

RISK FACTORS

There was an increasing trend of average trade receivables turnover days and concentration of credit risk during the Track Record Period, and our financial position and business performance may be adversely affected if we are not able to recover our trade receivables from our customers or that they do not settle our trade receivables in a timely manner.

Our trade receivables as at June 30, 2016 and 2017 and December 31, 2017 amounted to approximately HK\$17.4 million, HK\$17.9 million and HK\$20.8 million, respectively, accounted for approximately 34.7%, 30.8% and 35.9% of our Group's total assets, respectively. As at June 30, 2016 and 2017 and December 31, 2017, the average trade receivables turnover days were 95.8 days, 127.9 days and 139.1 days, respectively, which was on an increasing trend. The amount of trade receivables due over 90 days amounted to approximately HK\$4.7 million, HK\$6.1 million and HK\$7.0 million as at June 30, 2016 and 2017 and December 31, 2017, respectively.

In addition, our credit risk became more concentrated for the year ended June 30, 2017 as opposed to the year ended June 30, 2016 with exposure limited to certain customers. Our top five debtors comprised approximately 46.9%, 49.5% and 57.3% of our total trade receivables as at June 30, 2016 and 2017 and December 31, 2017, respectively.

Given that both our average trade receivables turnover days and concentration of credit risk were on an increasing trend during the Track Record Period, should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our Group's customers from their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivables in a timely manner. In the event the settlements from the customers are not made on a timely manner, the financial position, profitability and cash flow of our Group may be materially and adversely affected.

We do not enter into any formal contract with our customers (with certain exceptions). Our customers request services from us on an order by order basis, which exposes us to potential volatility in our revenue.

Except for two major customers with whom we have entered into two written contracts for two projects, we do not enter into any long-term contract with our customers. Therefore, our customers are not obligated in any way to continue placing orders with us at the historical level or at all. We cannot guarantee that we will receive any orders from our existing customers or that we will be able to continue our business relationship with them on the current terms or at all. For details of our terms of engagement, please refer to the section headed "Business — Customers — Major terms of engagement" for more details.

Our services are provided based on actual orders received from our customers. Our customers may cancel or defer their orders. Our 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 our customers will continue to place orders with us in the future at the same volume, or at the same margin, as compared to prior periods, or at all. We may not be able to locate alternative customers to place new orders. There is also

RISK FACTORS

no assurance that the volume or margin of our customers' purchase orders will be consistent with our expectations. As a result, our results of operations may vary from period to period and may fluctuate significantly in the future.

Our top five customers accounted for a significant portion of our revenue and if our relationship with them deteriorates or terminates, our business, financial position and results of operations will be adversely affected.

Our top five customers (by group) accounted for approximately 62.8%, 49.2% and 58.7%, of our revenue for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our largest customer accounted for approximately 26.6%, 14.7% and 16.8% of our total revenue for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. For details of our top five customers, please refer to the section headed "Business — Customers — Major customers" in this prospectus.

The mix and identity of our largest customers and the volume of purchase orders from our largest customers may vary significantly from time to time, and it may be difficult to forecast the number and amount of future orders. There is no assurance that we will be able to retain our customers or that they will maintain their current level of business with us in the future. If any of our top five customers were to substantially reduce the volume and/or the value of their businesses with us or to cease to conduct business with us and we are unable to expand our business with existing customers or attract new customers at desired levels, we may experience slower or no growth at all and/or decrease in our revenue. As a result, our business, financial condition and results of operations would be materially and adversely affected. If we fail to adjust our business strategies accordingly, our performance will be adversely affected.

Besides, if any of our top five customers experiences any liquidity problem, it may result in delay or default in settling payments to us, which in turn will have an adverse impact on our cashflows and financial condition. We cannot guarantee that we will be able to diversify our customer base by obtaining significant number of new projects from our existing and/or potential customers in future.

Failure to adequately protect our intellectual property rights may have a material adverse impact on our business, financial condition and results of operations.

Our success depends on obtaining and maintaining intellectual property rights and other forms of protection afforded to our services, products, technologies, inventions and improvements under applicable laws. We protect our intellectual property rights by filing patent applications, securing regulatory protection, or employing a combination of these methods. However, the measures we take may not be adequate for a number of reasons, including those described below, some of which are beyond our control.

As of the Latest Practicable Date, we had eight patents. Among our eight patents, one patent is in relation to our method of controlled crimping of reinforcing bars granted in Hong Kong which is valid for eight years from August 1, 2012 (the "**Hong Kong Patent**") and one patent is in relation to our couplers granted in the United States for 20 years from June 21, 2013 (the "**U.S. Patent**"). The Hong Kong Patent was originally granted to Mr. Kwan, our non-executive Director, Chairman of our Board and one of our Controlling Shareholders, and Ms. Wang Yu-Ju, spouse of Mr. Wang. The U.S. Patent was originally issued to Mr. K. Lim, our executive Director and Chief Executive Officer. The Hong

RISK FACTORS

Kong Patent and the U.S. Patent were transferred to our Group on May 26, 2017. As at the Latest Practicable Date, we also had three registered trademarks in relation to “BOSA”, and “Seisplice” and “Servisplice” names in certain classes of goods. The “Seisplice” and “Servisplice” trademarks were originally registered by Kin Sun and were transferred to the Group on May 26, 2017. For further details of our patents and trademarks, please refer to the section headed “Business — Intellectual property” in this prospectus.

As at the Latest Practicable Date, BOSA HK was involved in a civil claim against it and Mr. Yang Tien-Lee, our technical manager, concerning defamation, malicious falsehood and invalidation of the Hong Kong Patent. As at the Latest Practicable Date, we had filed our defence with the court. For further details, please refer to the section headed “Business — Litigation and potential claims — Outstanding litigation against our Group as at the Latest Practicable Date” in this prospectus.

There can be no assurance that we will be able to register additional trademarks and logos or other intellectual property rights or that no one will challenge or infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. We may need to litigate to protect our intellectual property or to defend against third party infringement. This may require significant cash expenditure and management efforts. An unfavourable determination in any such litigation could impair our intellectual property rights and harm our business, prospects and reputation.

There may be factors that could cause our existing patents or other intellectual properties to become invalid or unenforceable, including known or unknown prior applications, deficiencies in applications or transfer of intellectual property rights and lack of originality in the underlying technologies. The patents we hold are for a finite duration of time. Following the expiration of the relevant patents, our existing or future competitors may be able to develop or introduce direct substitute methods or products to our key methods and products which may be identical in formulation. Additionally, we may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. Any failure to obtain registrations for our intellectual property rights or any inability to use or protect our intellectual property could affect our relationships with our customers and our ability to market our business, which could materially and adversely affect our business, financial condition and results of operations.

If for any of the above or other reasons we fail to adequately protect our intellectual property, competitors may be able to imitate our products, use our technologies and erode or negate any competitive advantages we may have, which could harm our business and profitability.

We had certain compliance irregularities which may lead to enforcement actions being taken against us.

There have been instances of non-compliance with certain Hong Kong regulatory requirements by our Group. These instances include, among others, non-compliance with the zoning requirements for the use of leased premises for our workshops located in Fanling, San Tin and Tin Shui Wai during the Track Record Period, and untimely filing of tax returns under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong). For further details, please refer to the section headed “Business — Non-compliance” in this prospectus.

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There is no assurance that the relevant authorities would not take any enforcement action against us and our Directors and officers in relation to the above or any other instances of non-compliance. If such enforcement action is taken, our reputation, business, financial condition and results of operation may be materially and adversely affected.

Recent incident of the construction defects of the Shatin-to-Central link may lead to potential investigation and claims against us.

In May 2018, a local newspaper reported that there were substandard building works at Shatin-to-Central link project. It was reported that a contractor had produced substandard work as it had cut steel bars to make it seem like they were screwed correctly into couplers, posing a danger to the public safety. As at the Latest Practicable Date, the railway company responded that they were conducting investigation on the abovementioned incident, and it was reported that the relevant authority had requested the railway company to submit a report in relation to the said incident.

We were the supplier of the splicing system and were responsible for the supply of processed steel bars and self-designed couplers connected at one end and we were not responsible for installation, connection or screwing works of the other end of the processed steel bars or other related construction works at the project site at all material times. All of our products were delivered to and accepted by the main contractor, and we have no control on how our products were used or handled by the main contractor upon delivery. Our work under the Hung Hom Station project of the Shatin-to-Central link had been completed in June 2017.

There is no assurance that our Group would not be involved in any investigation or claim in relation to the incidents. If such action is taken by any relevant party, the reputation, business operation and financial performance may be materially and adversely affected.

Any failure, damage or loss of our equipment may materially and adversely affect our operations and financial performance.

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

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

Furthermore, we plan to acquire additional equipment to enhance our technical ability and to strengthen our 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 our profit or loss and may, therefore, affect our business, financial condition and results of operations.

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We plan to expand our capacity by acquiring a parcel of land for our new workshop, which may result in an increase in depreciation expenses and cashflow used in investing activities and may materially and adversely affect our business, financial condition and results of operations.

As at the Latest Practicable Date, we had two workshops located at Fanling and Ping Che of New Territories, Hong Kong. To ensure stability of our production facilities, we intend to acquire a parcel of land in the New Territories, such as Yuen Long and Ping Che for our new workshop and storage. The expenditure for acquisition of the parcel of land is expected to be approximately HK\$44.0 million and is expected to be financed by the net proceeds from the Share Offer. If there is any shortfall between the expected and actual expenditure on acquiring the parcel of land, the shortfall will be financed by our internal resources.

As a result of the acquisition of the parcel of land using net proceeds from the Share Offer, our cash flow used in investing activities is expected to increase by approximately HK\$50.0 million for the year ending June 30, 2019. Our Directors further estimate that, assuming all other things remain unchanged, our depreciation expenses, assuming a land lease to year 2057 of 40 years without costs of renewal, will increase and our gross profit will decrease by approximately nil and HK\$1.1 million during the years ending June 30, 2018 and 2019, respectively. Accordingly, our business, financial condition and results of operations may be materially and adversely affected.

The capacity of our processing facilities may not be capable of keeping up with the growth in demand for our services which may affect our profitability.

The utilization rate of our machines (based on maximum service capacity) were approximately 116.5%, 100.5% and 119.1% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Please refer to the section headed “Business — Our equipment — Our service capacity and utilization rate” in this prospectus for details of our service capacity and utilization rate. The utilization rate of our existing machines exceeds 100% during the Track Record Period, and we may not be able to increase our service capacity to a large extent or at all despite an increase in future demand for our services. In addition, given that our machines are custom-made at Taiwan in accordance with our specifications and requirements, new machines may not be manufactured and delivered to us in Hong Kong in a timely manner to meet an increase in demand for our services. In the event that the demand for our services increases in future and we are unable to process the required amount of reinforcing bars due to failure to increase the capacity of our processing facilities in accordance with the pace of growth of demand for our services, our operations and profitability may be materially and adversely affected.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed.

The accident rate per 1,000 workers of our Group (which is calculated by dividing the number of industrial accidents by the monthly average number of our employees during the relevant calendar year and then multiplying by 1,000, and the monthly average number of our workers for such calculation is determined by dividing the sum of monthly number of workers in the relevant calendar year by 12 was 73.2, 97.6 and 83.3 for the calendar year 2015, 2016 and 2017, respectively. For further details of the comparison of the accident rate per 1,000 workers of our Group against the relevant construction

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industry average rates in Hong Kong, please refer to the section headed “Business — Occupational health and safety — System of recording and handling accidents and our safety compliance record” in this prospectus.

In the course of our operations, we require our employees to adhere to and implement all the safety measures and procedures as stipulated in our work and safety policy. We monitor and supervise closely our employees in the implementation of all such safety measures and procedures during execution of works. However, we cannot guarantee that our employees will not violate the applicable laws, rules or regulations. If our employees fail to comply with our safety measures at the construction sites, personal injuries, property damage or fatal accidents may occur. Please refer to the section headed “Business — Occupational health and safety” in this prospectus for further information on the material accidents we encountered during the Track Record Period. These may materially and adversely affect reputation and financial position of our Group and also cause our relevant authorisations to be suspended or not renewed.

During the Track Record Period and up to the Latest Practicable Date, the aggregate settlement sum of employees’ compensation claims and common law personal injury claims initiated against us in respect of workplace accidents was approximately HK\$1.0 million, all of which were covered by our insurance policies. As confirmed by our Directors, as at the Latest Practicable Date, there were seven workplace accidents that occurred which may give rise to further potential employees’ compensation claims and/or potential common law personal injury claims. There is no assurance that these potential claims will not materialize in the future.

Furthermore, our customers’ public project tenders are generally evaluated by taking into account a number of factors, including compliance record with the relevant laws and regulations. We, as a service provider to our customers, may also be subject to inspections by the relevant Government departments (including the Labour Department) from time to time and these inspections may lead to formal charges against our Group. Non-compliance and conviction records may affect our chances of participating in the public sector construction projects in future.

Our business strategies and future expansion plans may not be successful or achieved within the expected time frame or within the estimated budget.

We have set out our future plans in the section headed “Future Plans and Use of Proceeds” in this prospectus. Whether our future plans can be implemented successfully may be beyond our control and future events may affect the implementation of our expansion plans, such as changes in rules and regulations applicable to us and general market conditions.

In particular, we intend to purchase a parcel of land in the New Territories to build a new workshop and storage. We also intend to acquire additional equipment and employ additional workers to cope with the growth of our business. For the expected increase in depreciation expenses and cash flow used in investing activities as a result of our acquisition of a parcel of land, please refer to the section headed “Risk Factors — We plan to expand our capacity by acquiring a parcel of land for our new workshop, which may result in an increase in depreciation expenses and cash flow used in investing activities and may materially and adversely affect our business, financial condition and results of operations” in this prospectus. Apart from the expected increase in depreciation expenses and cash flow used in investing activities, our expansion plan is also expected to result in an increase in our direct labour costs as we employ additional workers at our workshop as well as additional depreciation

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expenses for newly acquired equipment. Our Directors estimate that, assuming all other things remain unchanged, our direct labour cost will increase and our gross profit will decrease by approximately nil and HK\$1.5 million during each of the years ending June 30, 2018 and 2019, respectively, as a result of employment of additional workers at our workshop in accordance with our expansion plan. In addition, our Directors estimate that, assuming all other things remain unchanged, our depreciation expenses in relation to equipment will increase and our profit before taxation will decrease by approximately nil and HK\$0.3 million for the years ending June 30, 2018 and 2019, respectively, as a result of acquisition of additional equipment in accordance with our expansion plan.

Our plans and strategies may be hindered by various risks and uncertainties, including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources for implementation of our business plans and strategies. Any failure in maintaining our current market position or implementing our plans and strategies could materially and adversely affect our business, financial condition and results of operations.

Based on our future plans as set out in the section headed “Business — Business strategies” in this prospectus, our Directors believe that the net proceeds raised from the Share Offer, and our internal financial resources should be sufficient to meet our immediate needs. However, we may come across other opportunities to expand our business. In such circumstances, the net proceeds from the Share Offer may not be sufficient to develop these opportunities and we may need to obtain additional financing to fund our future capital expenses. If we are unable to secure adequate funds for our business needs in a timely manner, we may not be able to fully implement our future plans effectively and successfully.

In addition, the general economic environment and the development of the construction business, in particular, in Hong Kong and around the world may be unpredictable. In view of such uncertainty, there is no assurance that we will be able to secure increasing revenue from our existing customers or new customers and/or maintain profit margins that are consistent with the level that we had been able to achieve during the Track Record Period or at all.

We may face inventory obsolescence risk.

During the Track Record Period, our inventories comprised solely of couplers. We are exposed to inventory obsolescence risk in the event that our couplers become no longer competitive in the marketplace as a result of new product launches by competitors, change in consumer demand or other factors beyond our control. Overstocking, poor demand or returned goods from customers may also result in inventory write-off and inventory obsolescence. Any of the abovementioned factors may require us to lower our selling prices. Accordingly, our business, financial condition and results of operations may be materially and adversely affected if such risk materializes.

The application of HKFRS 16 on our operating lease commitments may materially affect the amounts of right-of-use asset, financial liability, property rental and related expenses, depreciation and interest expenses.

During the Track Record Period, our future operating lease commitments were not reflected in our consolidated statements of financial position. HKFRS 16, which is expected to be effective for financial periods beginning on or after January 1, 2019, provides new provisions for the accounting treatment of

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leases and will in the future no longer allow lessees to recognize certain leases outside of the consolidated statements of financial position. Instead, all non-current leases must be recognized in the form of an asset (for the right to use) and a financial liability (for the payment obligation).

The new standard will therefore result in significant impact on the assets and liabilities of our Group with a significant increase in right-of-use asset and a significant increase in financial liability in the consolidated statements of financial position. This will affect related ratios, such as increase in debt to equity ratio. In the consolidated statements of profit or loss and other comprehensive income, leases will be recognized in the future as depreciation of the right-of-use asset and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease and decreasing expenses during the latter part of the lease term.

The new standard is not expected to be adopted by our Group until the start of the financial year of 2019. The application of HKFRS 16 may significantly affect our Group's assets and liabilities as indicated above. Please refer to Note 3 to the Accountants' Report in Appendix I to this prospectus for further information.

Unforeseen problems or circumstances may occur during completion of orders placed with us and have a negative impact on our business, financial condition and results of operations.

Many factors affect the time taken and the costs actually involved in completing the orders placed with us. Adverse weather conditions (such as typhoons) or other natural disaster may result in suspension of our services at our workshops or our customers' sites. Other factors affecting the time taken and the costs involved in our services include accidents, changes in governmental policies, shortage and cost escalation of labour and materials we use in provision of our services. In addition, for the services we provide on our customers' sites, additional factors, such as variations to the construction plans instructed by customers, threatened claims and material disputes with developers, main contractors or subcontractors, will also impact the timing of delivery of our services. If any of such factors arises and remains unresolved, completion of our services may be delayed or we may be subject to cost overruns or our customers may terminate their arrangements with us. This could negatively impact our business, financial condition and results of operations.

Failure to complete services according to specifications and quality standards of the customers may result in disputes, contract termination, liabilities and/or lower returns than anticipated. This may cause our revenue or profitability to be lower than expected. We cannot guarantee that we will not encounter cost overruns or delays on our current and future projects. If such cost overruns or delays occur, we may experience increases in costs exceeding our budget or be required to pay damages, which may materially and adversely affect our profit.

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We are dependent on our key employees and skilled employees and there is no assurance that we can retain or recruit them.

Our success and our ability to implement our business strategy depend upon the continued contributions of management, engineering, finance, sales and marketing employees. Our future success will also depend on, among other factors, our ability to attract and retain qualified employees. The loss of the services of our key employees or the failure to attract or retain employees could have a material adverse effect on us.

Our Directors believe that our success is attributable to a large extent to, amongst other things, the contribution of our founders, namely, Mr. Kwan, Mr. P. Lim, Mr. Yang and Mr. Wang. Details of their expertise and experience are set out in the section headed “Directors and Senior Management” in this prospectus. Our key employees’ and management’s talent, effort and expertise in our industry are crucial to our operations and financial performance. If any of our Directors or members of the senior management terminates his/her service agreement with us and we are unable to find appropriate replacements in a timely manner or at all, our operations would be adversely affected. We also cannot assure that we will be able to attract and retain capable employees.

Our Directors also believe that an integral part of our success is our ability to recruit and retain employees with the knowledge, experience and technical skills to process reinforcing bars so as to meet quality demands and our customers’ needs. There is no assurance that we can continue to recruit and/or retain competent employees with the necessary skills and knowledge to meet our clients’ needs in the future. Any resignation of our employees and our inability to recruit competent replacement expeditiously may have a material adverse effect on our business and operations.

Foreign exchange rate fluctuations may materially and adversely affect our results of operations.

During the Track Record Period and up to the Latest Practicable Date, we purchased all of the couplers used in our business operations from Taiwan. These purchases were denominated in TWD. Our Group expects to continue to make coupler purchases in Taiwan in the near future. Our Group does not have a foreign currency hedging policy. Accordingly, fluctuations in TWD against HK\$ may result in exchange losses or gains and affect our results of operations. The net exchange gain for the year ended June 30, 2016 was approximately HK\$1.0 million. We recorded a net exchange loss of approximately HK\$0.2 million and HK\$0.5 million for the year ended June 30, 2017 and the six months ended December 31, 2017, respectively. Please refer to the section headed “Financial Information — Quantitative and qualitative disclosures about market risks — Currency risk” in this prospectus for a detailed discussion of our currency risk.

Adverse determinations by tax authority in Hong Kong may materially and adversely affect our results of operations.

During the Track Record Period and up to July 7, 2017, we placed our coupler purchase orders with BOSA (Taiwan), a connected person. The tax treatment of these related party transactions or arrangements may be subject to the interpretation by tax authorities. For details, please refer to the

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section headed “Business — Transfer pricing arrangement” in this prospectus. There is no assurance that the Hong Kong tax authority would not challenge the appropriateness of such transactions or arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If the Hong Kong tax authority later finds that the transfer prices and the terms that we have applied are not appropriate, such authority may require our Company or our subsidiary to re-assess the transfer prices and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher overall tax liability for us which may materially and adversely affect our results of operations. Based on the advice of our tax consultant, our Directors are of the view that the potential Hong Kong transfer pricing exposure for our Group during the Track Record Period is estimated to be approximately HK\$0.2 million.

Our past revenue and profit margin may not be indicative of our future revenue and profit margin.

For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, our revenue amounted to approximately HK\$54.8 million, HK\$50.3 million and HK\$25.6 million, respectively; our gross profit amounted to approximately HK\$23.6 million, HK\$21.4 million and HK\$10.6 million, respectively (representing gross profit margin of approximately 43.1%, 42.6% and 41.3%, respectively); while our net profit (after tax) amounted to approximately HK\$14.2 million, HK\$0.9 million and HK\$0.6 million, respectively (representing net profit margin (after tax) of approximately 25.9%, 1.9% and 2.4%, respectively).

However, such trend of historical financial information of our Group represents analysis of our past performance and may not necessarily reflect our financial performance in the future which will largely depend on our capability to secure new business opportunities and to control our costs. Since July 2017, we placed all of our orders of couplers directly with the OEM Factory through our branch office in Taiwan, instead of placing our orders through BOSA (Taiwan). Accordingly, we will be incurring costs for running our branch office in Taiwan, which we expect to amount to approximately HK\$0.8 million per year. This may pose different impact to our financial performance in the future. Our costs may also be affected a series of factors, including without limitation, labour costs, fluctuations in foreign currencies (especially the TWD), cost of couplers, rent of our workshops and office, and transportation costs. There is no assurance that our profit margins in the future will remain at a level comparable to those recorded during the Track Record Period. Our business, financial position and results of operations may be materially and adversely affected by any decrease in our profit margins. The comparison of past results may not be necessarily meaningful and our track record cannot be relied on as indicators of our future performance.

If our certificates, registrations, licences, permits or approvals are cancelled, suspended or fail to be renewed, it may materially and adversely affect our business, financial position, results of operations and prospects.

Our business operations require certain certificates, registrations, licenses, permits and approvals (collectively, “authorizations”), details of which are set out under the section headed “Business — Licenses, permits and registration” in this prospectus. To obtain or renew such authorizations, we must comply with the requirements, restrictions and conditions imposed by the relevant authorities and/or pass assessments and inspections where required. If we fail to comply with any of the relevant regulations or pass the required assessments or inspections, we may not be able to maintain our authorizations. If we

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fail to abide by the requirements of such authorizations, they could be suspended or revoked. In such cases, our operations would be significantly disrupted or even suspended and/or we may be subject to fines or penalties imposed by the relevant governmental authorities, which would adversely affect our profitability.

In addition, there can be no assurance that the relevant governmental authorities will not amend or revise existing laws and regulations to require additional authorisations or impose stricter requirements or conditions for authorizations required for our business operations. There is no assurance that we will be able to expeditiously adapt to such new laws and regulations.

Further, we have been listed on the List of Building Materials (Mechanical Couplers) of the Central Data Bank of the Buildings Department as a service provider which meets the safety standards required by the Government since 2015. A building material or component may be included in such list in the Central Data Bank if its use in a particular building project has been accepted by the Buildings Department and plans of the building projects are submitted after the launch of the Central Data Bank. According to our Directors, the list is commonly used by the industry participants as a reference for buildings materials in public sector projects. Since the Central Data Bank contains only historical information, it is our Directors' understanding that the Buildings Department is unlikely to remove any building materials or components providers once they are on the list under the current policy. As at the Latest Practicable Date, our Directors were not aware of any written guidelines or other documents by the Buildings Department which set out the details of how it updates and/or maintains the relevant lists on the Central Data Bank. There is, however, no assurance that the Buildings Department will not change its policies as to the updating and maintenance of the list, or to remove the list and its Central Data Bank. Our business may be adversely affected as a result if we are removed from such list or there is no such governmental database for the parties concerned in the buildings industry to make reference to.

Our insurance may not be sufficient to cover the risks associated with our business.

During the Track Record Period, our Group maintained insurance coverage including, among other things, (i) employee(s) compensation insurance covering employees employed at our office and workshops; (ii) loss or damage of our property kept at our office premises; and (iii) third-party liability in relation to the use of vehicles. For details of our insurance policies, please refer to the section headed "Business — Insurance" in this prospectus. We do not have insurance coverage for product liability, latent defects, business interruptions and environmental liability. As a result, unforeseen situations or events which are not covered under our insurance policies may arise. Even where our losses are within the coverage of our insurance, there is no guarantee that we will be successful in making claims, or that the proceeds from a successful claim will be adequate to compensate the actual losses suffered by us. If we suffer significant losses not covered by our insurance policies or the amount of proceeds from a successful claim are less than the actual losses suffered by us, our financial position will be materially and adversely affected. Furthermore, if the premium on our insurance coverage increases significantly in the future, we will either consequently incur more expenses in relation to the insurance or may be unable to obtain insurance coverage at current levels.

We do not carry any business interruption insurance which can provide coverage on loss of profit/income and increase in expenses as a result of the losses of assets covered under the relevant insurance policy. Certain types of risks, such as the risk in relation to the collectability of our trade and retention

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receivables and liabilities arising from events such as epidemics, typhoon, severe storms and other natural disasters, adverse weather conditions, political unrest and terrorist attacks, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Any such events and any losses or liabilities that are not covered by our current insurance policies could have a material adverse effect on our business, financial condition, results of operations and prospects.

We engage third parties for transporting couplers and certain of our equipment and may not be able to claim for loss or damage to couplers or our equipment occurred during the transportation process.

During the Track Record Period and as at the Latest Practicable Date, we engaged third parties to ship couplers from the OEM Factory to our workshops and transport certain of our equipment from the manufacturers to our premises. There is no guarantee that our couplers and equipment will be delivered smoothly without any obstacles or delay. We have not purchased any insurance with respect to the transportation of couplers and our site equipment by third party logistics service providers and we cannot assure that our logistics service providers have sufficient insurance coverage for loss or damage to our equipment. As such, we may not be able to claim for any loss or damage to couplers or our equipment occurred during the transportation process, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Increase in labour costs in the mechanical splicing service market in Hong Kong may adversely affect our financial performance.

According to the Frost & Sullivan Report, the average salary level of workers in the mechanical splicing service market in Hong Kong showed an upward trend in the recent five years, which experienced a CAGR of 10.1% from 2012 to 2017. There are deficiency in workers, especially the experienced workers, in the splicing system market mainly due to aging and decreasing in number of workers. There is no assurance that the labour costs will not further increase, or our Group will be able to recruit enough workers. Any further increase of the labour costs or shortage of labour in the mechanical splicing service market in Hong Kong could adversely affect our Group's profitability and operations could be adversely affected.

Decrease in price of mechanical splicing system in Hong Kong may adversely affect our profitability

The Frost & Sullivan Report indicated that the price of mechanical splicing system in Hong Kong experienced a downward trend during the period between 2012 and 2017, recording a decrease of such price from HK\$54.6 per set in 2012 to HK\$46.5 per set in 2017. According to the Frost & Sullivan Report, the downward trend in the price of mechanical splicing system in Hong Kong during 2012 to 2015 was mainly driven by the downward price trend of couplers, the major component of splicing system. The decrease in price of couplers was due to a fall in the price of the major raw material of couplers hot-rolled steel coil. We cannot assure that the price of mechanical splicing system will not further decrease. In case the price of mechanical splicing system further decreases, it could adversely affect our financial performance and profitability.

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Our facilities may be subject to various operational risks such as industrial accidents, equipment failure and other catastrophic events.

We rely on our workshop and storage facilities. At the Latest Practicable Date, we had two workshops located in Fanling and Ping Che in the New Territories of Hong Kong. We use a portion of the premises occupied by our workshop for the storage of materials. As our services involve the use of tools and equipment and machinery, industrial accidents resulting in personal injuries or even fatalities may occur. There is no assurance that industrial accidents at our workshop and storage, whether due to malfunctioning of such tools or equipment or other reasons, will not occur in the future. In such event, we may be liable for personal injury or fatality claims, monetary losses, fines or penalties for violation of applicable laws and regulations as well as business interruptions caused by equipment shutdowns for government investigation or implementation or imposition of safety measures as a result of the accident. Please refer to the section headed “Business — Litigation and potential claims” in this prospectus for details of work related accidents that occurred at our workshops during the Track Record Period and up to the Latest Practicable Date. Further, enhanced safety measures imposed by government authorities could have a material and adverse effect on the manner in which we conduct our operations, thereby adversely affecting our operations.

In addition, power failures or disruptions, breakdowns, failure or substandard performance of equipment, improper installation or operation of equipment and destruction of buildings, equipment and other facilities due to occurrence of catastrophic events such as fire outbreak, typhoon and severe storms, would severely affect our operations. Any interruption in, or prolonged suspension of our services at, or any damage to or destruction of, any of our processing facilities arising from unexpected or catastrophic events or otherwise may prevent us from provision of services to our customers, which in turn may result in a material adverse effect on our business and operations.

Our performance depends on market conditions and trends in the construction industry and any deterioration in the prevailing market conditions in the construction industry may materially and adversely affect our business, financial condition and results of operations.

All our businesses and operations have been located in Hong Kong and our headquarters will be in Hong Kong. The future growth and level of profitability of our industry in Hong Kong depend primarily upon the continued availability of large construction projects, including private sector and public sector projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors. These factors include, in particular, the Government’s policy and spending patterns on the construction industry in Hong Kong such as the on-going plan of the “Ten Major Infrastructure Projects”, speed of approval of the relevant budgets and/or projects and the general conditions and prospects of the Hong Kong economy. They may affect the availability of construction projects from the public sector or private sector. Other factors also affect the construction industry, including cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If there is any recurrence of a recession in Hong Kong, deflation or any changes in Hong Kong’s currency policy, or if the demand for construction related services such as ours in Hong Kong deteriorates, our business, financial condition and results of operations could be adversely affected.

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We operate in a relatively competitive environment.

The construction related services industry in Hong Kong has many participants and is competitive. Some of the major market players may have significantly more resources and be better positioned than our Group, including but not limited to, having longer track record, sounder capital flow, better client relationships and more developed technical expertise. New participants can enter the industry if they have the appropriate expertise, technical capabilities and skills, local experience, necessary equipment and capital. Increased competition may materially and adversely affect our profitability and operating results.

We believe that our customers evaluate their service providers on the basis of service quality, price competitiveness, technical expertise and development capability, innovation, reliability and timeliness of services provision, operational flexibility, customer service and overall management. Our success will depend on our ability to continue to meet our customers' changing specifications with respect to these criteria. We must remain committed to further research and development and providing high quality service to our customers to remain competitive. We cannot assure you that one of our competitors will not design a lower cost substitute to any of our services that will place us at a competitive disadvantage.

We may be materially and adversely affected by a general deterioration in economic conditions.

Our business, results of operations, financial condition and cash flows may be materially and adversely affected by various economic factors, including economic conditions in the markets in which we operate. Unfavorable economic conditions, such as, an economic downturn similar to the financial crisis in 2008, may make it more difficult for us to maintain past levels of growth, revenue and income in some or all of our product lines.

The demand for our services is influenced by general economic conditions, market trends and activity in the construction market. As a result, the demand for our services fluctuates from time to time. If we fail to respond to changes in economic conditions, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO HONG KONG

The state of economy in Hong Kong may deteriorate.

Our performance and financial conditions depend on the state of economy in Hong Kong. All of our revenue during the Track Record Period was attributable to the Hong Kong market. A downturn in the economy of Hong Kong may materially and adversely affect our results of operations and financial position.

The state of political environment in Hong Kong may materially and adversely affect our business, financial condition and results of operations.

Hong Kong is a special administrative region of the People's Republic of China. It enjoys a high degree of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, there is no guarantee that the "one country, two systems" principle and

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the level of autonomy would be maintained as currently in place. Since our operations are located in Hong Kong, any change of Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial positions.

RISKS RELATING TO THE SHARE OFFER

The trading volume and market price of our Shares may be volatile, which could result in substantial losses for Shareholders.

The market price and trading volume of the Shares may be highly volatile. There are a number of factors which may affect the market price of the Shares, and these factors include without limitation changes in our income or cash flows, new investments and strategic alliances. Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There is no guarantee that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of the Shares. Further, changes in the market price of the Shares may also be due to factors which may not be directly related to our financial or business performance.

There has been no prior public market for the Shares and an active trading market may not develop after the Listing.

Prior to the Listing, there has been no public market for the Shares. There is no guarantee that an active trading market for the Shares will develop or be sustained upon completion of the Listing. A listing on the GEM does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Listing, or that the market price of the Shares will not decline following the Listing.

Our shareholders may face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws may provide different protections to minority shareholders than the laws of Hong Kong.

Our corporate affairs are governed by the Memorandum and Articles of Association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of interests of minority shareholders may differ in some respects from those provided under statutes or judicial precedent in existence in Hong Kong. Such differences may mean that the minority shareholders may have different protections that they would have under the laws of Hong Kong.

Shareholders' equity interests may be diluted as a result of additional equity fund-raising.

In the future, we may need to raise additional funds to finance acquisitions, expansion or new developments of our business etc. If funds are raised through the issue of new equity and/or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced accordingly as a result of which Shareholders may experience dilution in their percentage shareholdings in our Company. Furthermore, it is also possible that such new securities may have preferred rights, options or pre-emptive rights that render them more valuable than or senior to the Shares.

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The exercise of options granted under the Share Option Scheme may result in dilution to the Shareholders.

Our Company has conditionally adopted the Share Option Scheme although no options had been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and the net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue.

Future sale of a substantial amount of Shares by existing Shareholders may materially and adversely affect the market price of our Shares and our ability to raise equity capital.

Any future sale of a substantial amount of the Shares by the existing Shareholders, or the possibility of such sale, could negatively impact the market price of the Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

There is no guarantee that the substantial shareholders or Controlling Shareholders will not dispose of the Shares held by them after the lock-up period, and the effect of which, if any, on the market price of the Shares cannot be predicted. The Shares held by Controlling Shareholders are subject to certain lock-up periods beginning on the Listing Date, details of which are set out in the section headed “Underwriting — Underwriting arrangements and expenses — Undertakings to the Stock Exchange pursuant to the GEM Listing Rules — Undertakings by our Controlling Shareholders” in this prospectus.

It is also possible that there may be a sale of a substantial amount of Shares by any of the substantial shareholders or Controlling Shareholders or the perception that such sale may occur, which may materially and adversely affect the prevailing market price of the Shares.

RISKS RELATING TO THIS PROSPECTUS

There is no guarantee of the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate.

Certain facts and other statistics in this prospectus are derived from various sources including the Frost & Sullivan Report and various official government publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality, accuracy or reliability of such source materials. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the factual information and statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to the factual information or statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Investors are urged to consider independently the importance and reliability of such factual information or statistics.

RISK FACTORS

Investors should read this entire prospectus carefully and we strongly caution the investors not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward-looking statements.

Prior to the publication of this prospectus, there may be press or other media, which contain certain information referring to us and the Share Offer that is not set out in this prospectus. Neither the Group nor any of the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters, our Directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “**Professional Parties**” each a “**Professional Party**”) involved in the Share Offer has authorized the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorized by us or any of the Professional Parties. Neither our Group, nor any Professional Party accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, you should rely solely upon the information in this prospectus in making your investment decision regarding the Shares but note that undue reliance should not be placed on any forward-looking statements contained in this prospectus which may not occur in the way we expect or may not materialise at all, as set out in the section headed “Forward-looking Statements” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITIES FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

INFORMATION ABOUT THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorized in connection with the Share Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters, and any of their respective directors or any other person involved in the Share Offer.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should find out for themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer, which is solely sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Underwriters and our Company. The Share Offer is managed by the Joint Bookrunners (for themselves and on behalf of the other Underwriters). Further information relating to the Underwriters and the Share Offer and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by agreement by the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, July 5, 2018.

If, for whatever reason, our Company and the Joint Bookrunners (for themselves and on behalf of the other Underwriters) are unable to agree on the Offer Price by Friday, July 6, 2018, or such other time as may be agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the other Underwriters), the Share Offer will not proceed.

APPLICATION FOR LISTING ON GEM

We have applied to the Listing Division for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any additional Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the options granted under the Share Option Scheme) on GEM.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares to be listed on GEM pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

No action has been taken in any jurisdiction other than Hong Kong to permit the public offering of the Offer Shares or the distribution of this prospectus and/or Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any circumstances in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an unauthorized offer or invitation.

The Public Offer Shares are offered to the public for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorized in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors or any other person involved in the Share Offer.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Each person acquiring the Offer Shares will be required under the Share Offer and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

SHARE REGISTERS AND STAMP DUTY

All issued Offer Shares will be registered on our branch register of members to be maintained in Hong Kong by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited. Our Company's principal register of members will be maintained by our principal share registrar and transfer office, Estera Trust (Cayman) Limited at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Grand Cayman.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong maintained by the Hong Kong Branch Share Registrar. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named Shareholder therein in accordance with the Articles of Association.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbrokers or other professional advisers for details of CCASS settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in our Shares. It is emphasised that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, supervisors, agents or advisors or any other person involved in the Share Offer accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding, disposal or dealing of the Offer Shares.

PROCEDURE FOR APPLICATION FOR OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed “How to apply for Public Offer Shares” in this prospectus and on the relevant Application Forms.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Thursday, July 12, 2018. The Shares will be traded in board lots of 10,000 Shares each. The GEM stock code of the Shares will be 8140.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

CURRENCY TRANSLATIONS

Unless otherwise specified, translations of US\$ into HK\$ and TWD into HK\$ in this prospectus are based on the exchange rate set out below (for the purpose of illustration only):

HK\$7.80 = US\$1.00

TWD1.00 = HK\$0.25

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

No representation is made that any amounts in US\$, TWD and HK\$ can be or could have been converted at the relevant dates at the above exchange rate or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Address	Nationality
Non-executive Director		
Mr. Kwan Tek Sian (關衍德先生) (<i>Chairman</i>)	93 The Emporio Place R.284 Sukhumvit 24 Soi Klongton Klongtoey Bangkok Thailand 10110	Australian
Executive Directors		
Mr. Lim Su I (林恕如先生)	Room 1905 Hor Tung House, Yu Tung Court Tung Chung New Territories Hong Kong	Australian
Mr. Paulino Lim	No. 381, 2/F Block 15, Hing Wah Villa Ping Yeung, Fanling New Territories Hong Kong	Australian
Independent non-executive Directors		
Mr. Chan Chi Keung Alan (陳志強先生)	Flat 6A, Sheffield Garden 5 Shiu Fai Terrace Happy Valley Hong Kong	Chinese
Ms. Chu Wei Ning (祝蔚寧女士)	Flat B, 9/F Po Garden, 9 Brewin Path Mid Levels Hong Kong	Chinese
Mr. Ng Ming Hon (吳明翰先生)	Flat E, 10/F Block 5, Juniper Mansion Whampoa Garden Hung Hom, Kowloon, Hong Kong	Chinese

Further information is disclosed in the “Directors and Senior Management” section of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	<p>Kingsway Capital Limited 7/F, Tower One, Lippo Centre 89 Queensway Hong Kong</p>
Public Offer Underwriters, Joint Bookrunners and Joint Lead Managers	<p>Kingsway Financial Services Group Limited 7/F, Tower 1, Lippo Centre 89 Queensway Hong Kong</p> <p>Sorrento Securities Limited 11/F, The Wellington 198 Wellington Street Central Hong Kong</p>
Joint Lead Manager	<p>Global Mastermind Securities Limited 25/F, Nam Wo Hong Building 148 Wing Lok Street Sheung Wan Hong Kong</p>
Receiving Bank	<p>Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road Central Hong Kong</p>
Legal advisors to the Company	<p><i>as to Hong Kong Law</i> Dorsey & Whitney Suite 3008, One Pacific Place 88 Queensway Hong Kong</p> <p><i>as to Cayman Islands Law</i> Appleby 2206–19 Jardine House 1 Connaught Place Central, Hong Kong</p>

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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**Legal advisors to the Sole Sponsor and
the Underwriters**

as to Hong Kong Law
P. C. Woo & Co.
12th Floor, Princes Building
10 Chater Road
Central
Hong Kong

Compliance Adviser

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

Reporting Accountants and Auditors

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

CORPORATE INFORMATION

Registered office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Office 2302, 23 rd Floor, No. 9 Chong Yip Street, Kwun Tong Kowloon, Hong Kong
Company's website	<u>www.bosa-tech.com</u> <i>(information on this website does not form part of this document)</i>
Company secretary	Mr. Ng Chit Sing Rooms 802–804, 8/F Kin Wing Commercial Building 24–30 Kin Wing Street, Tuen Mun Hong Kong
Authorized representatives	Mr. Ng Chit Sing Rooms 802–804, 8/F Kin Wing Commercial Building 24–30 Kin Wing Street, Tuen Mun Hong Kong Mr. Paulino Lim No. 381, 2/F Block 15, Hing Wah Villa Ping Yeung, Fanling New Territories Hong Kong
Compliance officer	Mr. Paulino Lim
Audit committee	Mr. Ng Ming Hon (<i>Chairman</i>) Mr. Kwan Tek Sian Mr. Chan Chi Keung Alan
Remuneration committee	Mr. Chan Chi Keung Alan (<i>Chairman</i>) Mr. Paulino Lim Mr. Ng Ming Hon
Nomination committee	Mr. Kwan Tek Sian (<i>Chairman</i>) Ms. Chu Wei Ning Mr. Ng Ming Hon

CORPORATE INFORMATION

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Cayman Islands share registrar and transfer agent

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Principal Banker

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

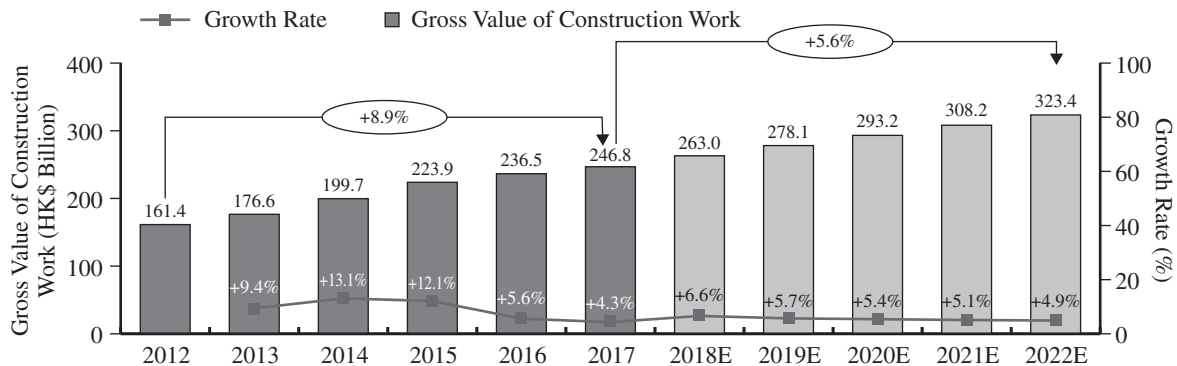
INDUSTRY OVERVIEW

This section contains information which was derived from a commissioned report prepared by Frost & Sullivan, an independent third party, dated September 14, 2017 (the “Frost & Sullivan Report”). Except as otherwise stated, all the data and forecast in this section are derived from the Frost & Sullivan Report. We believe that the sources of the information used in this section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisers, agents, affiliates and/or representatives or any other person or party involved in the Share Offer and no representation is given as to its accuracy. For details, please refer to “Risk Factors — Risks relating to this prospectus — There is no guarantee of the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate” in this prospectus. We confirm, after making reasonable enquiries, that there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in the section.

OVERVIEW OF CONSTRUCTION MARKET IN HONG KONG

Construction market in Hong Kong is largely influenced by the macro-economic environment in Hong Kong. Construction market bounced back after the financial downturn in late 2000’s. From 2012 to 2017, gross value of construction works by main contractors in Hong Kong increased from HK\$161.4 billion to HK\$246.8 billion, with a CAGR of 8.9%. The construction market is likely to sustain the growing stage in the next few years, and gross value of construction works by main contractors in Hong Kong is expected to reach HK\$323.4 billion in 2022, representing a CAGR of 5.6%. The chart below represents the gross value of construction works by main contractors in Hong Kong in 2012–2022E.

Gross Value of Construction Works by Main Contractors (Hong Kong), 2012–2022E



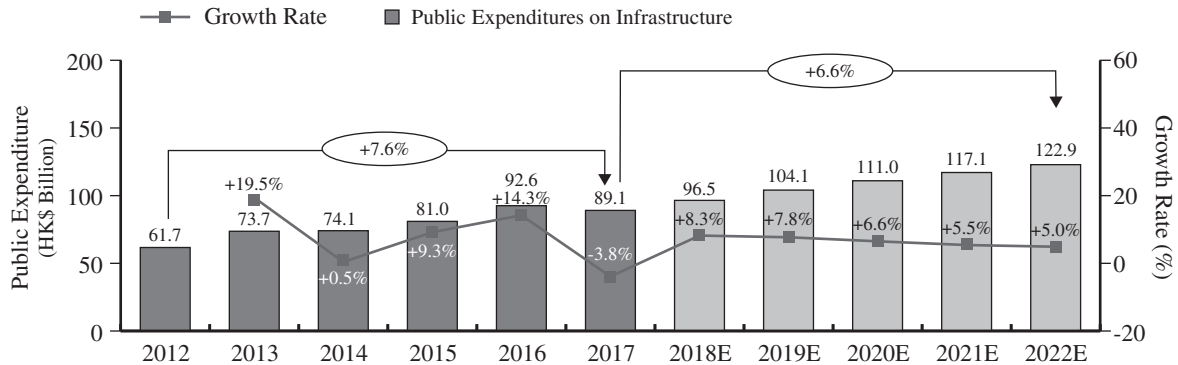
Source: The Frost & Sullivan Report

The stable growth of Hong Kong’s construction market, property market and other related markets is expected to continuously stimulate the demand for mechanical splicing services, and consumption of reinforcing bars and couplers is expected to increase and drive further development of this market. The Government is also expected to focus on developing a number of large public hospital construction projects.

INDUSTRY OVERVIEW

In 2017, the public expenditures on infrastructure increased to HK\$89.1 billion from HK\$61.7 billion in 2012, representing a CAGR of 7.6%. The Government is expected to continue financing the infrastructure projects to support the city's economic growth in the next years. Frost & Sullivan estimated that, the Government's public expenditures on infrastructure is projected to increase by 6.6% CAGR to HK\$122.9 billion in 2022 from HK\$89.1 billion in 2017. Increasing public expenditures on infrastructure projects in Hong Kong can give a rise to employment and domestic demand that can support local economic growth. The chart below shows the growth of Hong Kong's public expenditures on infrastructure from 2012–2022.

Public Expenditures on Infrastructure (Hong Kong), 2012–2022E



Source: The Frost & Sullivan Report

A number of newly completed buildings certified for occupation in Hong Kong took an upward trend from 2011 to 2016 (except for going down in 2013) with a CAGR of 5.6%, increasing from 185 building projects in 2012 to 230 building projects in 2016. In the following years, the number of newly completed buildings certified for occupation in Hong Kong is expected to reach over 200 building projects mainly due to the support by the Government and further property development in Hong Kong.

MECHANICAL SPLICING SERVICES

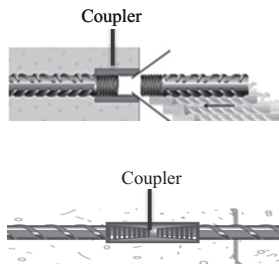
Splicing systems

A 'splicing system' means a mechanical connection of reinforcing bars end to end by couplers or sleeves (often made from raw steel). Splicing systems are mainly used in the reinforced construction industry. Mechanical splicing services represent the supply of processed reinforcing bars with couplers connected at one end in a way that strengthens and avoids premature failure of reinforced concrete objects. These services are aimed at creating a splicing system.

There are two main types of splicing systems: threaded splicing system and non-threaded splicing system. In the threaded splicing systems, couplers are used to connect threaded ends of reinforcing bars. In non-threaded splicing systems, sleeves are used to lock reinforcing bars which are not required to be threaded. The table below demonstrates these two systems and summarizes their key advantages and disadvantages.

INDUSTRY OVERVIEW

Threaded splicing system



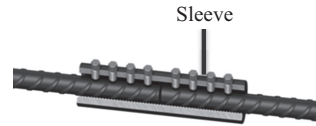
Advantages:

- Easy and quick installation
- Low cost
- High strength

Disadvantages:

- Bar end preparation required

Non-threaded splicing system



Advantages:

- No bar end preparation required
- High fatigue limit
- Quick visual inspection

Disadvantages:

- More accessories required

Source: The Frost & Sullivan Report

Couplers

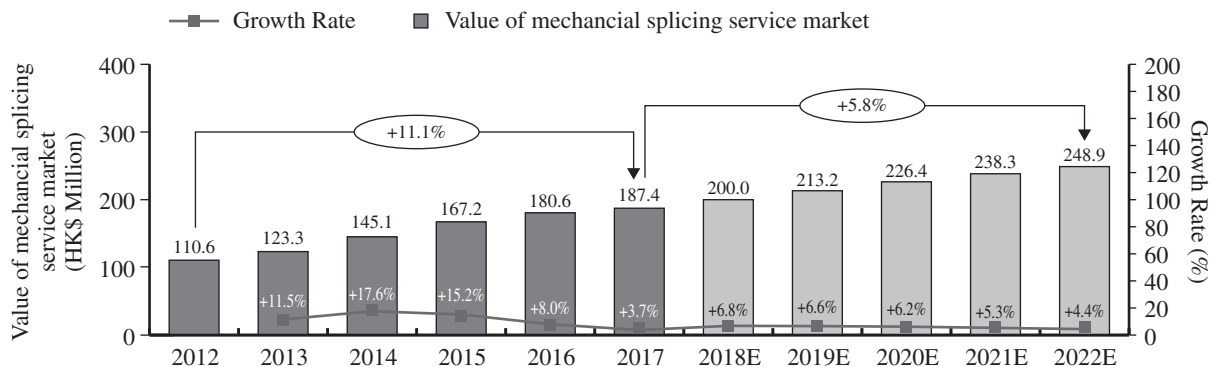
Couplers are used for joining lengths of reinforcing bars together in construction works and other engineering projects which generally require high strength and ductility. They are also known as ‘connections of the mechanical reinforcing bars’. Couplers are the main component of the splicing systems used in the reinforced concrete construction.

HONG KONG MECHANICAL SPLICING SERVICE MARKET

Overview

In the recent years, sales value of mechanical splicing service market in Hong Kong took an upward trend. From 2012 to 2017, the value of this market increased from HK\$110.6 million to HK\$187.4 million, realizing a CAGR of 11.1%. Hong Kong’s mechanical splicing service market is projected to grow further in the next years. Its value is expected to reach HK\$248.9 million in 2022, representing a CAGR of 5.8% from HK\$187.4 million in 2017. The chart below shows the value of the mechanical splicing service market in Hong Kong in 2012–2022.

Value of Mechanical Splicing Service Market (Hong Kong), 2012–2022E



Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Major participants

Customers

Customers of mechanical splicing service market include main contractors and subcontractors operating in the construction industry. In the public sector, main contractors and subcontractors are engaged by the Government departments through competitive tender process to work on projects commissioned by the Government. In the private sector, main contractors and subcontractors are engaged by property developers through competitive tender process to work on various projects. These projects include civil engineering construction, site formation, erection of architectural superstructure, structural alteration, etc.

Suppliers

Suppliers in the mechanical splicing service market mainly include suppliers of couplers manufactured from raw steel and suppliers of equipment, tools and machinery used for providing splicing services. For further details of the Taiwan coupler market, see “— Taiwan Coupler Market” in this section.

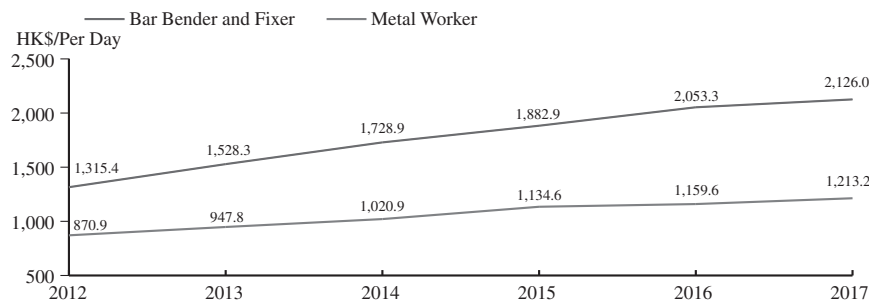
Workers

The average salary level of metal worker and bar bender and fixer showed an upward trend in the recent five years. The average salary of bar bender and fixer experienced a CAGR of 10.1% from 2012 to 2017. In 2017, the average daily salary of bar bender and fixer reached HK\$2,126.0. The average salary of metal worker increased from HK\$870.9 per day in 2012 to HK\$1,213.2 per day in 2017, realizing a CAGR of 6.9% in this period of time. There is a deficiency in a number of workers, especially the experienced workers, in the splicing system market mainly due to aging and decreasing in number of workers.

It is expected that the demand for workers in the mechanical splicing service market would grow in the future. The aging, job mismatch and limitations in training are the major possible factors causing the critical manpower situation in the coming years. The average salary level of metal worker and bar bender and fixer in Hong Kong is likely to maintain a growth trend in the following years. The ability to cope with the increasing labor costs of the splicing system industry is seen as one of the major challenges facing the industry.

The chart below shows the average salary of workers in the mechanical splicing service market in Hong Kong in 2012–2017.

The average salary of workers in the mechanical splicing service market (Hong Kong), 2012–2017



Source: The Frost & Sullivan Report

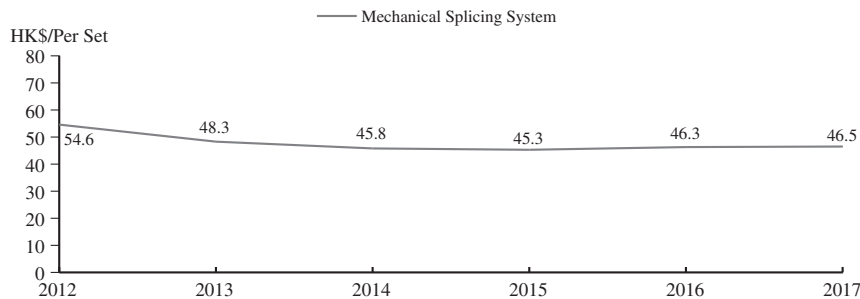
INDUSTRY OVERVIEW

Price trend of splicing system

The Frost & Sullivan Report defines price of mechanical splicing system as the sum of the price of one coupler and the processing fee of one reinforcing bar. From 2012 to 2015, price of mechanical splicing system in Hong Kong experienced a downward trend. The downward trend in the price of mechanical splicing system in Hong Kong for the past four years was mainly driven by the downward price trend of couplers, the major component of splicing system. The decrease in price of couplers was due to a fall in the price of the major raw material of couplers — hot-rolled steel coil. In 2017, the price of mechanical splicing system in Hong Kong increased to HK\$46.5 per set. For further details of the price trend of couplers, please refer to the sections headed “— Taiwan coupler market — Price trend of couplers” and “— Taiwan coupler market — Price trend of raw material”.

The chart below shows the price trend of mechanical splicing system in Hong Kong from 2012 to 2017.

Price Trend of Mechanical Splicing System (Hong Kong), 2012–2017



Source: The Frost & Sullivan Report

According to the Frost & Sullivan Report, with the recovery of the steel industry resulting in increasing price of couplers and the increase in labour costs in Hong Kong, it is expected that the price of mechanical splicing system in Hong Kong will gradually increase in the long run.

Market drivers

According to the Frost & Sullivan Report, the growth of the mechanical splicing service market in Hong Kong is expected to be driven mainly by the following factors:

- **Further development of Hong Kong macro-economy.** Growth in Hong Kong’s macro-economy is likely to drive further development of the property market in Hong Kong, leading to the growth of mechanical splicing service market.
- **Increase in building renovation projects.** The Government has introduced a number of policies to encourage building maintenance and renovation for buildings in the private sector. These policies are expected to increase building renovation works, thereby increasing the demand for splicing systems.
- **Increasing demand for high yield stress products.** In 2013, the Government increased the minimum required yield stress for reinforcing bars used in Hong Kong from 460 Mpa to 500 Mpa. With a view to maintain market competitiveness, the customers in the splicing system market are likely to shift to use of high yield stress products, thereby boosting the demand for such products.

INDUSTRY OVERVIEW

Entry barriers

The Frost & Sullivan Report identifies the following key barriers to entry into Hong Kong's mechanical splicing service market:

- **Customer relationship.** It 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. Therefore, it is difficult for new entrants to gain market share.
- **Project management experience.** Sound project management capacity and a strong track record of on-time project delivery are key competitive factors for the mechanical splicing service industry. New entrants with less work experience and short track records are less preferred by customers.
- **Technical qualification.** In order to be engaged in public sector projects, mechanical splicing service providers must be listed on the List of Building Materials (Mechanical Couplers) of the Buildings Department, which indicates that such providers meet the safety standards required by the Government. As of the Latest Practicable Date, there are more than 15 mechanical splicing service providers listed on the said list. Ability to meet such safety requirement as well as various other building code requirements for different projects will be one of the key entry barriers for new entrants.
- **Research and development.** In the mechanical splicing service market, continuous technology development and product improvements is essential. The ability to improve on splicing technology or acquire patented technology will increase product competitiveness. New entrants without sufficient research and development capabilities will be difficult to gain market share.

Key success factors

The key factors to succeed in the Hong Kong mechanical splicing service market include:

- Relationships with the main contractors, the Government, and the suppliers of couplers;
- Technical and high quality products, which satisfy customers' requirements to technical and quality parameters of splicing systems; and
- The ability to offer high quality products with relatively low price.

INDUSTRY OVERVIEW

Competitive landscape

According to the Frost & Sullivan Report, there were more than 15 providers of mechanical splicing service providers in Hong Kong as of 2017. The competition in this market in Hong Kong is fairly concentrated. In 2017, top three providers of mechanical splicing services in Hong Kong, including our Group, together had approximately 80.5% market share of the total sales revenue of approximately HK\$150.9 million. The chart below shows the market shares of three largest providers of mechanical splicing services in Hong Kong in 2017 based on sales revenue.

Market Share of Top 3 Competitors by Sales Revenue in Mechanical Splicing Service Market (Hong Kong), 2017

Ranking	Name of Company	Market Share (%)
1	Company A	39.4%
2	Our Group	27.0%
3	Company B	14.1%
Others		19.5%
Total		100%

Source: The Frost & Sullivan Report

A brief description of our major competitors' and our Group's products and position in the mechanical splicing service market is as follows:

- Company A was the largest provider of mechanical splicing services in Hong Kong in 2017 with approximately 39.4% market share, according to the Frost & Sullivan Report. Its mechanical splicing services use a patented gripping technology.
- Our Group was the second largest provider of mechanical splicing services in Hong Kong in 2017 with approximately 27.0% market share, according to the Frost & Sullivan Report. Our mechanical splicing services use our patented crimping technology. Our use of automated machines also minimizes human error and increases efficiency.
- Company B was the third largest provider of mechanical splicing services in Hong Kong in 2017 with approximately 14.1% market share, according to the Frost & Sullivan Report. Its mechanical splicing services use its own patented process.

Market Outlook and Challenges

According to the Government's 2017–2018 Budget Speech, the Government is expecting to raise the total public expenditure on various ongoing infrastructure projects to approximately HK\$107.2 billion. It is expected that these ongoing and new infrastructure projects will increase demand for splicing systems. The prospects of the mechanical splicing service market will also be affected by further development of the property market in Hong Kong, including expected increase in construction of residential and non-residential properties.

In addition, in 2013, the Government set the new target yield stress of reinforcing bars used in Hong Kong from 460 Mpa to 500 Mpa. While the new standard is not mandatory, this initiative demonstrates a trend of increasing demand for the splicing systems of higher strength and quality.

INDUSTRY OVERVIEW

On the other hand, Hong Kong's economy is projected to experience modest growth in the near future, primarily resulted from the slowdown of the retail market and decreasing spending from Mainland China tourists in Hong Kong. Modest growth of the macro-economy is anticipated as one of the major challenges of the Hong Kong mechanical splicing service market. In addition, as mentioned above, labor costs of this market is expected to increase in the near future and is seen as one of the major challenges of the industry.

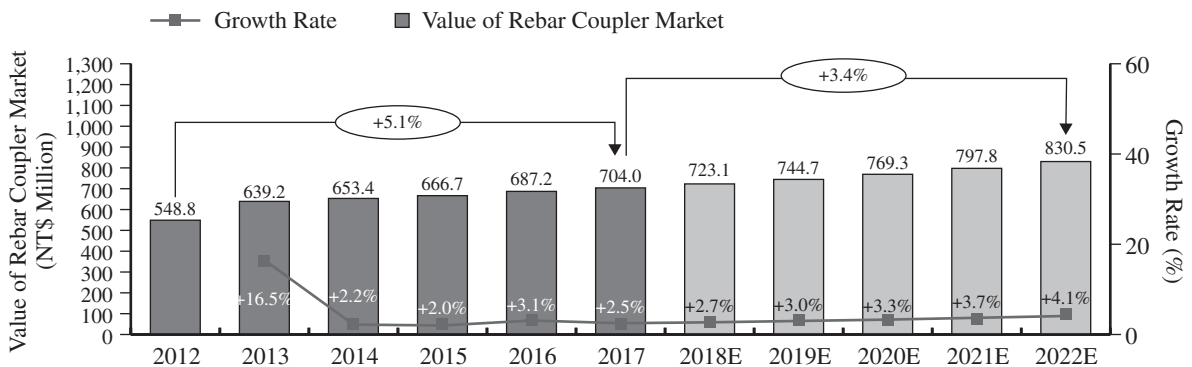
TAIWAN COUPLER MARKET

Overview

Couplers are the principal raw material used and purchased by our Group. Our couplers are all sourced from Taiwan. According to the Frost & Sullivan Report, most mechanical splicing service providers in Hong Kong source couplers from Taiwan and the PRC, with leading players in Hong Kong generally sourcing from Taiwan due to high quality of couplers manufactured in Taiwan. Our Directors are also of the view that couplers from Taiwan are of higher quality, when compared to couplers sourced from the PRC. Accordingly, all of our couplers used in our operations during the Track Record Period were sourced from Taiwan.

The coupler market in Taiwan is largely influenced by the Taiwan reinforced concrete construction market. Between 2012 and 2017, the Taiwan reinforced concrete construction market was relatively volatile. The value of the Taiwan coupler market increased from NT\$548.8 million in 2012 to NT\$704.0 million in 2017, representing growth at a CAGR of 5.1%. The growth rate decreased in 2012 and 2014 mainly due to the downturn in Taiwan reinforced concrete construction market. Coupler manufacturers in Taiwan also export couplers mainly to Hong Kong, Mainland China and Japan. The value of the Taiwan coupler market is likely to continue to grow, given the expected steady growth of the macroeconomics, further development of the Taiwan reinforced concrete construction market and stable demand from the export market. The Taiwan coupler market is expected to reach NT\$830.5 million in 2022, representing growth at a CAGR of 3.4% from 2017 to 2022. The chart below shows the value of the Taiwan coupler market in 2012–2022E.

Value of Coupler Market (Taiwan), 2012–2022E



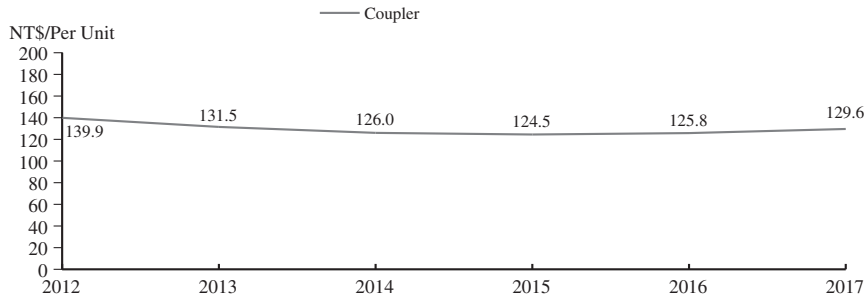
Source: The Frost & Sullivan Report

INDUSTRY OVERVIEW

Price trend of couplers

In Taiwan market, the price of coupler in the mechanical splicing system took an downward trend between 2012 and 2015, however, the price increased to NT\$129.6 per unit in 2017 due to the growth of export volume and the rebound of hot-rolled steel coil price. The chart below shows the price trend of couplers in Taiwan from 2012 to 2017.

Price Trend of Coupler (Taiwan), 2012–2017



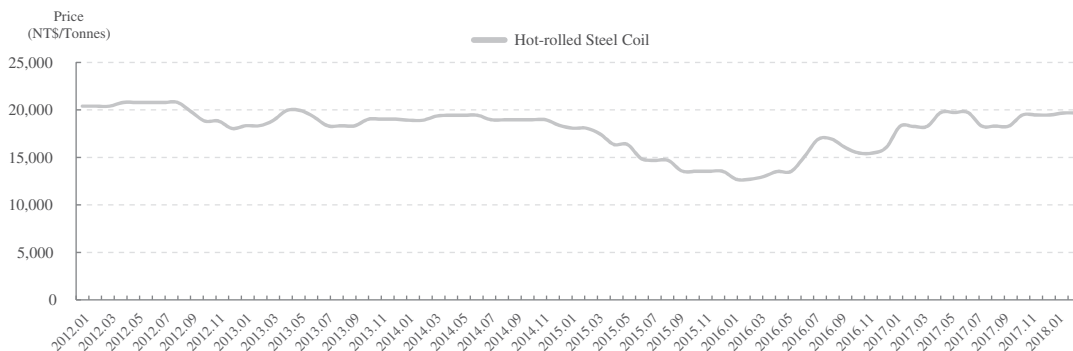
Source: The Frost & Sullivan Report

The Frost & Sullivan Report expects that the price of couplers from 2018 to 2022 to keep a steady growth trend.

Price trend of raw material

The major raw material of couplers is hot-rolled steel coil. Generally, the average price of hot-rolled steel coil took a downward trend from January 2012 to December 2016, mainly due to a decrease in the price of iron ore and continuing production over-capacity in the market. The average price decreased from approximately NT\$20,300 per tonne in January 2012 to approximately NT\$15,863 per tonne in December 2016. In February 2018, the average price of hot-rolled steel coil increased to over NT\$19,573 per tonne. According to the Frost & Sullivan Report, the average price of hot-rolled steel coil is likely to increase in the short run. The chart below shows the average price of hot-rolled steel coil in Taiwan from January 2012 to February 2018.

Average Price of Hot-rolled Steel Coil (Taiwan), January 2012– February 2018



Source: The Frost & Sullivan Report

INDUSTRY OVERVIEW

Competitive landscape

According to the Frost & Sullivan Report, the coupler market in Taiwan is fairly mature. Most coupler manufacturers in Taiwan are able to manufacture similar coupler products on similar commercial terms. In 2017, there were approximately 20 players focusing on the coupler industry in Taiwan. In 2017, top five manufacturers in Taiwan together accounted for approximately 68.9% market share of the total sales revenue of approximately NT\$704.0 million. The chart below shows the market shares of five largest coupler manufacturers in Taiwan in 2017 based on sales revenue.

**Market Share of Top 5 Competitors by Sales Revenue
in Coupler Market (Taiwan), 2017**

Ranking	Name of Company	Market Share (%)	Main Business
1	Company C	35.8%	Company C was founded in 2005 and headquartered in Taiwan. Its main products include coupler products, anchor ingot products and some auto parts.
2	Company D	13.4%	Company D was founded in 2004 and headquartered in Taiwan. Its main businesses include manufacturing of couplers, drilling services and splicing system installation.
3	Company E	8.8%	Company E was founded in 2003 and headquartered in Taiwan. Its main businesses include manufacturing of couplers, sales of round reinforced bars and mechanical equipment.
4	Company F	7.5%	Company F was founded in 1997 and headquartered in Taiwan. Its main businesses include manufacturing of couplers and drilling services.
5	OEM Factory	3.4%	This is the OEM Factory of the Company during the Track Record Period. It was founded in April 1997 and headquartered in Taiwan. Its main business consists of manufacturing of couplers.
Others		31.1%	
Total		100%	

Source: The Frost & Sullivan Report

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent third party, to conduct research and analysis of, and to produce the Frost & Sullivan Report on the overview and competitive landscape of Hong Kong mechanical splicing services market and Taiwan coupler market for the period from 2012 to 2022. We paid Frost & Sullivan a fee of HK\$850,000, which we consider reflects market rates. The Frost & Sullivan Report has been prepared by Frost & Sullivan independent of our influence. Frost & Sullivan is an independent consulting firm founded in New York, the United States, in 1961. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in the PRC includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.

As at the Latest Practicable Date, our Directors, after reasonable consideration, confirm that there were no adverse changes in the market information known to them since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

REGULATIONS

This section sets forth a summary of the major laws and regulations applicable to our business in Hong Kong.

A. INDUSTRY

Practice Notes for Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineer issued by the Building Authority

The Building Authority issues practice notes to authorized persons (“AP”), registered structural engineers (“RSE”) and registered geotechnical engineers (“RGE”) (the “**Practice Notes**”) from time to time to promulgate how he applies and enforce the provisions of the Building Ordinance (Chapter 123 of the Laws of Hong Kong) and its subsidiary regulations as well as other administrative and advisory matters in the administration of the Building Ordinance.

The Buildings Department’s Central Data Bank

Pursuant to Practice Note ADM-20, a Central Data Bank (the “**CDB**”) which contains lists of building materials, components and construction systems that have accepted by some government departments, including the Buildings Department has been set up. In the case of the Buildings Department, such acceptance will generally be based on tests and assessments carried out by the accredited laboratories and assessed and certified by the AP or the RSE as meeting the standards stipulated at the time of submission to the Buildings Department, in accordance with Practice Note APP-118 (previous reference PNAP 251).

For testing of building materials, pursuant to Practice Note APP-118 (previous reference PNAP 251), the Building Authority will recognize those laboratories accredited by the Hong Kong Laboratory Accreditation Scheme (“**HOKLAS**”) or by other laboratory accreditation bodies which have reached mutual recognition arrangement with HOKLAS. The list of reinforcement splices or couplers would normally be required to be tested by accredited laboratories as aforementioned.

For structural products, a building material, component or construction system may be included in the Buildings Department’s list in the CDB if:

- (a) its use in a particular building project has been accepted by the Buildings Department and plans of the building project are submitted after the launch of the CDB;
- (b) it is currently on Buildings Department’s List of Recognized Types of Piles; or
- (c) a Buildings Department’s no-objection letter has been issued on the basis of pre-approval acceptance prior to the implementation of Practice Note PNAP 251 (currently reference APP-118).

The CDB contains only historical information on material acceptance in respect of a building development, the Buildings Department will not accept direct application from a supplier, manufacturer or alike for including its products in the Buildings Department’s list. APs or RSEs who make use or relies on any information in the CDB shall take full responsibility for the application and performance of a building material, component or construction system.

REGULATIONS

List of Building Materials (Mechanical Couplers)

Buildings Department maintains List of Building Materials under the Buildings Department Data Bank, including the List of Materials (Mechanical Couplers) for reinforcement of splicing. For the acceptance criteria onto the list, the testing of mechanical couplers used for tension slices should be in accordance with section 3.12.8.16.2 of British Standard “BS 8110: Part 1: 1985” or other equivalent standards. Conditions of acceptance include the testing of mechanical couplers by accredited laboratories in accordance with Practice Note APP-188 (previous reference PNAP 251) and that the installation of mechanical couplers shall be strictly in accordance with the manufacturer’s specifications/recommendations.

B. LABOUR, HEALTH AND SAFETY

Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (the “FIU (LALG) Regulations”) (Chapter 59J of the Laws of Hong Kong)

Safety of lifting appliances and lifting gear used at construction sites is mainly regulated by the FIU (LALG) Regulations administered by the Labour Department. The FIU (LALG) Regulations lay down requirements with respect to the construction, inspection, testing, thorough examination, operation, erection, dismantling and alteration of lifting appliances, including crawler cranes. For instance, the FIU (LALG) Regulations specifically require the owner, among other matters, to ensure that all lifting appliances shall (i) be of good mechanical construction, made of strong and sound materials, free from patent defect; (ii) properly maintained; (iii) the arrangements for fixing and anchoring the appliance are adequate to secure its safety; (iv) it is adequately and securely supported; and (v) every structure supporting it is of good construction and adequate strength, of sound materials and free from patent defect.

Under the FIU (LALG) Regulations, the owner of a lifting appliance shall ensure that it is not used unless it has been thoroughly examined by a competent examiner at least once in the preceding 12 months, and a certificate in the approved form in which the competent examiner has made a statement to the effect that it is in safe working order has been obtained. Specifically, the owner of any crane shall ensure that it is not used unless during the preceding four years it has been tested and thoroughly examined by a competent examiner in the manner prescribed by the FIU (LALG) Regulations.

In addition to that, pursuant to the FIU (LALG) Regulations, the owner of a crane (except for a crane with a maximum safe working load of one tonne or less or a crane that operates with a grab or any electromagnetic means) shall ensure that it is not used unless it is fitted with an automatic safe load indicator that (i) functions properly; (ii) has been tested by a competent examiner on each occasion that a test and thorough examination of the crane is required under regulation 5 and the competent examiner has given the owner a certificate in the approved form in which he has made a statement to the effect that the automatic safe load indicator is in good working order; and (iii) has been inspected by a competent person and determined to be in safe working order during each inspection of the crane required under regulation 7A and the competent person has given the owner a certificate in the approved form in which he has made a statement to the effect that the automatic safe load indicator is in good working order.

REGULATIONS

Under the FIU (LALG) Regulations, before a lifting appliance is used at or moved in an industrial undertaking, the owner of the appliance shall take appropriate precautions to ensure its stability. And the owner of a crane shall, for the purpose of securing the stability of the crane, ensure that before use (i) the crane is securely anchored, or adequately weighted by suitable ballast which is properly placed on the structure of the crane and secured in a manner sufficient to prevent the ballast from being accidentally displaced; and (ii) no part of any rail on which the crane is mounted, or any sleeper supporting such rail, is used as an anchorage.

For the purposes of the FIU (LALG) Regulations, “owner”, in relation to any lifting appliance or lifting gear, includes the lessee or hirer thereof, and any overseer, foreman, agent or person in charge or having the control or management of the lifting appliance or lifting gear, and the contractor who has control over the way any construction work which involves the use of the lifting appliance or lifting gear is carried out and, in the case of a lifting appliance or lifting gear situated on or used in connection with work on a construction site, also includes the contractor responsible for the construction site.

Pursuant to the FIU (LALG) Regulations, the owner shall ensure that the crane can only be operated by a person who (i) has attained the age of 18 years; (ii) holds a valid certificate issued by the Construction Industry Council or any other person specified by the Commissioner for Labour; and (iii) in the opinion of the owner, is competent to operate the crane by virtue of his experience.

Any contraventions by the owners of any crane or lifting appliance of the FIU (LALG) Regulations will attract penalties from a fine of HK\$200,000 to a fine of HK\$200,000 and 12 months imprisonment.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must, as far as reasonably practicable, ensure the safety and health of their employees at work by attending to the following:

- providing and maintaining plant and work systems that are safe and without risks to health;
- making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- maintaining the workspace in a condition that is safe and without risks to health;
- providing and maintaining safe access to and egress from the workplaces; and

REGULATIONS

- providing and maintaining a working environment that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

The Commissioner for Labour may also issue improvement notice against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance, or suspension notice against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within 7 days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of 7 or 14 days (as the case may be) then such notice shall be given not later than 7 days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities for injuries at work in respect of all their employees (including full-time and part-time employees). Where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$100 million per event (where the number of employees in relation to who the policy is in force does not exceed 200) and no less than HK\$200 million per event (where the number of employees in relation to whom the policy is in force exceeds 200) to cover his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine at level 6 (currently at HK\$100,000) and imprisonment for two years.

REGULATIONS

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Employers are required to enroll their regular employees (except for certain exempt persons) who are at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before June 1, 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after June 1, 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before June 1, 2014 or HK\$1,500 on or after June 1, 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income (HK\$25,000 per month before June 1, 2014 or HK\$30,000 on or after June 1, 2014).

C. ENVIRONMENTAL PROTECTION

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The Noise Control Ordinance controls the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out general construction works. For construction activities that are to be carried out during the restricted hours and for percussive piling at all times, construction noise permits are required from the Environmental Protection Department in advance.

REGULATIONS

Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment in populated areas are not allowed between 7 p.m. and 7 a.m. on normal weekdays and any time on general holidays, unless prior approval has been granted by the Environmental Protection Department through the Construction Noise Permit System. Certain equipment is also subject to restrictions when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Environmental Protection Department. Percussive pile-driving is allowed on weekdays only with prior approval, in the form of a Construction Noise Permit from the Environmental Protection Department. Any person who is in contravention of the aforesaid provisions, according to the Noise Control Ordinance, shall be liable (i) on first conviction to a fine of HK\$100,000; (ii) on second or subsequent conviction, to a fine of HK\$200,000, and in any case to a fine of HK\$20,000 for each day during which the offence continues.

D. TAXATION

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) contains the provisions relevant to transfer pricing between closely connected persons. The Inland Revenue Ordinance requires the adoption of arm's length principle pricing transactions between closely connected or related parties. Specifically, the Inland Revenue Ordinance adopts the arm's length principle as set out in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("**OECD Guidelines**"). The arm's length principle uses the transactions of independent enterprises as a benchmark to determine how profits and expenses should be allocated for pricing transactions between related parties. In essence, the rules impose that profits tax charged or payable should be adjusted, where necessary, to reflect the position which would have existed if the arm's length principal had been applied instead of the actual price transacted between the parties. In December 2009, the Inland Revenue Department released the Departmental Interpretation and Practice Note No.46, which confirms that the OECD Guidelines should be relied upon as an authoritative guide for conducting a transfer pricing analysis in Hong Kong except where incompatible with the Inland Revenue Ordinance.

Compliance with the relevant requirements

Our Directors confirmed that our Group has obtained all relevant permits/registrations/licenses for its existing operations during the Track Record Period and up to the Latest Practicable Date.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

OVERVIEW

The history of our Group can be traced back to early 2012 when Kin Sun (a company wholly-owned by Mr. Kwan, our non-executive Director, Chairman of our Board and one of our Controlling Shareholders) incorporated BOSA HK in Hong Kong, our sole operating subsidiary, which is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. In late 2012, Mr. P. Lim (our executive Director and Chief Operating Officer), Mr. Yang and Mr. Wang (collectively with Kin Sun, the “**Founders**”) joined and became shareholders of BOSA HK. Mr. P. Lim, Mr. Yang and Mr. Wang each has approximately 5, 25 and 6 years of experience in the construction and engineering industries. They, together with Mr. Kwan, were confident in the prospect of the construction industry in Hong Kong and decided to launch a business venture that provides unique mechanical splicing services to the reinforced concrete construction industry. The Founders invested money and resources accumulated from previous business ventures in BOSA HK and invented our mechanical splicing system. Since then, the Founders have contributed substantial amount of time and money on refining, launching, commercializing and promoting the mechanical splicing system, and they have seen steady growth in our business and market share, guiding our Group to become the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong.

Our Company was incorporated in the Cayman Islands with limited liability on October 24, 2016. Save for sub-division of Shares and increase in authorized share capital of our Company, our Company completed the Reorganization in May 2017 in preparation for the Listing pursuant to which our Company became the ultimate holding company of our Group. Details of the Reorganization are set out in the section headed “— Corporate reorganization”.

BUSINESS DEVELOPMENT AND MILESTONES

The following table sets out the major developments and milestones of our Group since establishment:

Year	Event
2012	BOSA HK was incorporated in Hong Kong on March 14, 2012. In order to capture the growing business opportunities in the construction industry in Hong Kong, we strategically positioned ourselves to provide mechanical splicing services to the reinforced concrete construction industry in Hong Kong.
January 2013	Mr. Kwan, the sole shareholder of Kin Sun, our non-executive Director, Chairman of our Board and Controlling Shareholder, and Ms. Wang Yu-Ju, spouse of Mr. Wang, received a patent for our Group’s controlled crimping method of processing reinforcing bars in Hong Kong (the “ Hong Kong Patent ”).
July 2013	We commenced supplying processed reinforcing bars to the Hunghom mass transit railway station development project.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Year	Event
In or about November 2013	Our Fanling workshop commenced operations.
January 2014	We commenced supplying processed reinforcing bars to the residential development located above Nam Cheong mass transit railway station.
May 2013	We entered into a contract with one of our major customers relating to the construction of the Hunghom station of the Shatin-Central Link.
In or about August 2014	Our Tin Shui Wai workshop commenced operations.
In or about July 2015	Our San Tin workshop commenced operations.
November 2015	Mr. K. Lim, our executive Director and Chief Executive Officer, received a patent for our new type of couplers in the U.S. (the “ U.S. Patent ”).
December 2015	BOSA HK was listed on the List of Building Materials (Mechanical Couplers) of the Central Data Bank of the Buildings Department as a service provider which meets the safety standards required by the Government.
October 2016	Our Company was incorporated on October 24, 2016 as part of the Reorganization for the purpose of the Listing.
December 2016	Our Tin Shui Wai workshop was closed and our operations there were relocated to our Fanling workshop.
May 2017	The Hong Kong Patent and U.S. Patent were transferred to our Group.
June 2017	Our Ping Che workshop commenced operations.
June 2017	Our San Tin workshop was closed and our operations there were relocated to our Fanling workshop and Ping Che workshop.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

OUR SOLE OPERATING SUBSIDIARY

BOSA HK, our sole operating subsidiary, was incorporated in Hong Kong with limited liability on March 14, 2012 with one ordinary share allotted and issued to Kin Sun, credited as fully paid, at the then par value of the ordinary share and at the consideration of HK\$1.00. After the allotment, BOSA HK was wholly-owned by Kin Sun.

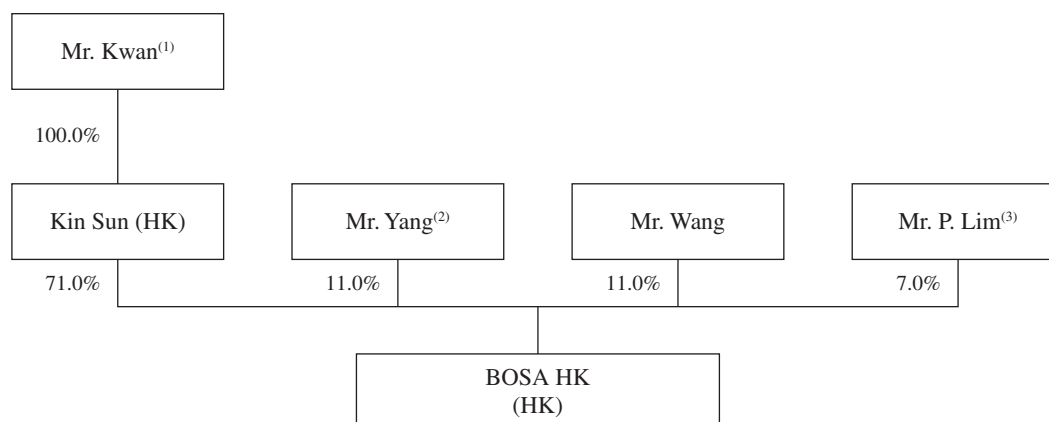
On December 6, 2012, 7,099, 700, 1,100 and 1,100 ordinary shares in BOSA HK were allotted and issued to Kin Sun, Mr. P. Lim, Mr. Yang and Mr. Wang respectively, credited as fully paid at the then par value and at the respective consideration of HK\$7,099, HK\$700, HK\$1,100 and HK\$1,100. After the allotment, BOSA HK was owned as to 71.0%, 7.0%, 11.0% and 11.0% by Kin Sun, Mr. P. Lim, Mr. Yang and Mr. Wang respectively.

Since the inception of business of BOSA HK, the Founders provided non-interest bearing shareholder's loans to BOSA HK and settled liabilities on behalf of BOSA HK. As at May 26, 2017, the outstanding balance of such contribution amounted to HK\$9,141,468 (the "**Shareholders' Loan**"), of which HK\$6,161,468, HK\$780,000, HK\$780,000 and HK\$1,420,000 was owed to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim respectively.

As an incentive and reward to Mr. K. Lim, for successfully concluding the first few important contracts with major customers, in early 2013, Kin Sun granted an option to Mr. K. Lim to purchase from it 12.5% of the issued share capital of BOSA HK or its successor (the "**Lim Option**"). In addition, as an incentive and reward to Ms. Chiu (the senior management of BOSA HK) for successfully concluding the first few important contracts in early 2013, Kin Sun granted an option to Ms. Chiu to purchase from it 7.0% of the issued share capital of BOSA HK or its successor (the "**Chiu Option**"). Given that the Lim Option and the Chiu Option were granted in early 2013 shortly after the commencement of business of BOSA HK, it was agreed by the parties in 2013 that the value of the shares to be issued under both options shall be the same as the value of shares held by the Founders.

CORPORATE STRUCTURE PRIOR TO REORGANIZATION

The following chart sets forth the corporate and shareholding structure of our Group immediately prior to the Reorganization:



HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

- (1) Mr. Kwan is our non-executive Director and Chairman of the Board. Please refer to the section headed “Directors and Senior Management — Non-executive Director” in this prospectus for details relating to his background and experience.
- (2) Mr. Yang is our technical manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to his background and experience.
- (3) Mr. P. Lim is our executive Director and Chief Operating Officer. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.

CORPORATE REORGANIZATION

Save for sub-division of Shares and increase in authorized share capital of our Company, our Company completed the Reorganization in May 2017, in preparation for the Listing, pursuant to which our Company became the ultimate holding company of our Group.

As confirmed by our Directors, the change of shareholding in BOSA HK, being the subsidiary of our Company incorporated in Hong Kong, under the Reorganization would not require any approval or permit from any relevant Government authorities in Hong Kong.

The steps of the Reorganization are set out below:

Incorporation of BOSA Investment

BOSA Investment was incorporated in the British Virgin Islands with limited liability on July 8, 2016. BOSA Investment is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00. On incorporation, 7,100 shares, 1,100 shares, 1,100 shares and 700 shares in BOSA Investment were allotted and issued to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively. The principal business activity of BOSA Investment is investment holding.

Incorporation of BOSA Worldwide

BOSA Worldwide was incorporated in the British Virgin Islands with limited liability on July 12, 2016. BOSA Worldwide is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00. On incorporation, one share in BOSA Worldwide was allotted and issued to BOSA Investment. Accordingly, BOSA Worldwide is wholly-owned by BOSA Investment. The principal business activity of BOSA Worldwide is investment holding.

Incorporation of our Company

Our Company, incorporated in the Cayman Islands as exempted company with limited liability on October 24, 2016, will act as the ultimate holding company of our Group upon Listing. It was registered on February 15, 2017 as a non-Hong Kong company under Part 16 of the Companies Ordinance. Upon incorporation, the authorized share capital of our Company was HK\$100,000 divided into 100,000 ordinary shares of HK\$1.00 each. On incorporation, one share was allotted and issued to the initial subscriber which then transferred the one share to Mr. P. Lim.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Incorporation of BOSA (R&D)

BOSA (R&D) was incorporated in the British Virgin Islands with limited liability on November 10, 2016. BOSA (R&D) is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00. On incorporation, one share in BOSA (R&D) was allotted and issued to BOSA Investment. Accordingly, BOSA (R&D) is wholly-owned by BOSA Investment. The principal business activity of BOSA (R&D) is holding the intellectual property rights of our Group.

Transfer of interests in BOSA HK by the Founders to BOSA Worldwide

On May 26, 2017, each of the Founders transferred all of its or his shares in BOSA HK to BOSA Worldwide as follows:

- (i) Kin Sun transferred 7,100 ordinary shares in BOSA HK to BOSA Worldwide, in consideration of issuance of 7,100 shares, credited as fully-paid, in BOSA Investment to Kin Sun;
- (ii) Mr. P. Lim transferred 700 ordinary shares in BOSA HK to BOSA Worldwide, in consideration of issuance of 700 shares, credited as fully-paid, in BOSA Investment to Mr. P. Lim;
- (iii) Mr. Yang transferred 1,100 ordinary shares in BOSA HK to BOSA Worldwide, in consideration of issuance of 1,100 shares, credited as fully-paid, in BOSA Investment to Mr. Yang; and
- (iv) Mr. Wang transferred 1,100 ordinary shares in BOSA HK to BOSA Worldwide, in consideration of issuance of 1,100 shares, credited as fully-paid, in BOSA Investment to Mr. Wang.

Upon completion of such share transfer, BOSA HK became a wholly-owned subsidiary of BOSA Worldwide and BOSA Worldwide became the sole shareholder of BOSA HK.

Transfer of interests in BOSA Investment by the Founders to our Company

On May 26, 2017, each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim (each as a vendor) and our Company (as purchaser) entered into a sale and purchase agreement, pursuant to which our Company acquired the entire issued share capital of BOSA Investment held by Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim. In consideration of such transfer, our Company issued 7,100 Shares, 1,100 Shares, 1,100 Shares and 699 Shares to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively. Upon completion of this step, BOSA Investment became a direct wholly-owned subsidiary of our Company.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Capitalization of a portion of the Shareholders' Loan

On May 26, 2017, in consideration of capitalization of an amount of HK\$3,905,000, HK\$605,000, HK\$605,000 and HK\$385,000 owing by BOSA HK to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, 7,100, 1,100, 1,100 and 700 Shares in our Company were allotted and issued to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim respectively.

The Pre-IPO Investments by the Pre-IPO Investors

Exercise of the Lim Option and the Chiu Option

On May 26, 2017, Mr. K. Lim exercised the Lim Option in full, acquiring 2,500 Shares in our Company, representing 12.5% of the issued share capital of our Company at the relevant time, from Kin Sun at a total consideration of HK\$687,500. On May 26, 2017, Ms. Chiu exercised the Chiu Option in full, acquiring 1,400 Shares in our Company, representing 7.0% of the issued share capital of our Company at the relevant time, from Kin Sun at a total consideration of HK\$385,000.

Subscription of Shares by Synergy Resources

On May 26, 2017, 500 Shares were allotted and issued to Synergy Resources, one of our Pre-IPO Investors.

Following the exercise of the Lim Option and the Chiu Option, and the subscription of Shares by Synergy Resources, our Company was held as to approximately 50.3%, 12.2%, 10.7%, 10.7%, 6.8%, 6.8% and 2.5%, respectively, by Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Ms. Chiu, Mr. P. Lim and Synergy Resources.

For more details of the Pre-IPO Investments, please refer to the section headed “— Pre-IPO Investments” in this section.

Subdivision of Shares and increase in authorized share capital of our Company

On June 19, 2018, our Company divided each of the issued and unissued Shares of par value HK\$1.00 each in the share capital of our Company into 10,000 Shares of par value HK\$0.0001 each, resulting in the authorized share capital of our Company to be HK\$100,000 divided into 1,000,000,000 Shares of par value HK\$0.0001 each.

On the same day, the authorized share capital of our Company was increased from HK\$100,000 divided into 1,000,000,000 Shares of par value HK\$0.0001 each to HK\$1,000,000 divided into 10,000,000,000 Shares of par value HK\$0.0001 each by way of creation of an additional 9,000,000,000 Shares of HK\$0.0001 each.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

PRE-IPO INVESTMENTS

The Lim Option and the Chiu Option

In early 2013, as an incentive and reward to Mr. K. Lim and Ms. Chiu for successfully concluding the first few important contracts with major customers, Kin Sun granted the Lim Option and Chiu Option to Mr. K. Lim and Ms. Chiu, respectively.

On May 26, 2017, Mr. K. Lim exercised the Lim Option in full, acquiring 2,500 Shares in our Company, representing 12.5% of the issued share capital of our Company at the relevant time, from Kin Sun at a total consideration of HK\$687,500. On May 26, 2017, Ms. Chiu exercised the Chiu Option in full, acquiring 1,400 Shares in our Company, representing 7.0% of the issued share capital of our Company at the relevant time, from Kin Sun at a total consideration of HK\$385,000.

Upon completion of the Pre-IPO investments by Mr. K. Lim and Ms. Chiu, our Company was held as to approximately 51.5%, 12.5%, 11.0%, 11.0%, 7.0% and 7.0%, respectively, by Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Mr. P. Lim and Ms. Chiu.

Principle terms

The table below sets out the key particulars of the Pre-IPO Investments by Mr. K. Lim and Ms. Chiu, respectively.

	The Lim Option	The Chiu Option
Name of the Pre-IPO Investors:	Mr. Lim Su I, our executive Director and Chief Executive Officer	Ms. Chiu Yin Mei, our administration manager
Date of grant of the option:	4 February 2013	
No. of Shares involved:	2,500 Shares	1,400 Shares
Amount of consideration paid:	HK\$687,500	HK\$385,000
Basis of determination of the consideration:	Given that the Lim Option and the Chiu Option were granted in early 2013 shortly after the commencement of business of BOSA HK, it was agreed by the parties in 2013 that the value of the shares to be issued under both options shall be the same as the value of shares held by the Founders.	
Date of payment of consideration:	26 May 2017	
Price per Share (<i>Note</i>):	Approximately HK\$0.01	

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	The Lim Option	The Chiu Option
Discount to the Offer Price:	A discount of approximately 97.1% to the mid-point of the indicative Offer Price range of HK\$0.30 to HK\$0.40, on the basis of our enlarged share capital immediately completion of the Capitalization Issue and the Share Offer, without taking into account the exercise of the Offer Size Adjustment Option and any options which have been or may be granted under the Share Option Scheme.	
Use of proceeds:	The entire net proceeds from Mr. K. Lim and Ms. Chiu in an aggregate amount of HK\$1,072,000 was received by Kin Sun.	
Lock-up period:	The Shares held by Mr. K. Lim and Ms. Chiu will not be subject to any lock-up after the Listing.	
Strategic benefits to our Company:	Mr. K. Lim joined our Group in March 2012 with over 19 years of experience in the construction industry and has been responsible for the overall corporate strategies, development, sales and marketing activities and management of our Group. He is also one of the leaders our research and development team. Our Directors are of the view that he is a key management to contribute to our success and we can also draw on his extensive experience for the long term development and growth of our business.	Ms. Chiu has over 20 years of experience in administration and human resources management, and with extensive experience in the sale and marketing aspect of the construction industry. She joined our Group in July 2013 and has been a administration manager principally responsible for overall administration, human resources and co-ordination. Our Directors are of the view that we can benefit from Ms. Chiu's expertise in management of our Group, which in turn will benefit our long term development.
Shareholding upon Listing (without taking into account the Shares to be issued pursuant to the Share Option Scheme and the Offer Size Adjustment Option):	Mr. K. Lim — 73,170,732 Shares, approximately 9.2%	Ms. Chiu — 40,975,610 Shares, approximately 5.1%

Note: For illustration purpose only, on the basis of our enlarged issued share capital immediately upon completion of the Capitalization Issue and the Share Offer without taking into account the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Subscription of Shares by Synergy Resources

On May 26, 2017, an agreement for subscription of shares in the share capital of our Company (the “**Subscription Agreement**”) was entered into by and between our Company and Synergy Resources pursuant to which 500 Shares were allotted and issued to Synergy Resources at a consideration of HK\$3.0 million. Upon completion of the Pre-IPO Investment by Synergy Resources, our Company was held as to approximately 50.3%, 12.2%, 10.7%, 10.7%, 6.8%, 6.8% and 2.5% by Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Ms. Chiu, Mr. P. Lim and Synergy Resources, respectively.

The consideration for the Pre-IPO Investment by Synergy Resources was determined according to the price earnings ratio of 8.6 times of the after-tax profit of BOSA HK in the amount of approximately HK\$14 million as referred to in the management accounts of BOSA HK for the financial year ended June 30, 2016.

Principal terms

The table below sets out the key particulars of the Pre-IPO Investment by Synergy Resources:

Name of the Pre-IPO Investor:	Synergy Resources International Limited
	For details of the Synergy Resources, please refer to the section headed “— Pre-IPO Investments — Information about the Pre-IPO Investors”.
Date of the Subscription Agreement:	May 26, 2017
Amount of consideration paid:	HK\$3.0 million (the “ Subscription Price ”)
Basis of determination of the consideration:	Consideration was determined according to the price-earnings ratio of 8.6 times of the after-tax profit of BOSA HK in the amount of approximately HK\$14 million as referred to in the management accounts of BOSA HK for the financial year ended June 30, 2016.
Dates of payment of the consideration (<i>Note 1</i>):	December 5, 2016 and December 9, 2016
Price per Share (<i>Note 2</i>):	approximately HK\$0.2
Discount to the Offer Price:	A discount of approximately 42.9% to the mid-point of the indicative Offer Price range of HK\$0.30 to HK\$0.40, on the basis of our enlarged share capital immediately completion of the Capitalization Issue and the Share Offer, without taking into account the exercise of the Offer Size Adjustment Option and any options which have been or may be granted under the Share Option Scheme.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Use of proceeds:	The entire net proceeds from Synergy Resources of HK\$3,000,000 has been injected to our Company. As at the Latest Practicable Date, approximately 38.3% of such net proceeds from Synergy Resources has been utilized for the establishment for our Ping Che workshop, while the remaining portion has been fully utilized as our general working capital.
Lock-up period:	The Shares held by Synergy Resources will not be subject to any lock-up after the Listing.
Strategic benefits to our Company:	Our Directors believe that the investment made by Synergy Resources will serve as additional working capital for our business and increase our liquidity to strengthen our Group's financial position. Our Directors are of the view that our business would be benefited from Mr. Lam's extensive business experience in various industries and his experience as a founder, director and shareholder of listed companies on the Stock Exchange.
Shareholding upon Listing (without taking into account the Shares to be issued pursuant to the Share Option Scheme and the Offer Size Adjustment Option):	Synergy Resources — 14,634,146 Shares, approximately 1.9%

Notes:

- (1) Synergy Resources had paid the Subscription Price to BOSA HK in December 2016 in anticipation of the closing as provided under the Subscription Agreement. The Subscription Price was irrecoverably settled on May 26, 2017 when the 500 Shares were allotted and issued to Synergy Resources.
- (2) For illustration purpose only, on the basis of our enlarged issued share capital immediately upon completion of the Capitalization Issue and the Share Offer without taking into account the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Information about the Pre-IPO Investors

Mr. K. Lim is our executive Director and Chief Executive Officer. Mr. K. Lim and Mr. P. Lim, our executive Director and Chief Operating Officer, are siblings. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.

Ms. Chiu is our administration manager and one of our senior management. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to her background and experience.

Synergy Resources is a limited liability company incorporated on May 24, 2011 under BVI laws. It is wholly-owned by Mr. Lam Chung Ho Alastair. Synergy Resources is an investment holding company and its wholly-owned subsidiary, a company incorporated in Hong Kong, is principally engaging in the agency services for provision of fuel to pleasure yacht owners and operators in Hong Kong. Mr. Lam is the founder and a shareholder of Synergy Group Holdings International Limited, a company listed on the Stock Exchange (Stock Code: 1539) (the “**Synergy Group**”), and has been a non-executive director of the Synergy Group. He is currently the chairman and an executive director of AL Group Limited, a company listed on the Stock Exchange (Stock Code: 8360). Mr. Lam has obtained a bachelor degree in business administration in 2001 and has worked in the accounting field before founding the Synergy Group in 2008. He is also involved in bionic vision technology business through a joint venture company with Mr. Kwan. Mr. Lam is a friend and business partner of Mr. Kwan and was introduced to our Group by Mr. Kwan in 2015.

Other than Synergy Resources’ shareholding in our Company and State Path Capital Limited, a joint venture company which Mr. Lam Chung Ho Alastair and Mr. Kwan each holds 50% shareholding (please refer to the section headed “Relationship with Controlling Shareholders — Competition” in this prospectus for details of the joint venture company), Synergy Resources and its sole shareholder, Mr. Lam Chung Ho Alastair, are independent from our Group and any connected persons of our Company.

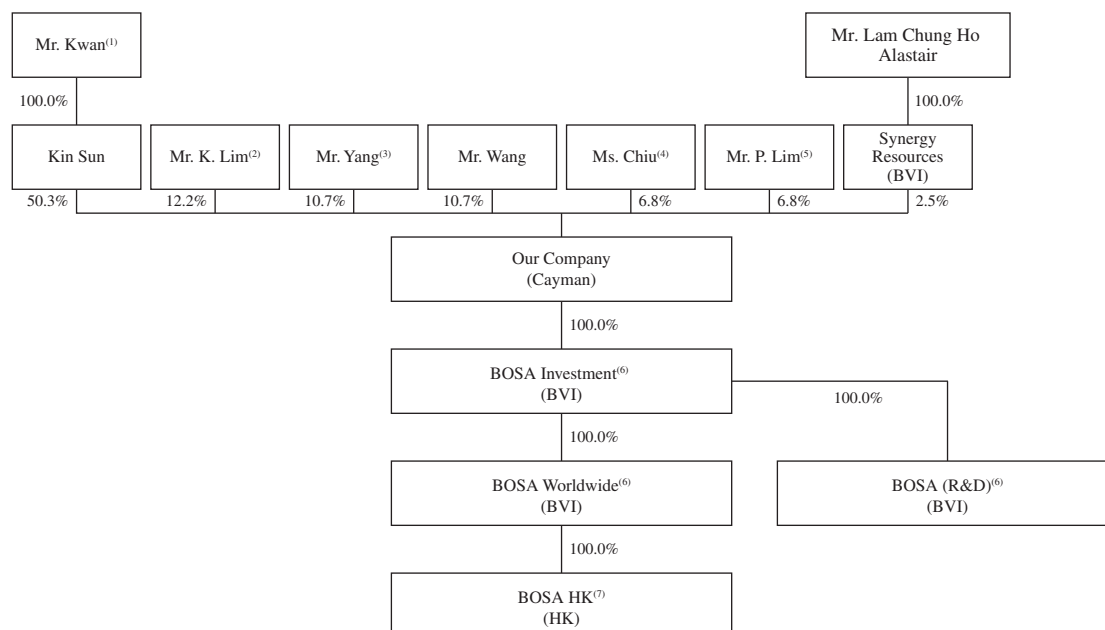
Sole Sponsor’s view

The Sole Sponsor is of the view that the Pre-IPO Investment is in compliance with the Guidance Letter HKEx-GL29-12 issued by the Stock Exchange in January 2012 and updated in March 2017, the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017, and the Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

GROUP STRUCTURE AFTER REORGANIZATION AND BEFORE LISTING

Our Reorganization was completed on May 26, 2017. The following chart sets forth our corporate and shareholding structure immediately after completion of the Reorganization but before completion of the Capitalization Issue and the Share Offer (please refer to section headed “Statutory and General Information — A. Further information about the Company — 4. Corporate reorganization” in Appendix IV to this prospectus for details of the Capitalization Issue):



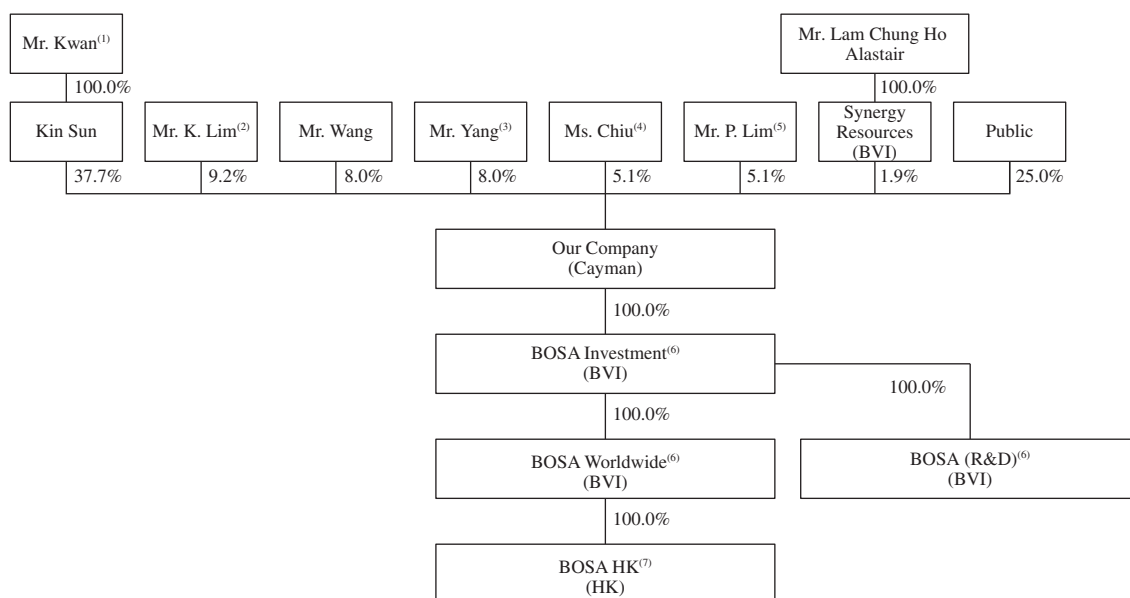
Notes:

- (1) Mr. Kwan is our non-executive Director and Chairman of our Board. Please refer to the section headed “Directors and Senior Management — Non-executive Director” in this prospectus for details relating to his background and experience.
- (2) Mr. K. Lim is our executive Director and Chief Executive Officer. Mr. K. Lim and Mr. P. Lim are siblings. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.
- (3) Mr. Yang is our technical manager. Please refer to the section headed “Directors and Senior Management — Senior Management” in this prospectus for details relating to his background and experience.
- (4) Ms. Chiu is our administration manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to her background and experience.
- (5) Mr. P. Lim is our executive Director and Chief Operating Officer. Mr. P. Lim and Mr. K. Lim are siblings. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.
- (6) BOSA Investment, BOSA Worldwide and BOSA (R&D) are investment holding companies incorporated in the BVI.
- (7) BOSA HK is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

CORPORATE STRUCTURE AFTER REORGANIZATION AND UPON LISTING

The following chart sets forth our corporate and shareholding structure immediately after completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon any exercise of the Offer Size Adjustment Option and the options which have been or may be granted under the Share Option Scheme). Please refer to section headed “Statutory and General Information — A. Further information about the Company — 4. Corporate reorganization” in Appendix IV to this prospectus for details of the Capitalization Issue.



Notes:

- (1) Mr. Kwan is our non-executive Director and Chairman of our Board. Please refer to the section headed “Directors and Senior Management — Non-executive Director” in this prospectus for details relating to his background and experience.
- (2) Mr. K. Lim is our executive Director and Chief Executive Officer. Mr. K. Lim and Mr. P. Lim are siblings. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.
- (3) Mr. Yang is our technical manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to his background and experience.
- (4) Ms. Chiu is our administration manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to her background and experience.
- (5) Mr. P. Lim is our executive Director and Chief Operating Officer. Mr. K. Lim and Mr. P. Lim are siblings. Please refer to the section headed “Directors and Senior Management — Executive Directors” in this prospectus for details relating to his background and experience.
- (6) BOSA Investment, BOSA Worldwide and BOSA (R&D) are investment holding companies incorporated in the BVI.
- (7) BOSA HK is principally engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong.

OVERVIEW

We are the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong in terms of overall sales revenue in 2017, occupying approximately 27.0% of total market share. BOSA HK, our sole operating subsidiary, was established in Hong Kong in early 2012. Our mechanical splicing services include two elements:

- **Processing reinforcing bars:** we provide services of cutting, crimping, chamfering ends of and threading reinforcing bars of our customers either at our premises or at the premises of our customers by using our self-developed proprietary technology and methods; and
- **Connecting reinforcing bars by couplers:** we connect one end of the processed reinforcing bars with our self-designed couplers.

During the Track Record Period, we had operated at four workshops, at different points of time, located in the New Territories of Hong Kong: Fanling, Yuen Long, San Tin and Tin Shui Wai, and an office located in Mongkok, Kowloon, Hong Kong. In April 2017, June 2017 and December 2016, we closed our workshops located in Yuen Long, San Tin and Tin Shui Wai respectively. We moved our office from Mongkok to Kwun Tong in April 2017 and we commenced operations of our Ping Che workshop in June 2017. As a result, as at the Latest Practicable Date, we had two workshops located in Fanling and Ping Che, and an office located in Kwun Tong, Hong Kong.

Our main equipment includes reinforcing bar cutting machines, self-developed automated CNC crimping machines and CNC threading machines. The net book value of our plant and machinery was approximately HK\$3.0 million in aggregate as at December 31, 2017. We custom design, develop and assemble our main equipment. We believe that our investment in the research and development process of our equipment has placed us in a position to cater for construction projects of different scales and complexity, meet Hong Kong and international safety standards and the expected growing demand of our customers. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, we respectively spent approximately HK\$0.8 million, HK\$0.8 million and HK\$0.5 million on acquiring new plant and machinery (including our self-designed equipment). For further information regarding our equipment, please refer to the section headed “— Our equipment”. We use our equipment at our workshops or install and use our machines at our customers’ sites, depending on the needs of a particular project.

During the Track Record Period and up to May 2017, we ordered and purchased all of our couplers used in the provision of our services from the OEM Factory through BOSA (Taiwan). In January 2017, we set up a branch office in Taiwan. In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our branch office in Taiwan was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we sourced all of our couplers directly from Taiwan through our branch office in Taiwan. We also purchased machinery parts from Taiwan during the Track Record Period. Our branch office in Taiwan also conducts quality control of couplers and machinery parts. Further details of our relationship with BOSA (Taiwan) are set out in the section headed “Connected Transactions” in this prospectus.

BUSINESS

During the Track Record Period, we had undertaken 285 projects, of which 181 projects were completed. As at the Latest Practicable Date, we had 82 ongoing projects. Further details of our projects are set out in the section headed “— Our projects — Ongoing projects”.

Our customers are primarily main contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong. Construction projects that we service can generally be categorised into public sector projects and private sector projects. The majority of our revenue during the Track Record Period was derived from private sector projects. The following table sets out a breakdown of our revenue during the Track Record Period attributable to public and private sector projects:

	For the year ended June 30, 2016			For the year ended June 30, 2017			For the six months ended December 31, 2017		
	<i>Revenue</i>			<i>Revenue</i>			<i>Revenue</i>		
	<i>Number of projects</i>	<i>(HK\$ millions)</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>(HK\$ millions)</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>(HK\$ millions)</i>	<i>% of total revenue</i>
Public sector projects	28	20.6	37.6	31	14.8	29.3	22	4.0	15.4
Private sector projects	108	34.2	62.4	135	35.5	70.7	114	21.6	84.6
Total	136	54.8	100.0	166	50.3	100.0	136	25.6	100.0

For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the revenue derived from our five largest customers amounted to approximately 62.8%, 49.2% and 58.7% respectively, of our total revenue.

Since we provide services for public sector projects and private sector projects using the same facilities and labour, it is not practicable for us to determine gross profits and gross profit margins by sectors during the Track Record Period. In particular, as workshop workers work on all projects as they come in, including public sector projects and private sector projects, it is practically impossible for our Group to allocate direct labour costs by public and private sector projects. However, during the Track Record Period, private sector projects have a higher tendency to place orders for our Seisplisce Services, which are usually more profitable than our Servisplisce Services due to its seismic-resistance and ductility quality. Accordingly, private sector projects were more profitable for our Group during the Track Record Period.

According to the Frost & Sullivan Report, there is substantial growth potential in the construction industry in Hong Kong. The gross value of construction works by main contractors in Hong Kong is expected to reach HK\$323.4 billion in 2022. Because of our competitive strengths and our business strategies to be implemented in the near future, we believe that we are well-positioned to capture the growing demand for services related to construction industry in Hong Kong. For details on the market drivers relating to our Group, please refer to the section headed “Industry Overview — Hong Kong Mechanical Splicing Service Market — Market drivers” in this prospectus.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

Our mechanical splicing services are innovative and unique

We process the reinforcing bars and connect them to our couplers in a way that strengthens and avoids premature failure of reinforced concrete objects.

We provide two types of reinforcing bars processing services: one under our trademark “Servisplice” (“**Servisplice Services**”) and the other one under our trademark “Seisplice” (“**Seisplice Services**”). Servisplice Services do not add ductility to the mechanical splicing systems, unlike Seisplice Services which add seismic-resistance and ductility to the mechanical splicing systems.

We use our reinforcing bar cutting machines, and self-developed CNC crimping machines and CNC threading machines to process the reinforcing bars. Our machines are automated, practical, and easy to assemble and use. Automated processing also helps us to achieve efficiency in production, maintain high quality of our services and minimize human error, as well as reduce overhead expenses since the machines can be operated by a minimum number of employees.

In particular, our self-developed CNC crimping machines used for Seisplice Services apply our innovative patented method of controlled crimping of the reinforcing bars. Our method of controlled crimping does not change the diameter of reinforcing bars and results in stronger connection between the reinforcing bars and couplers. We have been granted a patent for our controlled crimping method of processing reinforcing bars in Hong Kong. Our patent is valid for eight years from August 1, 2012 and was transferred to our Group on May 26, 2017.

We apply dynamic rolled threading on reinforcing bars to preserve and strengthen structural integrity of the reinforcing bars. For both Servisplice and Seisplice Services, we use our self-developed CNC threading machine to conduct dynamic rolled threading. This creates a stronger interlock between the reinforcing bars and the couplers, resulting in stronger reinforced concrete construction.

We also provide repair couplers named “iSplice”. We have been granted a patent in the U.S. in relation to our iSplice couplers. The patent is valid for 20 years from June 21, 2013.

We designed water-stop couplers that are used underwater or underground. We have been granted a patent in Hong Kong and PRC in relation to water-stop couplers. The Hong Kong patent is valid for four years from August 16, 2016, while the PRC patent is valid for 10 years from July 18, 2016.

We are committed to complying with and even exceeding applicable industrial and safety standards and quality control

We place considerable emphasis on meeting safety standards and quality control as they can directly affect our reputation, service quality and profitability. Our management system was certified to be in accordance with ISO 9001:2008 quality management system standard. Our services in Hong Kong are carried out by our trained employees to ensure our prescribed procedures and quality requirements are met. Our couplers are inspected by our suppliers prior to delivery to us. On receipt of couplers in Hong Kong, upon requests from our customers, tests are conducted on the couplers by an accredited laboratory in Hong Kong. The couplers that we use satisfy applicable Hong Kong requirements (2013 Code, 2004 Code and AC133). We undertake tests to ensure that our Servisplíce and Seisplíce Services comply with and even exceed the applicable standards. Our strict quality control policy and systematic working procedures are aimed at ensuring that the interlock between the processed reinforcing bars and couplers excel those of our competitors. Our Directors consider that our efforts in upkeeping the quality and innovation of our services have been recognized by our major customers.

Stable relationship with our major customers and the OEM Factory

We have established a stable business relationship with our major customers, most of which are reputable main contractors and subcontractors. Since 2013, our business has grown from serving a few customers to serving 88 customers as at December 31, 2017. We have been engaged by reputable main contractors since 2013. We have also established a stable business relationship with the OEM Factory. During the Track Record Period and up to the Latest Practicable Date, we had purchased our couplers from the OEM Factory, either through BOSA (Taiwan) or our Taiwan branch office. Our Directors are of the view that our operating history, together with the stable relationships with our major customers and the OEM Factory would increase our service quality and enable us to attract potential business opportunities.

Possession of self-designed equipment for performing our services

We have designed and developed our own CNC threading machines and CNC crimping machines. We also own reinforcing bar cutting machines, cranes and other moving machines. Accordingly, we do not have to rely on providers of equipment rental. We have made substantial investment in our equipment. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, we spent approximately HK\$0.8 million, HK\$0.8 million and HK\$0.5 million, respectively, on acquiring new plant and machinery (including our self-designed equipment), and approximately HK\$1.5 million, HK\$2.4 million and HK\$0.5 million, respectively, to acquire the other equipment (such as, fixtures and motor vehicles) and carry out leasehold improvements. As at December 31, 2017, our plant and machinery had a total net book value of approximately HK\$3.0 million. We believe that our investment in different types of machines used to provide our services has placed us in a position to cater for construction projects of different scales and complexity. Our Directors also consider that possession of our own equipment allows us to devise suitable works schedules and methods tailored to different needs and requirements of different customers, and enables us to efficiently and effectively schedule our work and deploy our manpower.

Experienced project management team

Our management team has extensive industry knowledge and project experience in the construction services industry. Mr. K. Lim, our executive Director and Chief Executive Officer, Mr. P. Lim, our executive Director and Chief Operating Officer, has approximately 19 years and 9 years of experience in the construction industry. Mr. Yang, our technical manager, has over 25 years of experience in engineering, respectively in providing construction related services for both public and private sector projects. We also have our in-house quality control, technical and production personnel. This enables us to organize and advance our projects efficiently and provide quality services. For details of the qualification and experience of our Directors and Senior Management, please refer to the section headed “Directors and Senior Management” in this prospectus. Their qualifications and experience help to formulate competitive quotations, which are essential in securing new business opportunities for our Group and to manage our projects. Our Directors believe that the combination of our management and technical teams’ expertise and knowledge of the industry have been and will continue to be our Group’s valuable assets and strive our Group towards greater success.

BUSINESS STRATEGIES

Our principal business objective is to further strengthen our position as a leading provider of mechanical splicing services for the reinforced concrete construction industry in Hong Kong and to create long-term value for our Shareholders. We intend to (i) expand the scale of our operations and (ii) place more resources on research and development to consolidate our existing market share and expand into new industries or fields.

(i) Expanding scale of operations

We intend to continue to expand our business by competing for larger scale construction projects as well as increasing the number of projects in which we are engaged in by (a) opening a new workshop in a new location within the New Territories of Hong Kong, such as Yuen Long and Ping Che; (b) purchasing additional equipment; and (c) further strengthening our manpower.

We believe that, while expanding our scale of operations, we will be able to (i) efficiently manage our ongoing projects and newly awarded projects; (ii) participate in larger scale construction projects; and (iii) have sufficient capabilities to provide quality and timely services efficiently. Leveraging on our innovative method and technology, our reputation and experience over the Track Record Period and our prudent financial management, our Directors are of the view that we possess the necessary resources and technical ability and are well positioned to capture the emerging business opportunities for more sizeable projects in the future.

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(a) Acquiring a parcel of land to open a new workshop in a new location

Given the expected growth in the mechanical splicing services industry in Hong Kong, we expect business growth for the next two years. During the Track Record Period, the utilization rate for our existing production facilities for each of our financial years/relevant period exceeded 100%. Please refer to the section headed “Business — Our equipment — Our service capacity and utilization rate” in this prospectus for further details on our service capacities and utilization rates during the Track Record Period. In order to satisfy the expected demand for our services in the future without incurring overtime cost at our existing production facilities, we intend to expand our production capacity.

Currently, we leased all our workshops. There is no assurance that we will be able to renew the lease agreements for such workshops upon expiry on terms and conditions acceptable to us or at all. To ensure stability of our production facilities, we intend to purchase a parcel of land in the New Territories, such as Yuen Long and Ping Che to build an additional workshop and storage. As at the Latest Practicable Date, we had 16 production lines. We intend to form five additional production lines as part of our expansion plan through our internal resources. We estimate that the expansion would be completed by the end of 2018 or the beginning of 2019. Upon completion of expansion, we will have 21 production lines. As a result of the five additional production lines to be formed, our annual production capacity is expected to increase by 31.1%.

As at the Latest Practicable Date, we are in the course of identifying a potential parcel of land for opening a new workshop. We consider the acquisition of a parcel of land for opening of a new workshop as a crucial factor in determining our long-term growth and future success. A location selection committee, consisting of two Directors (including one independent non-executive Director) and two members of the senior staff, and chaired by one of the two Directors on the said committee, will be formed and be held responsible for selecting a suitable parcel of land for our new workshop by following our location selection strategy. We will take into consideration the following critical elements in selecting a potential workshop location:

Elements	Consideration factors
Land use and ownership	<ul style="list-style-type: none"> ● Land designated for industrial use ● Original owner’s land title, ownership rights and land use rights
Accessibility	<ul style="list-style-type: none"> ● Proximity to roads, ease of access ● Wide entrance and roads for large vehicles ● Distance from construction sites from our customers ● Availability of parking areas
Structure and size	<ul style="list-style-type: none"> ● Large flat land ● High ceilings of structure (if applicable) ● Large floor area of structure (if applicable)

BUSINESS

Elements	Consideration factors
Capital expenditure	<ul style="list-style-type: none"> • Capital expenditure and other necessary expenses • Time and size of investment return
Environment	<ul style="list-style-type: none"> • Compliance with environmental laws and regulations • Proximity to residential areas
Safety	<ul style="list-style-type: none"> • Compliance with safety laws and regulations • Flooding risk • Likelihood of accidents and hazards • Sufficient source of water for firefighting

We will engage an authorized land surveyor to review and confirm the status of compliance of the parcel of land with the applicable rules and regulations before acquiring it.

We expect to complete the acquisition of a suitable parcel of land approximately 12 months after the Listing.

We expect to spend approximately HK\$44.0 million of the proceeds from the Share Offer in pursuit of this business strategy. If the parcel of land that we intend to purchase costs more than the budgeted sum, if required, we expect to fund the shortfall with our internal resources. For further details of the implementation plan, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

We have compared and analyzed the benefits and costs of renting and purchasing a parcel of land for a workshop of approximately 25,000 square feet which is expected to substantiate our expansion plan. With reference to the average rent per square foot of our existing workshop and based on rental prices of industrial workshops that are in compliance with all applicable laws leased by independent third parties as advised by our real estate agents, it is estimated that the annual rental costs of leasing a workshop of our desired size and capacity is approximately HK\$4.0 million. Assuming a land lease to year 2057 of 40 years without costs of renewal, the depreciation expenses is estimated to be approximately HK\$1.1 million per year. In addition, by owning instead of renting a parcel of land, we do not run the risk of potential rent increases or the risk of having to relocate to another site in the future. Accordingly, our Directors believe that we could derive both financial and operational benefits by purchasing a parcel of land for our workshop.

(b) Purchasing additional equipment

We intend to acquire additional reinforcing bar cutting machines, and our self-designed CNC crimping machines and CNC threading machines to cope with the growth of our business and capitalize on the expected growth of construction work in future. We expect this to enhance our efficiency and capacity as well as technical capability in undertaking sizeable projects. In order to optimise our efficiency and technical capability for newly awarded projects, we plan to acquire additional equipments to form 5 production lines consisting of approximately 15 machines for providing our Seisplíce and Servisplíce services. The

expected total capital expenditure for the acquisition of the aforesaid equipment is expected to be funded by our internal resources. Our Directors believe that purchase of additional equipment will allow us to: (i) enhance our efficiency and technical capability; and (ii) increase our flexibility to deploy our resources more efficiently. Our Directors also believe that our investments in equipment will enable us to cater for projects of a larger scale and higher complexity in the future. Our Group will also continue to evaluate the operating condition, effectiveness and efficiency of our existing equipment and assess our need for additional equipment in view of our business development. We expect to utilize our internal resources in pursuit of this business strategy. For further details, please refer to the section headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

(c) Further strengthening our manpower

We believe that a strong team of staff members equipped with industry knowledge and experience in providing mechanical splicing services is critical to our continuing success. In addition, the involvement of our Directors and senior management at different stages of projects, including preparation of quotation, production and quality control, is crucial in upholding our quality and safety standards to the satisfaction of our customers. In order to satisfy the growing demand for our mechanical splicing services, we intend to strengthen our labour resources by recruiting experienced and skilled employees, in particular, steel fabricators, to further expand our production capacity and drive our business development. We expect to hire eight steel fabricators through internal resources by October 2018 to cater for further growth in our business. We expect to utilize our internal resources in pursuit of this business strategy.

We also intend to arrange internal training workshops and courses in relation to machine operation and occupational safety for our employees to further equip them with the skill set essential to our Group’s future expanded business. Selected members of our staff will be encouraged to attend external workshops and courses to keep abreast of the latest developments in the industry.

(ii) Placing resources into research and development

Our research and development activities will relate to our existing and future services and/or products. We intend to conduct research and development with a view of enhancing the quality and cost-effectiveness of our existing mechanical splicing services, and reducing overhead costs and servicing time. By delivering high quality services, we expect to consolidate our existing market share. In addition, our research and development team will conduct feasibility studies, and explore and develop application of our technology in other industries or fields to our business. We have prepared a technical quality manual to ensure that our services and operations continue to comply with the ISO 9001: 2008 quality management system standard. We will also update our quality assurance protocols to ensure that they include new services and products when they are commercialized. Our research and development team will consist of Mr. K. Lim, our executive Director and Chief Executive Officer, Mr. P. Lim, our executive Director and Chief Operating Officer, and Mr. Yang, our technical manager, who all possess extensive experience in and knowledge of our mechanical splicing system. We also intend to employ an additional qualified technical staff to join our research and development team. We expect to spend approximately

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HK\$3.0 million of the proceeds from the Share Offer to pursue this business strategy. For further details, please refer to the section headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

(iii) Further strengthening our marketing efforts

During the Track Record Period, the growth of our business mainly resulted from our solid track record. During the Track Record Period, we had fully utilized our production capacity and hence did not place significant focus on marketing activities. Once we expand our production capacity in line with our expansion plan, we plan to place more focus on marketing activities. Additional marketing activities may include but not limited to engagement of marketing consultants, advisers or firms specialising in the construction or engineering industry to conduct or advise us on potential marketing activities. We expect that the marketing firm can assist us to organize a company information dinner for the members of the Institution of Structural Engineers (Joint Structural Division), a branch of the Hong Kong Institute of Engineers, to raise awareness among the members of the quality and features of our services. In addition, we may consider to advertise directly in reputable journals and professional association publications, and increase participations in educational forums or exhibitions in the industry, as well as sponsor additional events and dinners with key participants in the industry. We expect that our marketing activities will promote our brand by highlighting our strengths, such as the high quality and consistency of our services, as well as our automated processing. Through these enhanced marketing activities, we expect to strengthen our existing customer base, as well as attract new customers, in order to increase our market share in the mechanical splicing services industry in Hong Kong.

For further details regarding the proposed use of proceeds from the Share Offer in pursuit of the above business strategies, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

Implementation of business strategies

For further details on the implementation of the above-mentioned business strategies, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

OUR SERVICES

We provide mechanical splicing services to the reinforced concrete construction industry in Hong Kong. Our main services include processing reinforcing bars and connecting them by couplers. We also provide couplers used in repair processes and we designed our water-stop couplers.

We provide two types of reinforcing bars processing services depending on our customers’ needs: one under our trademark “Servisplce” (“**Servisplce Services**”) and the other one under our trademark “Seisplce” (“**Seisplce Services**”). Servisplce Services do not add ductility to the mechanical splicing systems, unlike Seisplce Services which add ductility to the mechanical splicing systems.

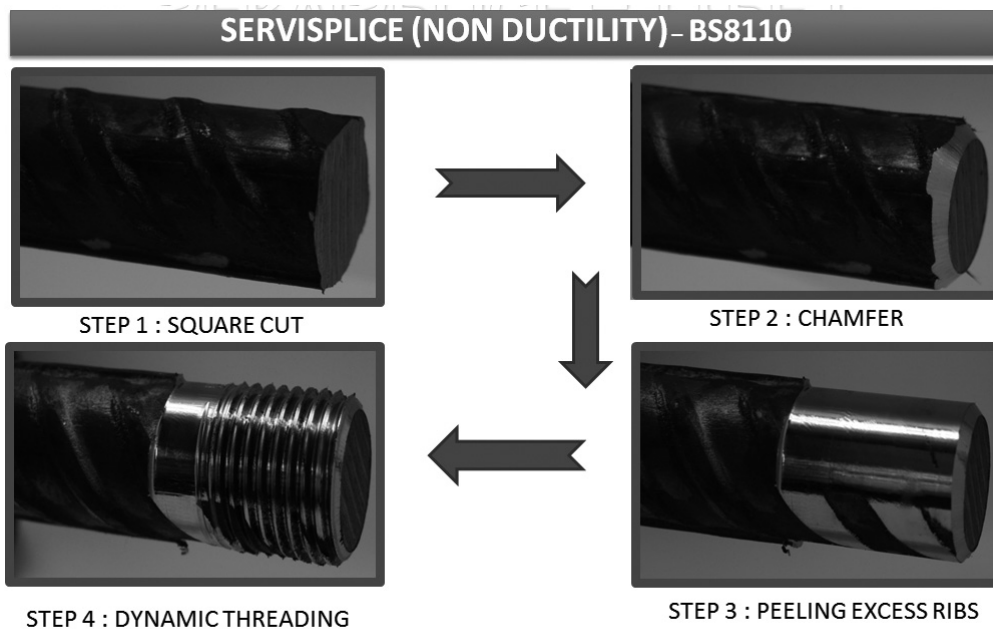
Reinforcing bars processing services

Equipment used

We use reinforcing bar cutting machines, self-developed CNC crimping machines and CNC threading machines to process reinforcing bars. Our machines are automated, efficient, easy to assemble and use. Automated processing also helps us to maintain high quality of our services and minimize human error, as well as reduces overhead expenses since the machines can be operated by a minimum number of employees. For further information regarding our equipment, please refer to the section headed “— Our equipment”.

Servisplíce Services

Couplers used in providing our Servisplíce Services comply with or exceed standards provided in the 2013 Code (as prescribed in the List of Building Materials (Mechanical Couplers) of the Central Data Bank of the Buildings Department). The Servisplíce Service include four steps as shown below: (i) square cutting; (ii) chamfering the end; (iii) peeling excess ribs; and (iv) dynamic rolled threading of the reinforcing bar. Reinforcing bars processed under our Servisplíce Services method are connected by Servisplíce couplers, which are not ductile and not seismic-resistant. We mainly use our cutting machines and self-developed CNC threading machines for our Servisplíce Services.



Seisplíce Services

Couplers used in providing our Seisplíce Services comply with or exceed standards provided in the ACC 133, 2004 Code and/or 2013 Code (as prescribed in the List of Building Materials (Mechanical Couplers) of the Central Data Bank of the Buildings Department). Our Seisplíce Services include the following four steps: (i) square cutting; (ii) crimping; (iii) chamfering the end; and (iv) dynamic rolled threading of the reinforcing bars, as detailed below. Reinforcing bars processed under our Seisplíce Services method are connected by Seisplíce couplers, which are ductile and seismic-resistant, rendering

a mechanical splicing system of high performance, strength and ductility. We mainly use our cutting machines, and self-developed CNC threading machines and CNC crimping machines in our Seisplice Services.

Seisplice



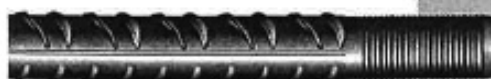
Saw Cut Square



Control Crimping



Chamfer Rebar end



Roll the Thread

Step 1: Once the reinforcing bars of our customers arrive at our workshop, our employees use our reinforcing bar cutting machines to cut the reinforcing bars to the required length as specified in the relevant purchasing order from our customer. There is no special requirement on the reinforcing bar's rib pattern or geometry, provided that the reinforcing bar is relatively straight.

Step 2: Our employee then inserts the reinforcing bar into the CNC crimping machine to compress the ribs into the reinforcing bar to increase the roundness of the reinforcing bar. Our steel fabricators visually check crimping of every reinforcing bar processed.

Step 3: Our employee then uses our self-developed CNC threading machine to chamfer the end of the reinforcing bar. This helps with engaging the reinforcing bar with the coupler.

Step 4: As a final stage, our employee uses our self-developed CNC threading machine to roll thread on the reinforcing bar. Our steel fabricators visually check the reinforcing bar thread and thread profile of every reinforcing bars processed.

Connecting processed reinforcing bars by couplers

We use two main types of couplers in our production — (i) couplers used to connect reinforcing bars processed under our Servisplice Services method; and (ii) couplers used to connect reinforcing bars processed under our Seisplice Services method. For underwater construction, we use water-stop couplers which are waterproof and prevent rusting of the reinforcing bars to which they are connected to.

We connect the processed reinforcing bars by our self-designed couplers. The processed reinforcing bars connected by couplers are used in construction and provide strength to reinforced concrete construction.

Our customers transport reinforcing bars to our workshops for processing. At our workshops, our self-developed CNC threading machines are used to create coupler threading, then our employees screw and tighten the couplers onto the reinforcing bars received.

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To differentiate Servisplice couplers from Seisplice couplers, we use marking, different rings on the top and bottom of Seisplice couplers and protective caps of different colours: blue for Servisplice couplers and red for Seisplice couplers. All our couplers are stamped with unique batch numbers, brand name and size for traceability purposes. Couplers are shipped to us with plastic caps fitted at one end, wrapped in plastic bags and packed in carton boxes as per our packing specifications.

During Track Record Period and up to May 2017, we placed all of our orders for couplers used in the provision of our services with the OEM Factory through BOSA (Taiwan). In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our branch office in Taiwan was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we placed all of our orders of couplers from the OEM Factory directly through our branch office in Taiwan. We also placed sample orders for couplers from an alternative OEM factory for conducting laboratory tests in July 2016. Please refer to the section headed “— Suppliers” for more information.

Below are our Group’s products of processed reinforcing bars connected with our self-designed couplers:



Repair couplers

We also provide couplers named “iSplice” which are used in repair processes. We have been granted a patent in the U.S. in relation to our “iSplice” couplers and the patent is valid for 20 years from June 21, 2013. In the repairing process, we install “iSplice” couplers connecting the starter reinforcing bar with continuing reinforcing bars threaded under our Servisplice or Seisplice Services.

Water-stop couplers

We also designed our own water-stop couplers for underwater use. Our water-stop couplers block water from being in contact with the end of the reinforcing bars to which they are connected with, so as to prevent rusting when used underwater. We have been granted a patent in Hong Kong and in the PRC in relation to our water-stop couplers. The Hong Kong patent is valid for four years from August 16, 2016, while the PRC patent is valid for 10 years from July 18, 2016.

OUR TECHNOLOGY

Patented method of controlled crimping

Our self-developed CNC crimping machines used for Seisplice Services apply our innovative patented method of controlled crimping on the reinforcing bars. Our method of controlled crimping does not change the diameter of reinforcing bars and leads to a stronger connection between the reinforcing bars and couplers. Mr. Kwan and Ms. Wang Yu-Ju (spouse of Mr. Wang) were granted a patent for our controlled crimping method of processing reinforcing bars in Hong Kong. The patent is valid for eight years from August 1, 2012 and was assigned to our Group on May 26, 2017.

Our self-developed CNC crimping machines are capable of compressing and crimping symmetrically round reinforcing bars efficiently. They automatically reform the reinforcing bars by compressing ribs on the surface of the reinforcing bar with high power and exerting external force on the bar to achieve nearly perfect rounding. This method preserves the property and diameter of reinforced bars, and improves their strength. Our CNC crimping machines are fully automated and controlled by computer programs. For safety purposes, our crimping machines use locking mechanisms to hold reinforcing bars until they have been rounded.

Dynamic rolled threading

In both Servisplice and Seisplice Services, we use our self-developed CNC threading machine to implement the dynamic rolled threading method. Dynamic rolled threading helps to preserve and strengthen structural integrity of the reinforcing bars. This method creates a stronger connection between reinforcing bars and couplers to strengthen reinforced concrete construction objects.

OUR PROJECTS

The following table sets out the number of projects that we undertook during the Track Record Period, and as at the Latest Practicable Date, and the corresponding amount of revenue derived from such projects:

	During the year ended		During the	
	June 30,		six months	
	2016	2017	ended	Latest
			December 31,	Practicable
			2017	Date
Number of projects ⁽¹⁾	136	166	136	82
Corresponding aggregate amount of original project revenue in respect of such projects (HK\$ million) ⁽²⁾	<u>54.8</u>	<u>50.3</u>	<u>25.6</u>	<u>10.2</u>

Notes:

- (1) Number of projects for the specified periods includes all projects in which we were engaged in and derived revenue from during such period.
- (2) Such amount excludes any subsequent orders from our customers.

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Set out below is the table showing the number of projects completed and awarded to us and the aggregate project sum during the Track Record Period and as at the Latest Practicable Date:

Period	Number of projects	Project sum ⁽¹⁾ HK\$ million
<i>As at June 30, 2015</i>		
Ongoing projects	65	39.2
<i>During the financial year ended June 30, 2016</i>		
Projects completed	64	9.9
New projects awarded	71	20.3
<i>As at June 30, 2016</i>		
Ongoing projects	72	44.4
<i>During the financial year ended June 30, 2017</i>		
Projects completed	74	6.0
New projects awarded	92	17.6
<i>As at June 30, 2017</i>		
Ongoing projects	90	44.2
<i>For the six months ended December 31, 2017</i>		
Projects completed	49	1.2
New projects awarded	55	4.3
<i>As at December 31, 2017</i>		
Ongoing projects	104	24.4
<i>From January 1, 2018 up to the Latest Practicable Date</i>		
Projects completed	54	0.9
New projects awarded	32	4.5
<i>As at the Latest Practicable Date</i>		
Ongoing projects	82	10.2

Note:

- (1) The project sum is based on the initial agreement between our customer and us and may not include subsequent additional or modified orders, as such, the final revenue recognized from a project may differ from the project sum.

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Completed projects

During the Track Record Period and up to the Latest Practicable Date, we completed 241 projects.

The following table sets out a list of our top 10 projects (in terms of accumulated revenue recognized during the Track Record Period) completed during the Track Record Period.

Project no.	Project details	Sector	Commencement date ¹	Completion date ²	Revenue ³ (HK\$ million)	Aggregate revenue recognized during Track Record Period ⁴ (HK\$ million)
1	Hung Hom station of Shatin-Central Link	Public	July 2013	June 2017	33.1	9.5
2	Private property development at Kai Tak	Private	October 2015	September 2017	5.2	5.2
3	Private property development at Kai Tak	Private	November 2015	August 2017	3.5	3.5
4	Central-Wan Chai Bypass	Public	December 2014	August 2017	3.9	2.9
5	Office complex development at Kwun Tong	Private	April 2015	October 2016	2.1	1.9
6	Residential development at Lohas Park (Phase 6)	Private	September 2016	December 2016	1.5	1.5
7	Hung Hom North Approach Tunnels	Public	July 2015	June 2016	1.4	1.4
8	Hotel development at North Point	Private	April 2015	August 2016	1.9	1.4
9	Hong Kong-Zhuhai-Macau Bridge (passenger crossing border complex)	Public	October 2015	March 2017	1.3	1.3
10	Private property development at Shau Kei Wan	Private	July 2015	May 2017	1.2	1.2
					Total	29.8

Notes:

1. The commencement date for a particular project refers to the date of actual commencement of our substantial work, whereas the completion date for a particular project refers to the actual date of substantial completion of our works in such project.
2. A project is considered by our Group as completed when no purchase order was received by us in respect of such project for three months.
3. “Revenue” includes the aggregate income generated by the named project between the commencement date and completion date.
4. “Aggregate revenue recognized during the Track Record Period” includes the aggregate income generated by the named project during the Track Record Period, namely from July 1, 2015 to December 31, 2017.

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Ongoing projects

As at the Latest Practicable Date, we had a total of 82 ongoing projects.

The following table sets out a list of our top 10 ongoing projects (in terms of accumulated revenue recognized during the Track Record Period) as at the Latest Practicable Date:

No.	Customer ⁽¹⁾	Public or Private	Start date ^{(2), (4)}	Revenue ⁽³⁾ (HK\$ million)	Accumulated revenue recognized during the Track Record Period ⁽⁴⁾ (HK\$ million)
1	Exhibition Centre Station of Shatin-Central Link	Public	July 2015	8.1	8.1
2	Residential development at Nam Cheong	Private	January 2014	17.5	5.9
3	Liantang Heung Yuen Wai Boundary Control-Point and associated works	Public	January 2015	6.6	5.5
4	Private property development at Tai Wai	Private	April 2016	6.6	5.2
5	Residential development at Lohas Park (Phase 4)	Private	April 2015	5.0	4.7
6	Residential development at Lohas Park (Phase 7)	Private	January 2017	5.7	4.5
7	Office complex development at Kwun Tong	Private	June 2017	4.2	3.0
8	Infrastructure works for developments at Kai Tak	Public	May 2016	2.6	2.4
9	Residential development at Lohas Park (Phase 6)	Private	February 2017	2.3	2.3
10	Residential development at Tseung Kwan O	Private	May 2016	2.3	2.1
				Total	<u>43.7</u>

Notes:

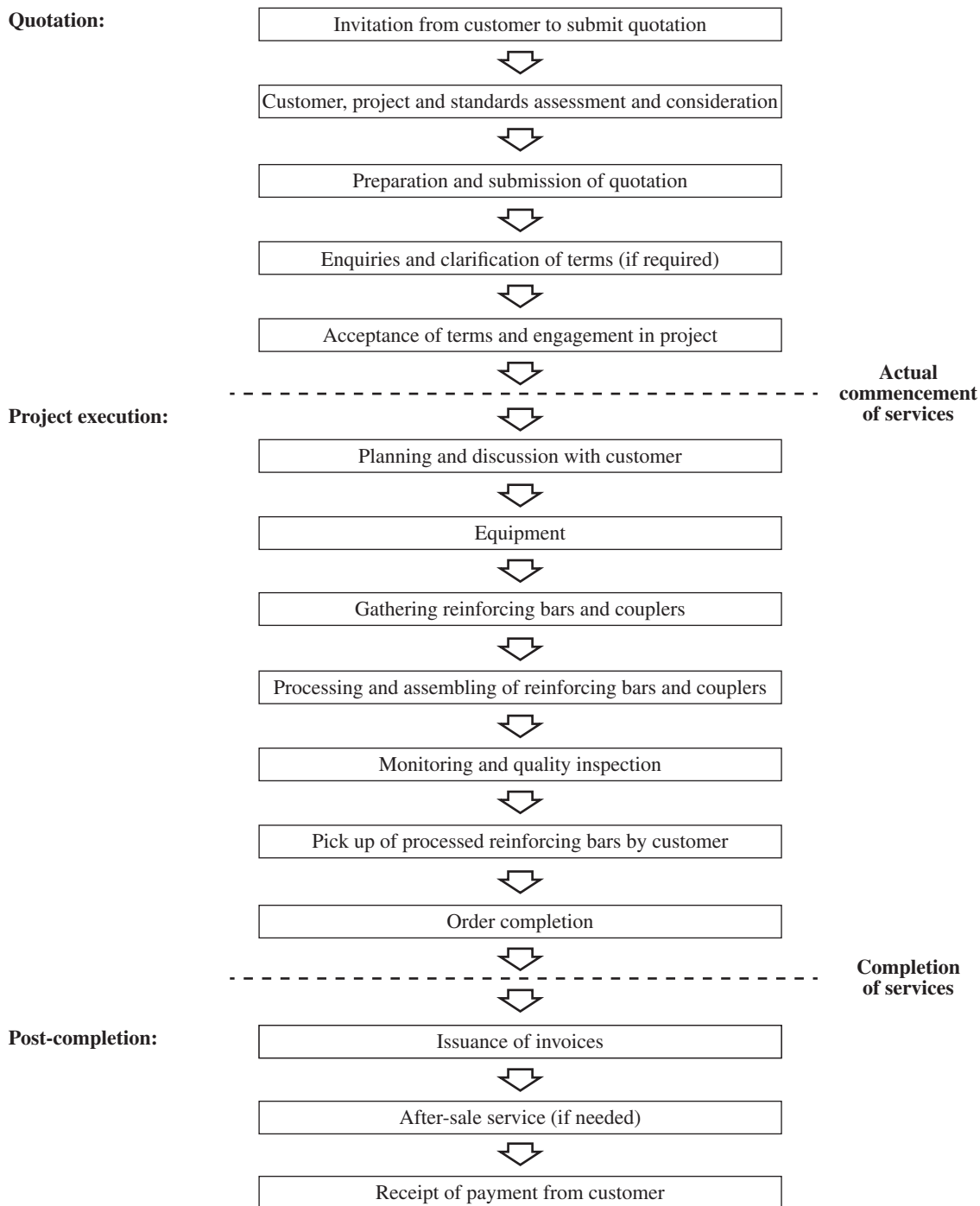
- (1) These customers are our major customers during the Track Record period. Details of our five largest customers are set out in the section headed “— Customers — Major customers”.
- (2) Start date of a particular project refers to the date of actual commencement of work.
- (3) “Revenue” includes the aggregate income generated by the named project between the commencement date and the Latest Practicable Date.
- (4) “Aggregate revenue recognized during the Track Record Period” includes the aggregate income generated by the named project during the Track Record Period, namely from July 1, 2015 to December 31, 2017.

As disclosed in the section headed “— Customers — Major terms of engagement”, our customers engage us on a project-by-project basis. The majority of our customers engage us without a written contract and place orders with us by accepting our quotations or issuing purchase orders to us in batches or stages during the project period. Accordingly, it is practically impossible for us to ascertain the amount of revenue expected to be recognized in the future. The table above sets out the revenue generated by our top 10 ongoing project (i) from the commencement date of such project up to the Latest Practicable Date; and (ii) during the Track Record Period.

BUSINESS

OPERATION FLOW

The following diagram summarises the principal and typical steps of our operation flow:



Quotation

We are usually invited by our customers to submit a quotation for a potential project as a service provider. Our customers are primarily main contractors and subcontractors of different types of construction projects, and they would include our quotation in their tender proposals submitted to their final customers, such as, property developers and government-related bodies. We are usually provided with the required standards and specifications, and drawings along with the invitations. Some of our customers invite us to submit quotations in stages to match their requirement for reinforcing bars at different stages of construction.

In the preliminary project assessment process, our executive Directors generally consider (i) the required technical specifications; (ii) the complexity and duration of the potential project; (iii) the location and conditions of the construction site; (iv) servicing capacity; (v) cost of couplers that will be used in our services; (vi) cost of labour and materials; (vii) availability of resources; and (viii) our previous experience in relevant projects.

Once our executive Directors generally consider a potential project to be acceptable based on our review and assessment, we will prepare and submit a quotation to our customer accordingly. In the course of preparation of a quotation, we consider (i) the complexity of the potential project; (ii) the manpower needed; (iii) availability of equipment and inventory of couplers; and (iv) the price (details of our pricing strategy is set out in the section headed “— Customers — Pricing strategy”). We then prepare and submit our quotation which usually includes the terms of our services.

Upon receipt of our quotation, the potential customer may, by way of enquiries, clarify with us the particulars of our quotation. The potential customer would then include our quotation in their overall tender proposal and submit it to their final customers, including property developers and government-related bodies. If we are engaged, we will be informed of the acceptance of our quotation when our customer returns a signed quotation confirming its acceptance of the terms or when our customer issues a purchase order to us. For two customers, in particular, we entered into two formal contracts with them for two different projects. For the principal terms of our engagement in a typical project, please refer to the section headed “— Customers — Major terms of engagement”.

Quotations submitted during the Track Record Period

During the Track Record Period, except for two projects in which a contract was entered into, all of our projects were obtained through providing a quotation.

It was our strategy to be responsive to our customers’ invitations and submit quotations to our existing customers to maintain business relationship with them and maintain our presence in the market.

Project execution

Once our engagement is confirmed, we commence implementation of the project by: (i) planning and discussion with the customer; and (ii) preparation of equipment which is either used at our workshops or delivered to the construction site of our customer for on-site use. Our next project implementation steps include: (i) taking couplers that meet required standards from inventory; (ii) processing and assembling reinforcing bars with couplers, (iii) quality inspection of processed reinforcing bars; and (iv) customers picking up the processed reinforcing bars from our workshops.

Planning and discussion with customer

Before we carry out services, we discuss with the customer and confirm the overall delivery schedule and other details of our services. The customer would then place orders with us in accordance with the delivery schedule which may be amended from time to time.

Equipment

Our services involve usage of our machines. We process customers' reinforcing bars either at our workshops or at our customers' construction sites, depending on the needs of the project. For details on our equipment, please refer to the section headed "— Our equipment".

Gathering reinforcing bars and couplers

We purchase couplers from the OEM Factory and maintain an inventory of couplers at our storage. When we receive an order, we take couplers of the required type and standards from our inventory. Reinforcing bars are delivered to our workshops by our customers.

Processing and assembling of reinforcing bars and couplers

The processing of reinforcing bars and assembly of one end of reinforcing bars with couplers are executed by our workers at our workshops or at the construction site of our customer if we are required to work on-site. The other end of the reinforcing bars will be connected by steel fixers at the construction site after concrete casting. Throughout the execution phase, our project manager will meet our customer to review work progress and resolve any issues identified during the course of execution.

Monitoring and quality inspection

Our executive Directors, with the assistance of our project team, monitor work progress, project performance, and risks of delay of execution of the project, handle and respond to requests from our customer and follow-up matters. Our couplers are checked in the process of their production by the OEM Factory at their factories before shipment to us. We check all documentation, including certificates, accompanying our customers' reinforcing bars prior to processing them. Our reinforcing bar processing work are carried out by our workers to ensure that the processing work is carried out in accordance with our prescribed procedures and meet our quality requirements. Our workers ensure that the machines are in operable state before operating them, and they check and inspect the processed and assembled reinforcing bars at every production stage. After inspection, the installed couplers are protected by plastic caps as per our packing specifications. All monitoring and quality inspection are carried out as per our quality assurance procedures.

Pick up of processed reinforcing bars by customer

Our customer would come to our workshops to pick up the processed and assembled reinforcing bars and transport them to its site. Every delivery is accompanied by a delivery note that describes specifications, quantities and batch of reinforcing bars delivered.

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Order completion

An order is normally regarded as practically completed when the services under our customer's order have been duly delivered and accepted by it.

Post-completion

Issuance of invoices for our services

We submit invoices which generally include details of the completed work and the cost of the completed work for every batch of delivery. Our invoices are typically due for payment within 15–30 days of the invoice date.

Except for two projects in which we were required to pay retention payment, we have not been required to pay retention payment for our other projects. During the Track Record Period, the projects mentioned above involved 5.0% of the project sum as retention money. Please refer to the section headed “— Customers — Major terms of engagement” for more details.

After-sale service

If our customer has any question about our services, they may give us a call to discuss and, if necessary, we may visit the customer's site for further discussion and demonstration (as may be required).

CUSTOMERS

Characteristics of our customers

During the Track Record Period, our customers primarily include main contractors and subcontractors of various different types of construction projects in Hong Kong. For information regarding our projects undertaken during the Track Record Period, please refer to the section headed “— Our projects” in this section.

Major customers

For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the percentage of our total revenue attributable to our largest customer (by group) amounted to approximately 26.6%, 14.7% and 16.8%, respectively, while the percentage of our total revenue attributable to our five largest customers (by group) combined amounted to approximately 62.8%, 49.2% and 58.7%, respectively. The decrease in the amount of revenue derived from our largest customer in the year ended June 30, 2016 (Customer A) from approximately HK\$14.6 million in the year ended June 30, 2016 to approximately HK\$7.4 million in the year ended June 30, 2017 and approximately HK\$2.6 million in the six months ended December 31, 2017 was primarily due to a general decrease in the number of property development projects undertaken by Customer A which commenced the relevant stages of construction requiring our services in such period and accordingly a corresponding decrease in orders placed with us. Our Directors confirm that the relationship between our Group and Customer A remained unchanged in such period.

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Set out below is a breakdown of our revenue by our five largest customers (by group) during the Track Record Period and their respective background information:

For the year ended June 30, 2016:

Rank	Customer	Principal business activities	Approximate year(s) of business relationship	Credit terms	Revenue (HK\$ million)	% of total revenue
1	Customer A	A property development group of which the holding company is listed in Hong Kong. The principal activities of Customer A include, among others, land acquisition, architecture, construction, engineering, property ownership, development and management, hotel and telecommunication.	5	30 days from the invoice date	14.6	26.6%
2	Customer B	A company that delivers a full range of construction and engineering services across Asia. The principal activities of Customer B include, among others, site formation and clearance, erection of architectural superstructures, railway, road and tunnel system design and construction, and clean coal technologies.	4.5	30 days from receipt of interim payment schedule submitted by us and 3 months from receipt of final invoice from us	7.5	13.7%
3	Customer C	A company that delivers construction and engineering contractor services across China and Southeast Asia. The principal activities of Customer C include, among others, piling, foundations, substructure, tunneling, bridges, building, marine works and water storage.	5	15–30 days from the invoice date	6.0	11.0%
4	Customer D	A construction contracting joint venture company that delivers construction and engineering services. The principal activities of Customer D include, among others, site formation and clearance, erection of architectural superstructures, railway, road and tunnel system design and construction and clean coal technologies.	2	30 days from receipt of interim application for payment submitted by us and 3 months from receipt of final invoice from us	3.7	6.8%
5	Customer E	A company that delivers building and civil works in China and other Asia Countries. The principal activities of Customer E include, among others, design and construction, tunneling, electrical contracting and maintenance.	3	15–30 days from the invoice date	2.6	4.7%
Total					<u>34.4</u>	<u>62.8%</u>

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For the year ended June 30, 2017:

Rank	Customer	Principal business activities	Approximate year(s) of business relationship	Credit terms	Revenue (HK\$ million)	% of total revenue
1	Customer A	A property development group of which the holding company is listed in Hong Kong. The principal activities of Customer A include, among others, land acquisition, architecture, construction, engineering, property ownership, development and management, hotel and telecommunication.	5	30 days from the invoice date	7.4	14.7%
2	Customer F	A major subcontractor construction company that is based in Hong Kong. The principal activities of Customer F include, among others, rebar fixing, bored pile foundation, civil engineering and infrastructure construction.	3.5	30 days from the invoice date	5.3	10.5%
3	Customer G	A property development group which holding company is listed in Hong Kong. The principal activities of Customer G include, among others, property, infrastructure and related services, property ownership and development, department stores and hotels.	4	30 days from the invoice date	5.0	9.9%
4	Customer D	A construction contracting joint venture company that delivers construction and engineering services. The principal activities of Customer D include, among others, site formation and clearance, erection of architectural superstructures, railway, road and tunnel system design and construction and clean coal technologies.	2	30 days from receipt of interim application for payment submitted by us and three months from receipt of final invoice from us	3.7	7.3%
5	Customer E	A company that delivers building and civil works in China and other Asia Countries. The principal activities of Customer E include, among others, design and construction, tunneling, electrical contracting and maintenance.	3	15–30 days from the invoice date	3.4	6.8%
					Total	24.8 49.2%

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For the six months ended December 31, 2017:

Rank	Customer	Principal business activities	Approximate year(s) of business relationship	Credit terms	Revenue (HK\$ million)	% of total revenue
1	Customer G	A property development group which holding company is listed in Hong Kong. The principal activities of Customer G include, among others, property, infrastructure and related services, property ownership and development, department stores and hotels.	4	30 days from the invoice date	4.3	16.8%
2	Customer H	A Hong Kong company principally engaging in building construction, project management and investment holdings, which is a direct wholly-owned subsidiary of a group listed on the Main Board of the Stock Exchange engaging in construction business, project consultancy services, thermoelectricity business, infrastructure project investment, toll road operation and facade contracting business.	3	30 days from the invoice date	3.6	14.1%
3	Customer F	A major subcontractor construction company that is based in Hong Kong. The principal activities of Customer F include, among others, rebar fixing, bored pile foundation, civil engineering and infrastructure construction.	3.5	30 days from the invoice date	2.8	11.0%
4	Customer A	A property development group of which the holding company is listed in Hong Kong. The principal activities of Customer A include, among others, land acquisition, architecture, construction, engineering, property ownership, development and management, hotel and telecommunication.	5	30 days from the invoice date	2.6	10.0%
5	Customer C	A company that delivers construction and engineering contractor services across China and Southeast Asia. The principal activities of Customer C include, among others, pilling, foundations, substructure, tunneling, bridges, building, marine works and water storage.	5	15–30 days from the invoice date	1.7	6.8%
					Total	15.0 58.7%

None of our Directors, their close associates, or any Shareholders who or which, to the knowledge of our Directors, owned more than 5% of the issued Shares of our Company as at the Latest Practicable Date, had any interest in any of the five largest customers of our Group during the Track Record Period.

Marketing activities

Our Directors consider that, due to our reputation of unique services and our well-established relationships with our existing customers, we are able to expand our existing customer base without heavy reliance on marketing and promotional activities. Our marketing activities generally include participation in construction industry related events, such as, annual dinners and annual seminars of the Hong Kong Institute of Clerks of Works, the Hong Kong Institution of Engineers and the Institution of Structural Engineers, and sponsoring the said activities. Promotional materials and demonstration booklets about our services are made available to potential customers for their perusal. We also place an emphasis on maintaining business relationships with existing customers by being responsive to their needs and providing services of high and steady quality. Our executive Directors are generally responsible for keeping abreast of market developments and potential business opportunities, supervising our marketing activities and maintaining relationships with customers.

Pricing strategy

The price of each type of our service comprise of two components, namely, price of couplers used in providing that type of service and price of threading. We set our prices for our services with reference to the prevailing market prices in the industry. Our pricing for different projects may vary slightly depending on a number of factors, including without limitation, length of our relationship with our customers, and size and particulars of the project concerned.

Major terms of engagement

Our customers engage us on a project-by-project basis and enter into project-based engagement with us. The majority of our customers engage us without a written contract and place orders with us by accepting our quotations or issuing purchase orders to us in batches or stages during the project period. During the Track Record Period, two of our major customers required us to enter into written contracts with them in respect of two projects.

Quotations/Purchase Orders

Apart from the customers which have entered into written contracts with us, our engagement with customers is mainly documented by quotations and purchase orders which include the following terms: delivery date, type and scope of work, credit terms and price. Customers which are larger entities tend to engage us by issuing purchase orders to us. Customers that are smaller entities are more inclined to engage us by counter-signing our quotations and returning them to us. In some cases, counter-signed quotations and purchase orders both exist.

- *Delivery date:* The quotation and/or purchase order specifies the date our customers are expected to pick up the reinforcing bars processed by us.
- *Type and scope of work:* The quotation and/or purchase order specify the type and scope of our products and services in detail, indicating whether we are to provide couplers and/or processing reinforcing bars, and their specifications, descriptions, quantities and required standards.

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- *Price:* The quotation and/or purchase order specify the unit price and total price of our products and services.
- *Credit terms:* We usually give our clients a credit term of 15–30 days from the invoice date by when they need to settle their outstanding bills.

Written contracts

We entered into two written contracts with two of our major customers in relation to two public sector projects that we undertook during the Track Record Period. Those contracts are subcontracts and are to be read with the main contracts entered into between our customer (being the main contractor) and the developer.

- *Project period:* The period of the contracts starts from the date when we are instructed to commence work. The contract period varies depending on project size and complexity, and may be extended.
- *Type and scope of work:* The contracts identify the type and scope of our services in detail. They indicate that we are to provide reinforcing bars processing service in compliance with the applicable standards and provide the necessary site representative, workers, transportation, samples, reports, quality plans, safety and environmental plans and other items to complete our services.
- *Delivery of equipment to customer's site:* One of the contracts also provides for delivery of equipment to our customer's site for use on-site. Such equipment includes our cutting machines, and self-developed CNC crimping machines and CNC threading machines.
- *Bills of quantities/Schedule of rates:* The contracts include bills of quantities/schedule of rates which generally contain description of the types, specifications, quantities and other details of services to be carried out and/or provided by us, and price rates for each types of services under the project.
- *Payment terms:* The contracts provide for interim or progress payments. We submit a written statement which generally include details of the completed work and the cost of the couplers delivered on a monthly basis. Our invoices are paid after our customer is paid by the developer and within 30 or 49 days (depending on the contract) of receipt of the aforesaid written statement by the customer. Upon reaching an agreement with the customer on the final amount, we issue a final invoice for our services which the customers are required to pay within three months of receipt.
- *Retention money:* Our customers may retain up to 10% of the value of our services for each payment and up to 5% of the total project sum as retention money. 50% of the retention money withheld is usually released to us within 14 days after our customers receives first half of its retention money under the main contract and the remaining 50% of the retention money is released after within 14 days after our customer receives second half of its retention money under the main contract. As at June 30, 2016 and 2017 and December 31, 2017, our retention monies receivables amounted to approximately HK\$0.9 million, HK\$0.9 million and HK\$0.9 million, respectively. Please refer to the section headed "Financial Information —

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Discussion of certain principal items in the consolidated statements of financial position items — Trade receivables” in this prospectus for a further discussion and analysis regarding our trade and other receivables.

- *Indemnities:* We undertake to indemnify our customer against all liabilities to other persons, including as a result of a bodily injury, damage to property or other loss arising out of or in connection with a breach by us of the contract. We also undertake to indemnify our customers against all costs, charges and expenses that may be payable by our customer as a result of claims of such persons. Our customers undertake to indemnify us against all liabilities and claims against which the developers undertake to indemnify our customers (as the main contractors) by the terms of the main contracts. Our Directors confirm that we had not experienced any material claims by our customer arising from breach of contracts during the Track Record Period and up to the Latest Practicable Date.
- *Insurance:* In general, it is the obligation of the developers of the construction projects to have proper insurance policies in place against damages, claims and compensation in respect of the persons who are employed to work at the construction sites. We are also required by our customers to effect insurance against specified risks, such as, loss of or damage to the plant, machinery, equipment, materials and vehicles required to be used for carrying out our services. We are also required by our customers to obtain motor vehicle damage insurance, insurance covering marine vessels and insurance covering liability for death of or bodily injury to any person and damage to property which is caused by or in connection with use of automotive units engaged in carrying out our services.
- *Termination:* Our customers may terminate the contracts by giving an advance notice if, in their opinion, among others, we fail to execute the work in accordance with their requirements or our works is unsatisfactory, or we omit to do anything that render our customer liable to termination under the main contract. If the main contract is terminated before we have fully performed our obligations under the contracts, our customers may also terminate our engagement by giving written notice. After termination, we will be entitled to be paid, including without limitation, the full value of the work done on the construction site, full value of couplers delivered and reasonable costs of removing our equipment from the construction site, less sums that we have already received. During the Track Record Period and up to the Latest Practicable Date, we did not experience any early termination of projects upon the request of our customers.

Collection of our trade receivables and retention monies receivables

As at June 30, 2016 and 2017 and December 31, 2017, we recorded trade receivables of approximately HK\$17.4 million, HK\$17.9 million and HK\$20.8 million, respectively, of which approximately HK\$12.8 million, HK\$12.9 million and HK\$16.4 million respectively, had been past due but not impaired. As of the Latest Practicable Date, approximately HK\$17.3 million, or 99.5%, HK\$16.5 million, or 92.4%, HK\$15.7 million, or 75.6%, of trade receivables as at June 30, 2016, June 30, 2017 and December 31, 2017, respectively, were settled. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the average trade receivables turnover days were approximately 95.8 days, 127.9 days and 139.1 days, respectively. In addition, we had a concentration of credit risk

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with exposure limited to certain customers. Our top five debtors comprised approximately 46.9%, 49.5% and 57.3% of our total trade receivables as at June 30, 2016 and 2017 and December 31, 2017, respectively.

To mitigate risks in relation to the collectability of our trade receivables and retention monies receivables, we have implemented the following measures:

- Customer acceptance procedures are performed on our customers, including but not limited to checking our internal record regarding the payment history of existing customers.
- Material overdue payments are monitored continuously and evaluated on a case-by-case basis as to the appropriate follow-up actions, having regard to the customer's normal payment processing procedures, our relationship with the customer, its financial position as well as the general economic environment.
- Follow-up actions generally include but are not limited to close monitoring of subsequent settlement of payments, issuing payment reminders, actively liaising with customers, suspension of acceptance of future orders and, if necessary, taking legal actions.
- In addition, our management closely monitor the subsequent settlement of payments by our customers regularly to ensure adequate impairment losses are provided for irrecoverable trade receivables.

Please also refer to the section headed “Financial Information — Discussion of certain principal items in the consolidated statements of financial position items — Trade receivables” in this prospectus for a further discussion and analysis on our trade receivables and our trade receivables turnover days during the Track Record Period.

Seasonality

Our Directors believe that the construction industry in Hong Kong in which we operate is not materially affected by seasonality.

INVENTORIES

We purchase couplers with reference to, among others, the market price of couplers and our assessment of the demand for couplers of our existing projects so as to ensure we have a stable supply of couplers at a stable price for our customers. To overcome the risk of shortage of couplers, we retain couplers as an inventory estimated to be sufficient to last for approximately three months. We had couplers inventory which cost approximately HK\$2.7 million, HK\$2.2 million and HK\$2.5 million as at June 30, 2016 and 2017 and December 31, 2017, respectively. For the years ended June 30, 2016 and June 30, 2017 and the six months ended December 31, 2017, our inventory turnover days were approximately 76.0 days, 71.4 days and 64.1 days respectively. Please refer to the section headed “Financial Information — Discussion of certain principal items in the consolidated statements of financial position — Inventories” in this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material damage or loss of couplers.

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We have implemented the following measures to manage our inventory:

- Written inventory records of each workshop is maintained and filed.
- Our executive Director and Chief Executive Officer, Mr. K. Lim, who 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.
- Physical inventory count is carried out on a regular basis by our finance staff and inventory count reports are prepared accordingly.
- Inventory count reports are reviewed and signed by our finance manager and any discrepancies noted in the inventory count reports are properly followed up by our finance manager through making enquiries and tracing of inventory records.

SUPPLIERS

Couplers are the principal raw material used and purchased by our Group. Our couplers are all sourced from Taiwan.

During the Track Record Period and up to May 2017, we placed 100% of our orders for couplers used in provision of our services with BOSA (Taiwan), which then placed orders with the OEM Factory. In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our Taiwan branch office was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we placed all of our orders of couplers with the OEM Factory directly through our Taiwan branch office. Our Directors are of the view that the establishment of our branch office in Taiwan will not pose any material financial impact on our Group, as the costs of such establishment as well as the ongoing costs of running such branch office is insignificant.

OEM Factory

Our relationship with the OEM Factory

During the Track Record Period and up to the Latest Practicable Date, all of our couplers used in the provision of our services were manufactured by the OEM Factory.

We 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. Please refer to the section headed "Industry Overview — Taiwan coupler market — Key success factors" in this prospectus for details.

Background of the OEM Factory

The OEM Factory is one of the producers of couplers made of raw steel in Taiwan. Founded in 1997 and headquartered in Taiwan, the OEM Factory is principally engaged in the production of couplers. The OEM Factory's business also covers wholesale of hardware, building materials and machinery, retail of metals and building material, and international trade. During Track Record Period, we, through BOSA (Taiwan), ordered approximately 69,000 couplers per month, on average, from the OEM Factory. As at the Latest Practicable Date, our Directors believed that approximately 50%–60% of the OEM Factory's revenue was contributed by our Group. Our Directors confirm that the Group has not experienced shortage of supply of couplers to our Group during the Track Record Period and up to the Latest Practicable Date. In addition, third party service agent's search result did not indicate or reveal that the OEM Factory is subject to material litigations or winding up proceedings. Based on our Directors' past dealings with the OEM Factory as well as the third party service agent's search result, our Directors believe that the OEM Factory is not in any financial difficulty and will continue as a going concern.

Contractual arrangement with the OEM Factory

We entered into a long-term non-exclusive framework agreement with the OEM Factory in November 2016 and placed our first direct purchase order with the OEM Factory through our Taiwan branch office in May 2017. In the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the total sum of our purchases for couplers with BOSA (Taiwan) and/or with the OEM Factory through our branch office in Taiwan amounted to approximately HK\$13.6 million, HK\$12.0 million and HK\$7.0 million, respectively.

The material terms of our non-exclusive framework agreement with the OEM Factory include the OEM Factory's obligation to supply couplers of the required specification and quality standards, and in a timely manner, requirement that the quoted price should include all packaging, shipment, forwarding and taxes chargeable in Taiwan, quality requirements and quality control of couplers, and arrangement for return of defective couplers. There is no minimum purchase requirement imposed on us pursuant to the framework agreement. Pursuant to the framework agreement, we have a credit period of 90 days for our purchases of couplers. The term of our framework agreement with the OEM Factory will expire in November 2026. During the term of the framework agreement, we may terminate the framework agreement at any time without any penalty while there is no provision for the OEM Factory to terminate the framework agreement during the term of the framework agreement.

Our Directors and the Sole Sponsor consider that, despite our reliance on the OEM Factory, our Group's business model has been sustainable during the Track Record Period and up to the Latest Practicable Date and is sustainable going forward due to the following factors:

- We 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 our Group in a timely manner and of the required specification and quality standard in the next 10 years until November 2026. Our Directors consider that we have a well-established business relationship with our OEM Factory;

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- Within our Directors' best knowledge and based on the representation made by the OEM Factory, we believe that the majority of the OEM Factory's revenue is attributable indirectly to the purchase orders of our Group and the OEM Factory relies on us as its major customer; and
- According to the Frost & Sullivan Report, the coupler market in Taiwan is fairly mature and there are approximately 20 participants in the market. Most coupler manufactures in Taiwan are able to manufacture similar coupler products on similar commercial terms. We have obtained quotations from two alternative OEM factories in Taiwan based on an order of 1,000 couplers. Although the fee quotations we received from these alternative OEM factories were approximately 5% to 10% higher than that of the OEM Factory, we believe their prices will likely be lowered when we commence to order a large quantity with them. Pursuant to the quotations, we have a credit period of 90 days for our purchases of couplers from these two alternative suppliers. Accordingly, our Directors believe that there will not be material impact on our working capital if we order from these alternative suppliers instead of the OEM Factory. We have also conducted product testing on sample order from one of the alternative OEM factories and confirmed that the products comply with the applicable standards. Accordingly, if need arises, our Directors believe that it is relatively easy for us to engage an alternative OEM factory for supply of our coupler purchases.

Save for the interests of BOSA (Taiwan) held by Mr. Yang and Mr. Wang respectively, none of our Directors, their close associates, or any Shareholders who to our Directors' knowledge owned more than 5% of the issued Shares of our Company as at the Latest Practicable Date had any interest in the OEM Factory and any other suppliers engaged by our Group during the Track Record Period.

BOSA (Taiwan)

Our relationship with BOSA (Taiwan)

During the Track Record Period, we ordered our couplers from the OEM Factory through BOSA (Taiwan) for convenience reasons, as BOSA (Taiwan) can handle the export documentations in Taiwan and can liaise with the OEM Factory in Taiwan more efficiently. In return, BOSA (Taiwan) charged us a certain markup on the cost of couplers for such services. No written agreement was entered into between us and BOSA (Taiwan) and the markup was determined after arm's length negotiation.

Please refer to the paragraph headed “— Transfer pricing arrangement” for details of the transfer pricing arrangement relating to our sourcing of couplers through BOSA (Taiwan).

Background of BOSA (Taiwan)

BOSA (Taiwan) was incorporated in Taiwan in 1998. BOSA (Taiwan) is a mechanical splicing service provider which covers the Taiwan market. It is owned by Mr. Yang, our technical manager, Mr. Wang, one of our founders, and their family members. BOSA (Taiwan) is our connected person. For details of our discontinued connected transaction with BOSA (Taiwan), please refer to the section headed “Connected Transactions” in this prospectus.

Alternative OEM factories

We selected our alternative OEM factories based on their price, quality, ISO certification, production capacity, reputation and laboratory test results. In May 2016, we obtained quotations, based on an order of 1,000 couplers, from two alternative OEM factories possessing ISO certification for their couplers, and conduct product testing on sample orders, as described in the section headed “Business — Suppliers — OEM factory — Contractual arrangement with the OEM Factory” in this prospectus. Based on the quotations we obtained such alternative OEM factory and the test result, our Directors believe that such alternative OEM factory can offer us with couplers that are of similar product quality and on similar commercial terms as that of the OEM Factory. If need arises, our Group will consider conducting laboratory test on sample order from the other alternative OEM factory and/or ordering our couplers from one or both of these two alternative OEM factories.

In November 2016, we entered into a long-term non-exclusive framework agreement with one of the alternative OEM factories. The material terms of our non-exclusive framework agreement with the alternative OEM factory includes the alternative OEM factory’s obligation to supply couplers of the required specification and quality standards in a timely manner. The non-exclusive framework agreement is valid for a period of 10 years and will expire in November 2026.

For details of the industry landscape of couplers in Taiwan, please refer to the section headed “Industry Overview — Taiwan coupler market” in this prospectus.

Purchase of couplers

During the Track Record Period and up to the date when we started to source our couplers from the OEM Factory directly through our branch office in Taiwan, we had communicated our required quantities of couplers with BOSA (Taiwan) on a regular basis. When an order was placed, we issued a purchase order to BOSA (Taiwan) which specified the couplers that we required, their specifications, unit price and quantity. BOSA (Taiwan) then placed orders for couplers with the OEM Factory which supplied couplers to BOSA (Taiwan). A third party forwarder would ship our couplers to Hong Kong by sea. Upon arrival in Hong Kong, the couplers were off loaded from the container and transported to our workshops by a third party transportation company engaged by us. Upon placing of an order for couplers it generally takes one week for couplers to arrive at our workshops in Hong Kong.

After we started sourcing our couplers directly in May 2017, we communicated our demand for couplers with the OEM Factory directly through our branch office in Taiwan on a regular basis. We issued purchase orders directly to the OEM Factory which, upon receiving our orders, arranged for transportation of couplers to the port in Taiwan and shipment to Hong Kong through a third party forwarder.

During the Track Record Period and up to the Latest Practicable Date, we placed orders for couplers on a regular basis to ensure that we maintained an inventory of couplers so as to protect ourselves from any delay in shipment or shortage of couplers and to meet our customers’ demand in an efficient manner.

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During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material difficulty in sourcing couplers nor experienced any material difficulties or delay in our projects caused by a material shortage of or delay in the supply of couplers. Our Directors consider that the possibility of a material shortage of or delay in supply of couplers is low given the availability of suppliers of the same kind in the market.

Please refer to the section headed “Financial Information — Description of selected components of our income statement — Costs of sales” in this prospectus for discussion of the trend in our purchases from our suppliers during the Track Record Period as shown in the above table as well as the relevant sensitivity analysis.

Price of couplers

Our Directors consider various factors, including but not limited to, the prices for raw steel and labour cost, determine the price of couplers. If the price of raw steel and/or labour cost changes beyond a certain range, the price of couplers will be adjusted accordingly. During the Track Record Period, invoices were issued to us by BOSA (Taiwan) when couplers were delivered to our workshops.

After we started sourcing our couplers directly through our Taiwan branch office from May 2017 onwards, invoices were issued to us by the branch office when the couplers were delivered and they were payable within 90 days after delivery of couplers.

During the Track Record Period, the cost of raw steel fell slightly due to over-supply and, consequently, price of couplers fell slightly.

Machine parts and devices

During the Track Record Period and up to the Latest Practicable Date, we purchased machine parts for equipment repair and maintenance, mainly from various suppliers in Taiwan and, to a minor extent, from suppliers in the PRC. We placed orders for machine parts and devices in accordance with repair and maintenance needs from time to time. During the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the total sum of our purchases of machine parts and devices, shown as consumable under our cost of sales in our consolidated financial statements, amounted to approximately HK\$3.2 million, HK\$3.1 million and HK\$1.2 million, respectively.

OUR EQUIPMENT

Types of equipment

We rely on using our equipment to carry out our services. Our Directors believe that our investment in the equipment will enable us to cater for projects of a larger scale and higher complexity in the future.

For the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, we acquired new plant and machinery in the amount of approximately HK\$0.8 million, HK\$0.8 million and HK\$0.5 million, at cost, respectively. As at December 31, 2017, our plant and machinery carried a net book value of approximately HK\$3.0 million.

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Reinforcing bar cutting machines, CNC crimping machines and CNC threading machines are the main equipment we use to provide our services. For carrying out our Servisplice Services, a reinforcing bar cutting machine and a CNC threading machine would form a production line. For carrying out our Seisplice Services, the production line consists of a reinforcing bar cutting machine, a CNC crimping machine and a CNC threading machine. As at the Latest Practicable Date, we had 16 production lines.

Our machines are automated, practical, and easy to assemble and use. Automated processing also helps us to maintain high quality of our services and minimize human error, as well as to reduce overhead expenses since the machines can be operated by a minimum number of employees. The use of our machines allows to preserve the diameter of the reinforcing bars and avoid wastage of material. The image of our reinforcing bar cutting machines, CNC crimping machines and CNC threading machines is represented below.



We also use cranes and moving machines for moving reinforcing bars.

Below is the description of the machines used by our Group and owned by us as at the Latest Practicable Date:

Reinforcing bar cutting machines

Our Group owned 30 reinforcing bar cutting machines. As at the Latest Practicable Date, all of our reinforcing bar cutting machines were located at our workshops.

CNC crimping machines

Our Group owned 22 CNC crimping machines. Our CNC crimping machines are designed by us and produced in Taiwan according to our specifications. As at the Latest Practicable Date, all of our CNC crimping machines were located at our workshops.

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CNC threading machines

Our Group owned 28 CNC threading machines. Our CNC threading machines are designed by us and manufactured in Taiwan according to our specifications. As at the Latest Practicable Date, all of our CNC threading machines were located at our workshops.

Cranes

Our Group owned three sets of gantry cranes that are used for lifting equipment, reinforcing bars and couplers.

Moving machines

Our Group owned two forklifts that are used for lifting reinforcing bars and couplers.

Other equipment

Our Group also owned 4 motor vehicles which are used for transporting our Directors, senior management and employees between our workshops, office and/or customers' sites.

Other characteristics of equipment

The following table sets out the expected useful life and average age of our major equipment as at December 31, 2017:

Type of equipment	Quantity	Average useful life based on management expectation (years)	Average age as at December 31, 2017	Average remaining useful life (years)
Reinforcement bar cutting machines	28	5	3	2
CNC crimping machines	16	5	4	1
CNC threading machines	22	5	4	1
Cranes	3	5	2	3
Moving machines	2	5	2	3
Motor vehicles (owned)	4	4	3	1

We designed and developed our CNC crimping machines and CNC threading machines. Before our Taiwan branch office was set up, we provided specifications to a third party manufacturer located in Taiwan through BOSA (Taiwan) to manufacture our machines in Taiwan. The other equipment, except for the motor vehicles, were mainly sourced from Taiwan through BOSA (Taiwan). A smaller portion of our equipment was purchased directly from manufacturers in Taiwan by our Group. After our Taiwan branch office was set up, we have been liaising with machine manufacturers and source our equipment directly with the assistance of our Taiwan branch office. Our Directors confirm that there is no material change in our Group's purchase costs for sourcing equipment through our Taiwan branch office, instead

of BOSA (Taiwan). Our Directors are of the view that the establishment of our branch office in Taiwan will not pose any material financial impact on our Group, as the costs of such establishment as well as the ongoing costs of operating such branch office are insignificant. From an operational perspective, our Directors believe that the impact will be positive, as we are able to communicate directly and more effectively with the machine manufacturers through our own branch office in Taiwan.

As we own our main equipment, we do not have to rely on equipment rental services.

We believe that our investment in our equipment has placed us in a position to cater for projects of different scales and complexity. Our Directors also consider that possession of our own equipment allows us to devise suitable works schedules and production methods tailored to the different needs and requirements of different customers, and enables us to efficiently and effectively schedule our projects and deploy our manpower.

Repair and maintenance

We ensure that our equipment are in operable state prior to commencement of work and during use. In addition, our steel fabricators continue to monitor the status of our machines and their performance during production. Before operating our machines, our technicians check correctness of the programmed configurations and calibration. From 2017, since some of our machines had been in use for approximately four years, we started to ship our machines to Taiwan for detailed maintenance carried out by the manufacturers of the machines to ensure safety and productivity. We also procure machine parts from Taiwan and/or the PRC to satisfy repairing needs.

Our steel fabricators are capable of repairing minor defects in our equipment such as replacing the worn-out or malfunctioning parts and components of a machine. As such, we are able to extend the usable life of our equipment which is more cost-effective than replacing the entire machine with a new one. Routine minor examination and repairing by steel fabricators is also less time-consuming and causes less disruption to our production process. In some cases, Mr. Yang, our technical manager, would visit our workshops in Hong Kong from Taiwan to re-configure and upgrade the computer systems controlling our equipment.

For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the cost arising from repair of equipment amounted to approximately HK\$0.1 million, HK\$0.2 million and HK\$21,000 respectively.

Age and replacement cycle of equipment

Our Directors consider that as at the Latest Practicable Date, our existing equipment (including those which useful life has almost reached the end of the expected useful life) were in good operating condition in general. We do not have a pre-determined or regular replacement cycle for our equipment. Decisions on replacement are made on a case-by-case basis by Mr. P. Lim, our executive Director and Chief Operating Officer depending on the operating condition of each unit of the equipment and the cost effectiveness of replacing only the malfunctioning parts as compared to replacing the entire equipment. We replace aged equipment only when it is imperative to do so. Pursuant to our accounting policies, depreciation of plant and machinery is provided using straight-line method for up to five years. We plan acquire additional equipment to further enhance and optimise our overall capacity and efficiency by utilizing our internal resources. Our Group monitors operating condition, effectiveness and efficiency of

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our equipment and assesses the need for additional equipment in view of development and expansion of business on an on-going basis. Please refer to the section headed “— Business strategies — (i) Expanding scale of operations — (b) Purchasing additional equipment” for more information.

Safekeeping of equipment

Depending on the needs of a project, from time to time, we transport our equipment to our customers’ sites for use there. In this case, our equipment is kept under the general management of the respective work sites. Alternatively, equipment is located and kept at our workshops. As at the Latest Practicable Date, given the number of ongoing projects and the availability of equipment, most of our equipment was in use while a few of our equipment that were not in use were stored at our workshops.

Our service capacity and utilization rate

The following table sets forth a summary of our annual service capacity in terms of the number of reinforcing bars processed and utilization rates for the periods indicated:

	Service Capacity <i>(Note 1)</i> <i>(number of reinforcing bars processed)</i>	Actual Production Volume <i>(number of reinforcing bars processed)</i>	Utilization Rate <i>(Note 2)</i>
For the year ended June 30, 2016	1,362,666	1,587,027	116.5%
For the year ended June 30, 2017	1,362,666	1,368,841	100.5%
For the six months ended December 31, 2017	1,362,666	811,453	119.1%

Notes:

- (1) Service capacity is calculated based on the assumptions that there are nine hours of service in one day at our workshops and our machines can process approximately 30 reinforcing bars in an hour. No overtime cost will be incurred by us for nine hours of service per day. Service hours beyond nine hours will require overtime cost for our workers.
- (2) The utilization rate is calculated based on the actual production volume for the relevant year divided by the service capacity for the relevant year on an annualized basis. The utilization rates of our existing production facilities during the Track Record Period exceeded 100%. Our actual production volumes were met only with incurrence of overtime cost for our workers.

QUALITY CONTROL

To maintain consistent quality services for our customers, we have established a formal quality management system which is certified to be in compliance with ISO 9001:2008 quality management system standard. We also have in-house quality assurance requirements specifying, among other things, specific work procedures for performing different types of works, responsibilities of employees of different levels, quality inspection procedures and standards, various quality requirements, accident

reporting, complaint and punitive measures for work below our required standards, and procedures for operating different types of equipment. Compliance with these quality assurance requirements is mandatory for our employees.

Mr. Yang, our technical manager, and Mr. P. Lim, our Chief Operating Officer and an executive Director, are responsible for the overall quality control.

Quality control over couplers

During the Track Record Period, once the OEM Factory receives raw steel from a steel factory, BOSA (Taiwan) sends the raw steel to a laboratory in Taiwan to test for yield strength, ultimate tensile strength and elongation. The OEM Factory then produces couplers in accordance with our specifications and quality standards. After the couplers are produced, we request that each of them be inspected by BOSA (Taiwan) prior to shipment to check the internal thread and coupler dimensions so as to ensure that the couplers comply with our standards and specifications. After we started sourcing couplers directly from the OEM Factory through our branch office in Taiwan, our branch office has taken up BOSA (Taiwan)'s role of ensuring quality of our couplers. Since mid August 2017, we have also engaged a third party testing company to carry out inspection on our couplers together with our branch office in Taiwan.

In addition, since December 11, 2015, the Buildings Department of the Government have included our name in the List of Building Materials (Mechanical Couplers) of the Central Data Bank after sampling and reviewing our completed projects, and being satisfied that reinforcing bars processed and connected by couplers by us meet prescribed standards.

Quality control over processing services

All of our mechanical splicing services are conducted under stringent quality assurance plan endorsed by our quality department. Our Fanling workshop holds ISO 9001:2008 certification for quality management and for design, production and supply of mechanical splices. BOSA (Taiwan) holds ISO 9001:2008 certification for the manufacture of steel couplers. During the Track Record Period, it assisted with sourcing couplers of the required standard with the aid of its accredited experience. BOSA (Taiwan) also conducted tests on each coupler before they were shipped to Hong Kong. Our branch in Taiwan also holds ISO 9001:2008 certification for the manufacture, trade and sales of building material, including steel coupler. From May 2017 up to the Latest Practicable Date, our branch office in Taiwan assisted with sourcing couplers of the required standard with the aid of its accredited experience. It also conducted tests on each coupler before they were shipped to Hong Kong.

Our reinforcing bar processing work is carried out by trained steel fabricators to ensure compliance with our procedures and quality requirements. We attach tags that specify project name and number on the reinforcing bars delivered to our workshops by our customers to ensure products of specified requirements are delivered to the relevant customers.

Our steel fabricators ensure that our machines are in operable conditions prior to operating them to ensure correct configuration, programming and calibration. We process the reinforcing bars according to our customers' specifications and orders.

Our customers also run tests on the reinforcing bars connected with couplers by sending them to accredited laboratories in Hong Kong to check the couplers' tensile strength and other conditions such as size, type and quantity prior to use.

Overall quality control over our services

Our executive Directors monitor the progress of each project to ensure that our services (i) meet our customer's requirements; (ii) are completed on time and within the budget; and (iii) comply with all relevant and applicable rules and regulations by meeting with project managers of our customers on a regular basis and staying in close contact with them.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not received any complaint or claim for compensation from our customers due to quality issue in relation to works performed by us.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and work safety measures

We place an emphasis on occupational health and work safety during delivery of our services as it is our concern not to put our employees and the general public in hazard. We have adopted occupational health and safety policies as required by relevant occupational health and safety laws, rules and regulations and observance of such policies is managed by our occupational health and safety officer. Our occupational health and safety officer has participated in a certified safety supervision training course organized by an external trainer. She is responsible for preparing safety plans, managing our occupational health and safety management system to ensure smooth implementation of our safety procedures and risk control measures. Due to the nature of work at our workshops and the construction sites, risk of accidents or injuries to employees are inherent. As such, we have established safety plans, safety measures and in-house rules to provide our employees with a safe and healthy working environment.

Our safety policies mainly include:

- Effective promotion and communication of safety procedures through, among others, safety bulletin and keeping detailed record of accidents, holding regular internal and external safety related meetings, documenting safety measures and issues by preparing safety reports and training records, setting out clear delineation of responsibility of our occupational health and safety officer and reporting hierarchy.
- All our employees are required to follow the general safety rules adopted by our Group which are communicated to the workers before they commence work. If employees breach any of these rules, they become subject to internal disciplinary actions.
- All our employees are required to receive safety induction briefing sessions and trainings before they commence work and during the course of employment. Our safety training typically cover prevention of accident, safety procedures for performing different types of work, safety procedures for emergency situation and duties and procedures for reporting hazards, incidents, accidents and diseases, and good housekeeping of workplaces.

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- Risk assessments are generally conducted by our occupational health and safety officer to identify the potential hazards and accidents and provide suggestion on proper preventive measures prior to commencement of work.
- Customers' site inspections are carried out on a regular basis by our occupational health and safety officer and representatives of our customers to ensure strict compliance with the occupational health and safety laws, rules and regulations.
- Specific safety measures in relation to, among others, emergency situation preparedness and handling, working at construction sites, site transport, fire hazard, safe operation of equipment and reporting of hazards and accidents (please refer to the section headed "Occupational health and safety — system of recording and handling accidents and our safety compliance record" for more details) are communicated with employees and documented in detail.

System of recording and handling accidents and our safety compliance record

If an accident occurs, the injured employee or the person who witnessed the accident is required to report to our safety officer. Our occupational health and safety officer will then investigate the accident by taking photos of the accident scene, examine the equipment or material involved (if any) and take statements from the injured worker, witness(es) of the accident (if any) and other related personnel. If the accident is a "reportable accident" as assessed by our occupational health and safety officer, he/she will prepare an accident report and submit it to our management for their review and signature, and the Labour Department within the period as specified under the relevant laws and regulations. "Reportable accidents" means workplace accidents that are required to be reported to the Labour Department. For any accident that results in total or partial incapacity of an employee, the accident should be reported in writing within 14 days after the date of accident. For accidents that involve death or fatal injury to an employee, the accident has to be notified to the Labour Department within seven days after the accident. The accident report is kept for future reference.

Remedial actions will be taken to remove imminent danger and to prevent reoccurrence of similar accidents in the future. Our occupational health and safety officer will carry out follow-up inspection to ensure that remedial works are implemented. Accident review meeting will also be convened among our management, occupational health and safety officer and engineer to evaluate the cause of the relevant accident, and discuss remedial and preventive measures.

Our Directors confirm that there was no material incident that led to a disruption to our operations, fatality or hospitalization during the Track Record Period and up to the Latest Practicable Date.

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The table below sets out the nature of 10 accidents that occurred during the Track Record Period and up to the Latest Practicable Date, and corresponding safety measures:

Nature of accident	Circumstances leading to occurrence of the accident	Nature of injury	Number of accidents per nature of injury	Total number of accidents	Safety control measures implemented	Additional safety control measures implemented
1. Reinforcing bars related injury	Mishandling of materials and machines	Injury to finger	3	7	We require our workers to wear safety gloves when handling reinforcing bars and we request them to move reinforcing bars by smaller batches. We also provide training to our workers as to how to move reinforcing bars properly.	To further improve our safety control measures, we have enhanced our internal safety training and supervision of our safety control measures by our occupational health and safety officer. Our occupational health and safety officer inspects our workshops on a regular basis to ensure that the equipment and tools there are in their designated locations. We have also provided adequate safety equipment, including safety gloves, to our workers. Our Directors are of the view that such safety control measures are sufficient and effective in mitigating the risks of recurrence of similar accidents and injuries to workers at our workshops in future.
		Injury to hand	3			
		Injury to foot	1			
2. Machine related injury	Misuse of machine	Hand sprain	1	1	We require our workers to operate our machines in accordance with standard procedures. We also provide training to our workers on operation of machines.	
3. Others	Repetitive use of the same body part	Shoulder pain	1	2	We require our workers to take regular breaks at work and we provide training to our workers as to how to move reinforcing bars properly.	
	Not specified	Waist sprain	1			

The 10 accidents mentioned above involved workers who were employees of our Group as at the date of the accidents. Claims of all these incidents were fully covered by our Group's insurance.

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The following table sets out the comparison of the accident rate per 1,000 workers of our Group against the relevant construction industry average rates in Hong Kong:

	Construction industry average rate (note 1)	Our Group's rate (note 2)
For the calendar year 2015		
Accident rate per 1,000 workers	39.1	73.2
For the calendar year 2016		
Accident rate per 1,000 workers	34.5	97.6
For the calendar year 2017		
Accident rate per 1,000 workers	Not available	83.3

Notes:

1. The figures are extracted from the Occupational Safety and Health Statistics by Occupational Safety and Health Branch, Labour Department. Accident rate per 1,000 workers is calculated by dividing the number of industrial accidents by the employment size of the construction industry and then multiplying by 1,000. Industrial accidents refer to injuries and deaths arising from industrial activities in industrial undertakings as defined under the Factories and Industrial Undertakings Ordinance. Employment size are based on the Quarterly Report of Employment and Vacancies Statistics published by the Census and Statistics Department.
2. Our Group's injury rate is calculated with reference to the definition of accident rate under the Occupational Safety and Health Statistics by Occupational Safety and Health Branch, Labour Department. Our Group's accident rate per 1,000 workers is calculated by dividing the number of industrial accidents by the monthly average number of our employees during the calendar year and then multiplying by 1,000. The monthly average number of our workers is determined by dividing the sum of monthly number of workers in a calendar year by 12.

Although our Group's accident rates appeared to be higher than the construction industry averages during the calendar years 2015–2017, the nature of the 10 accidents that occurred during our Track Record Period were relatively minor and did not result in any serious injuries or deaths of our employees. Taking into account (i) our in-house safety policies; and (ii) corresponding safety control measures implemented as set out above which would strengthen our safety control over our employees, our Directors are of the view that our safety control measures are adequate and effective in preventing the recurrence of the above accidents and injuries to our workers at our workshops in future.

Save as disclosed above and to the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant incidents or accidents in relation to our employees' safety and we have not been involved in any material litigation or claim in relation to the above accidents.

ENVIRONMENTAL COMPLIANCE

Our Group's operations 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). For details of the regulatory requirements, please refer to the section headed "Regulations" in this prospectus.

We are committed to the minimization of any adverse impact on the environment resulting from our business activities. Our Directors monitor our workshop's compliance with environmental laws and regulations. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, annual cost of compliance with environmental laws and regulations was negligible. Our Group estimates that its annual cost of compliance with environmental laws and regulations going forward will be at a level similar to that during the Track Record Period and consistent with its scale of operations.

During the Track Record Period and up to the Latest Practicable Date, we did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against us.

INSURANCE

Pursuant to section 40 of the Employees' Compensation Ordinance, all employers are, subject to section 40(1B) of the Employees' Compensation Ordinance, required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees. Save as disclosed in the section headed "— Non-compliance", we have obtained insurance coverage in accordance with such requirement.

During the Track Record Period and up to the Latest Practicable Date, our employees are covered and protected by the employees' compensation insurance taken out by us. Such insurance policies covered and protected all of our employees working at the relevant workshop.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed "— Non-compliance" in this section, our Group maintained insurance coverage including, among other things, (i) employees' compensation insurance covering employees employed at our office and workshops; (ii) insurance against loss or damage of property kept at our office premises; and (iii) third-party liability in relation to the use of vehicles.

Certain types of risks, such as the risk in relation to the collectability of our trade and retention receivables and liabilities arising from events, such as, wars, political unrest and terrorist attacks, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks.

Our Directors believe that our current insurance policies are adequate and consistent with industry practice. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, our insurance expenses were approximately HK\$0.3 million, HK\$0.5 million and HK\$0.3 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made, and had not been the subject of, any material insurance claims.

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EMPLOYEES

As at June 30, 2016, we had 39 full-time employees. As at June 30, 2017, we had 36 full-time employees. As at December 31, 2017 and the Latest Practicable Date, we had 40 full-time employees. The following table sets out a breakdown of the number of our employees as at the Latest Practicable Date, by functions:

Function	As at the Latest Practicable Date
Management	4
Administration and accounting	5
Sales and marketing	1
Steel fabricators	28
Workshop supervisors	<u>2</u>
Total	<u><u>40</u></u>

We believe that we have maintained a good relationship with our employees. We have not experienced any significant disputes with our employees or any disruption to our operations due to labour disputes, save as disclosed in the section headed “— Litigation and potential claims”. In addition, we have not experienced any difficulties in recruitment and retention of skilled employees during the Track Record Period.

We generally recruit our employees through placing advertisements in the open market and interviews with reference to factors such as their experience, qualifications and expertise that is required for our business operations. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. We assess the sufficiency of our human resources on a continuous basis.

We provide various types of trainings to our employees, including on-the-job training, and we encourage our employees to attend various external training courses, including operation of cranes.

The remuneration package our Group offered to our employees typically includes basic salary, year-end bonuses, production level incentive and reimbursement of out-of-pocket expenses. In addition, we provide accommodation to certain senior managers who come from overseas. As a general rule, our Group determines an employee’s salary based on his/her qualifications, position and seniority. We use an ongoing review system to assess performance of our employees, which forms a basis of our decisions with respect to pay rise, bonuses and promotions.

Save as disclosed in the section headed “— Non-compliance”, our Group has enrolled all qualifying employees in Hong Kong in the Mandatory Provident Fund (“MPF”) scheme. The assets of the schemes are held in funds under the control of trustees separate from those of our Group. Our Group contributes 5% of relevant monthly payroll costs to the MPF scheme, which contribution is matched by employees and subject to a cap of HK\$1,500 per employee. During the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the total expenses recognized in the consolidated

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statements of profit or loss and comprehensive income amounted to approximately HK\$0.4 million, HK\$0.4 million and HK\$0.2 million, respectively, which represents contributions payable to the MPF scheme by our Group at the rates under the MPF scheme.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we have engaged in research and development activities in relation to our equipment and services. Our research and development team is led by Mr. P. Lim, our executive Director and Chief Operating Officer, Mr. K. Lim, our executive Director and Chief Executive Officer, and Mr. Yang, our technical manager. Under their leadership, our self-developed proprietary CNC crimping machines and CNC threading machines have been revamped, and they have become faster, more cost-efficient and more user-friendly, catering for larger and more complex projects. As at the Latest Practicable Date, we held a patent in relation to our method of controlled crimping of reinforcing bars and a patent relating to our steel bar structure and steel bar structure forming equipment. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, our Group's total research and development expenses were approximately HK\$0.3 million, HK\$0.3 million and HK\$0.1 million, respectively.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, there were over 15 providers of mechanical splicing services in Hong Kong. According to the Frost & Sullivan Report, in the calendar year ended December 31, 2017, the top three mechanical splicing service providers occupied approximately 80.5% of the market share in terms of total sales revenue while our Group, being the second largest market player, occupied approximately 27.0% of the total market share. Our Directors consider that technical expertise, quality, relationships with customers and suppliers, technical capability, high performance-price ratio and safety records determine competitive advantages of construction related service providers in Hong Kong. Entry barriers to the construction related services industry in Hong Kong mainly include: (i) long-term relationship with main engaged contractors and the Government; (ii) project management experience and track record; (iii) technical qualification and (v) research and development. For details, please refer to the section headed "Industry Overview — Hong Kong Mechanical Splicing Service Market — Entry barriers" in this prospectus.

According to the Frost & Sullivan Report, the demand for concrete construction related works is expected to surge in future due to various infrastructure development plans, notably the "Ten Major Infrastructure Projects", construction of new public hospitals, public housing and construction of the third runway of the Hong Kong International Airport. With our own solid customer base, experienced management team, technology and equipment, expertise and established relationships with suppliers, we believe that we are well-positioned to capture the growing demand for construction-related services in Hong Kong.

Please refer to the section headed "Industry Overview — Hong Kong Mechanical Splicing Service Market" in this prospectus for further details.

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PROPERTIES

We leased all workshops and office premises during the Track Record Period and as at the Latest Practicable Date.

The following table summarises the information regarding our leased properties during the Track Record Period and that are in use as at the Latest Practicable Date:

Address	Landlord	Use of the property	Key terms of the tenancy	Status as at the Latest Practicable Date
Part of Lot 1467-1468 DD77 Ping Che Road, Fanling, the New Territories	An independent third party	Workshop	Monthly rental of HK\$63,000 from November 16, 2013 to July 15, 2017 under the first tenancy agreement. Under the renewal tenancy agreement entered into on July 31, 2017, monthly rental of HK\$71,000 from July 15, 2017 to November 14, 2017, monthly rental of HK\$105,000 from November 15, 2017 to November 14, 2019.	In use
Lot 884AB in D.D. 77, Ping Che, the New Territories	An independent third party	Workshop	Monthly rental of HK\$100,000 with a 2 years term from May 1, 2017 to April 30, 2019.	In use
Office 2302, 23rd Floor, 9 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong	An independent third party	Office	Monthly rental of HK\$35,000 with a 2 years and 17 days term from December 15, 2016 to December 31, 2018.	In use
No. 381, 2/F, Block 15, Hing Wah Villa, Ping Yeung, Fanling, New Territories, Hong Kong (香港新界北區坪洋村381號興華雅苑15座2樓連天台)	An independent third party	Staff quarters	Monthly rental of HK\$8,500 with a 1-year fixed term from April 16, 2017 to April 15, 2018 and 1-year flexible term from April 16, 2018 to April 15, 2019.	In use
8/F-1, No.159, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (新北市汐止區新台五路一段159號8樓之1)	An independent third party	Office	Monthly rent of TWD3,000 (equivalent to HK\$750) with a 1-year term commencing from June 21, 2018, to June 20, 2019	In use

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The following table summarises the information regarding our leased properties during the Track Record Period but are no longer in use as at the Latest Practicable Date:

Address	Landlord	Use of the property	Key terms of the tenancy	Status as at the Latest Practicable Date
Lot Nos. 1844, 1845, 1846, 1848 and 1849 in DD125, Ha Tsuen, the New Territories (Tin Shui Wai)	An independent third party	Workshop	2-year term from August 1, 2014 to July 31, 2016 (HK\$44,000 for the first year and HK\$52,800 monthly rental for the second year). Tenancy extended to December 15, 2016.	Tenancy terminated on December 15, 2016 due to certain non-compliance. Please refer to the section headed “Business — Non-compliance” for details.
Flat B 7/F Lucky House Industrial Building 64 Tong Mi Road Mongkok, Kowloon	An independent third party	Office	Monthly rental of HK\$18,260 with a 3-year term commencing from December 1, 2013 to November 30, 2016.	Tenancy terminated on April 30, 2017 as our Group decided to move to a new office.
DD119 Part of Lot 381RP, 382RP, 383RP, 384–386RP, 389RP, 390RP, 391RP etc., Yuen Long, the New Territories	An independent third party	Workshop	Monthly rental of HK\$68,000 with a 3 years and 11 months term commencing from May 1, 2016 to March 31, 2020.	Tenancy terminated on April 30, 2017 as our Group decided not to proceed with the short-term waiver application on this land site. Our Group did not commence any production at this site.
Flat G, 24/F, Block 7, Locwood Court, Kingswood Villas, Tin Shui Wai, New Territories	An independent third party	Accommodation for senior managers	Monthly rental of HK\$9,000 with a 2-year term from July 27, 2013 to July 16, 2015 and monthly rental of HK\$10,800 with a 2-year term from July 27, 2015 to July 26, 2017.	Tenancy terminated on July 26, 2017. We moved our senior staff accommodation to another location closer to our new workshop.
Lot Nos. 686, 687, 690, DD105, San Tin, the New Territories	An independent third party	Workshop	Monthly rental of HK\$80,000 with a renewable 3-year term commencing from July 1, 2015 to June 30, 2018.	Tenancy terminated on June 30, 2017 due to certain non-compliance. Please refer to the section headed “Business — Non-compliance” for details.
3/F., No.2, Aly. 6, Ln. 36, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan (臺北市松山區民生東路五段36巷6弄2號3樓)	Ms. Liu Li Wen, spouse of Mr. Yang	Office	Monthly rent of TWD3,000 (equivalent to HK\$750) with a 2-year term commencing from January 1, 2017 to December 31, 2018	Tenancy terminated on June 12, 2018 by mutual agreement, as our Group decided to move to a new office.

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INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we owned three trade marks:

No.	Description	Trade Mark Number	Class number	Original owner	Place of registration	Term	Effective date of assignment to our Group
1	Trade Mark (Seisplice) 	302172889	6	Kin Sun, our Controlling Shareholder	Hong Kong	10 years from February 27, 2012	May 26, 2017
2	Trade Mark (Servisplice) 	302197396	6	Kin Sun, our Controlling Shareholder	Hong Kong	10 years from March 21, 2012	May 26, 2017
3	BOSA 	303987046	6, 40	BOSA (R&D)	Hong Kong	10 years from December 8, 2016	N/A

As at the Latest Practicable Date, we owned the following patents:

No.	Description	Application/patent number	Original owner(s)	Place of registration	Term	Effective date of assignment to our Group
1	Short-term Patent (Reinforcement bar structure and the forming equipment)	HK1168984	Mr. Kwan, our non-executive Director, Chairman of our Board and our Controlling Shareholder and Ms. Wang Yu-Ju (spouse of Mr. Wang)	Hong Kong	8 years from August 1, 2012	May 26, 2017
2	Patent (Coupler)	US9,181,967 B2	Mr. K. Lim, our executive Director and Chief Executive Officer	United States	20 years from June 21, 2013	May 26, 2017
3	Patent (Steel bar structure and steel bar structure forming equipment)	CN201120351976.5	Mr. Kwan, our non-executive Director, Chairman of our Board and our Controlling Shareholder and Ms. Wang Yu-Ju (spouse of Mr. Wang)	PRC	10 years from September 16, 2011	Aug 30, 2017
4	Patent (Coupler)	I502117	Mr. K. Lim, our executive Director and Chief Executive Officer	Taiwan	20 years from October 24, 2012	May 26, 2017
5	Patent (Cold forging machine)	M517649	Mr. K. Lim, our executive Director and Chief Executive Officer, and Mr. Yang, our technical manager	Taiwan	10 years from October 23, 2015	May 26, 2017
6	Patent (Cold forging machine)	CN201520868686.6	Mr. K. Lim, our executive Director and Chief Executive Officer, and Mr. Yang, our technical manager	PRC	10 years from November 3, 2015	Sept 29, 2017
7	Patent (Connect improvement structure)	CN201620755617.9	Mr. K. Lim, our executive Director and Chief Executive Officer	PRC	10 years from July 18, 2016	Oct 12, 2017
8	Short-term Patent (Modified joint structure)	HK1222764	Mr. K. Lim, our executive Director and Chief Executive Officer	Hong Kong	8 years from August 16, 2016	May 26, 2017

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Save as disclosed in the section “Litigation and potential claims — Outstanding litigation against our Group as at the Latest Practicable Date” below in this section, as at the Latest Practicable Date, (i) we were not aware of any dispute or infringement by our Group of any intellectual property rights owned by third parties; and (ii) we were not aware of any dispute, or pending or threatened claims against our Group in relation to material infringement of any intellectual property rights of third parties. For details of risks in relation to our intellectual property rights, please refer to the section headed “Risk Factors — Risks relating to our business — Failure to adequately protect our intellectual property rights may have a material adverse impact on our business and results of operations” in this prospectus.

LICENSES, PERMITS AND REGISTRATION

We obtained our business registration certificate pursuant to the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) since March 13, 2013. We have also obtained certificates relating to safe working order of the cranes used of our workshops.

AWARDS AND RECOGNITIONS

Our workshop at Fanling and our branch office in Taiwan received the following certification in recognition of our commitment and dedication to our quality management system:

Nature	Certification	Awarding organization	Holder	Validity period
Quality management system (applicable to the scope of design, production and supply of mechanical splices) (workshop & site)	ISO 9001:2008 Quality Management System Standard	Castco Certification Services Limited	BOSA HK	September 18, 2012–September 14, 2018
Quality management system (approved scope: the manufacture, trade and sales of building material including steel coupler)	ISO 9001:2008 Quality Management System Standard	QA International Certification Ltd.	BOSA HK’s branch office in Taiwan	March 29, 2017–September 15, 2018

LITIGATION AND POTENTIAL CLAIMS

As at the Latest Practicable Date, BOSA HK was involved in a civil claim against it and Mr. Yang, our technical manager, concerning defamation, malicious falsehood and invalidation of our Hong Kong patent in relation to our Group's controlled crimping method of processing reinforcing bars (Hong Kong Patent number HK1168984) (the "**Hong Kong Patent**"), details of which are set out in the section headed "Outstanding litigation against our Group as at the Latest Practicable Date" below.

We also recorded four accidents and five accidents for the years ended June 30, 2016 and 2017, respectively, and one accident in the period from July 1, 2017 until the Latest Practicable Date.

Our Group's liability owed to employees in a personal injury case as a result of accidents arising out of and in the course of employment include those provided under (i) the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong); and (ii) the common law. For details on our liability under such claims, please refer to the sections "Regulations" and "Risk Factors" in this prospectus. Our Directors are of the view that occurrence of personal injury claims and employees' compensation claims is not uncommon in our industry.

Save as disclosed below, during the Track Record Period and as at the Latest Practicable Date, none of our Group companies was subject to any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to our Directors as pending or threatened against any member of our Group.

Outstanding litigation against our Group as at the Latest Practicable Date

In October and November 2017, BOSA HK has sent out two letters to a Hong Kong company engaging in the business of selling, *inter alia*, a system of connecting reinforced steel bars with standard ductility couplers, requesting it to cease all of its commercial activities in relation to the said coupler system which was considered to be an infringement of the Hong Kong Patent. The two letters were copied to the relevant government authority, a construction contractor and a consulting engineer of the said company.

On 20 March 2018, the said company filed a civil claim to the High Court of Hong Kong against BOSA HK and Mr. Yang Tien-Lee, our technical manager, claiming that BOSA HK and Mr. Yang acting as the technical director of BOSA HK had defamed and caused economic loss to it as the allegations of infringement of the Hong Kong Patent set out in the two letters were false and malicious since the Hong Kong Patent is not a patentable invention. The said company claimed for revocation of the Hong Kong Patent and damages for defamation and/or malicious falsehood.

As at the Latest Practicable Date, we had filed our defence with the court. We have engaged a Barrister, Mr. Douglas Clark, in steering the said legal proceedings and were advised by the counsel that the overall chance of the claimant in succeeding in the claims for defamation and/or malicious falsehood is low, and the claimant has not properly pleaded the patent invalidation claim and based on the pleaded case by the claimant, it is likely that the claimant would not be able to obtain any, or very limited, monetary compensation as damages for defamation and/or malicious falsehood claims. In the unlikely event that the said company succeeded in all of its claims based on the currently pleaded case, we were advised by Mr. Clark that having regard to the factual background, the gravity of the statements complained of, the extent of publication, the actual economic loss as presently pleaded and the claimant

being a corporate claimant, the maximum compensation that will likely be granted by the court would unlikely be more than HK\$250,000. Apart from monetary relief, the court may, at its discretion, grant an injunction to restrain BOSA HK from making and publishing in future the statements complained of.

We were further advised by Mr. Clark that the proprietor of the Hong Kong Patent, BOSA (R&D), is not a party to the said proceedings, hence the court does not have the power to revoke the Hong Kong Patent as a relief for the claimant. Even if BOSA (R&D) was subsequently added as a party to the said proceedings, and the invalidation action, even if succeeded, would have insignificant impact on the business of our Group because by the time the court adjudicates on the invalidation, the Hong Kong Patent (a short-term patent with 8 years validity period) would have already expired or is close to expire. Any revenue-generating prospect based on exclusivity of the Hong Kong Patent will no longer apply by July 2020 regardless of the outcome of the invalidation proceedings. Further, though the invalidation of the Hong Kong Patent may in theory result in a loss of exclusivity of the coupler system under the Hong Kong Patent for the remaining validity period (if any), it does not preclude BOSA HK from using the same or similar coupler system going forward. In any event, through our Group's ongoing efforts and investment in research and development of new inventions and technologies, BOSA HK will be able to rely on other 7 patents it has and/or to patent any new inventions or improvement in order to maintain its market share and revenue/profit level. We were further advised that if BOSA HK fights the case in court all the way down to full trial, the case will take roughly for two to three years from its commencement until its final determination, and according to Mr. Clark's assessment based on the pleaded case as of the Latest Practicable Date, BOSA HK's legal costs will be approximately HK\$500,000 or less per year on average if the case lasts for three years. In the premises, our Directors consider that the said legal proceedings would not materially affect our Group's business, revenue and position in the market we operate our business, and even if there is any damages, the amount would likely be minimal and it would not have material adverse impact on our financial position and business operation.

For the reasons that (i) the Hong Kong Patent would have expired or is close to expiry by the time the court reaches a decision on the invalidation proceedings (if any), and the revenue-generating prospect is going to be diminished by July 2020 no matter whether the Hong Kong Patent is invalidated or not; (ii) even if the Hong Kong Patent was invalidated at the end of the day, we would not be precluded from using the same or similar coupler system going forward as a result of a loss of exclusivity of coupler system under the Hong Kong Patent; and (iii) our Group will continue to maintain or increase the revenue/profit level by relying on the remaining patents in the portfolio and/or developing new inventions and technologies, our Directors are hence of the view and confirm that our business would not be materially and adversely affected even if the Hong Kong Patent was invalidated or when it expires. Further, our Directors are of the opinion that our Group's success is not solely in reliance on any single patent. Our Group's mechanical splicing services are automated which helps us achieve production efficiency, maintain quality and minimize human error, as well as reduce overhead expenses. Our Directors believe, with our automated mechanical system, coupled with our operating history and experience, our business would not be adversely affected even if the Hong Kong Patent was invalidated or expires.

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Litigation against our Group settled during the Track Record Period and up to the Latest Practicable Date

There were 10 accidents occurred during the Track Record Period and up to the Latest Practicable Date. For more details, please refer to the section headed “— Occupational health and safety — System of recording and handling accidents and our safety compliance record” in this section. During the Track Record Period and up to the Latest Practicable Date, the following employees’ compensation claims and common law personal injury claim, being covered by insurance policies, were settled:

Name of our Group company	Court Action No.	Nature of the claim	Particulars of the claims	Date of settlement of claims and settlement amount
BOSA HK	DCEC 2113/2016	Employees’ compensation claim and intended common law personal injury claim	On March 6, 2015, the applicant suffered an injury to left index finger.	On October 7, 2016, BOSA HK and the applicant had reached a settlement of HK\$519,759.2. BOSA HK had been reimbursed by the insurance agent for the HK\$119,579.2 paid by it to the employee. The insurance company paid the remaining HK\$400,000 to the employee in October 2016.
BOSA HK	DCEC 2768/2015 DCPI 496/2016 (collectively, the “ First Accident Actions ”)	Employees’ compensation claim Personal injury claim	On July 6, 2015, the applicant suffered right hand injury resulting in persistent pain, weakness and stiffness over right little finger.	Pursuant to the Consent Order approved by the District Court in Hong Kong on December 22, 2016, BOSA HK and the employee reached a sum of HK\$235,840, inclusive of interest, in full and final settlement of the employee’s claim under the First Accident Actions.
BOSA HK	DCEC 1309/2016 DCPI 2315/2016 (collectively, the “ Second Accident Actions ”)	Employees’ compensation claim Personal injury claim	On November 30, 2015, the applicant suffered right hand injury resulting in persistent pain, weakness and stiffness over right little finger.	Pursuant to the Consent Order approved by the District Court in Hong Kong on December 22, 2016, BOSA HK and the employee reached a sum of HK\$270,000.00, inclusive of interest, in full and final settlement of the employee’s claims under the Second Accident Actions.

Our insurance policies assisted to partially cover our liabilities in relation to the above mentioned claim. For details, please refer to the section headed “— Insurance”.

Potential employees' compensation claims and common law personal injury claims against our Group as at the Latest Practicable Date

As confirmed by our Directors, as at the Latest Practicable Date, excluding the three accidents described in the section headed “— Litigation against our Group settled during the Track Record Period and up to the Latest Practicable Date” above which relating claims have been settled, there were seven workplace accidents that occurred during the Track Record Period and up to the Latest Practicable Date which may give rise to potential employees' compensation claims and/or potential common law personal injury claims. Please refer to the section headed “— Occupational health and safety — System of recording and handling accidents and our safety compliance record” for nature of the workplace accidents.

Potential claims refer to those claims that have not commenced against our Group but are within the limitation period of two years (for employees' compensation claims) or three years (for personal injury claims) from the date of the relevant incidents pursuant to the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong). As court proceedings have not commenced, we are not in a position to assess the likely liability of such potential claims and outstanding claims. Our Directors take the view that the compensation amount of such potential claims and outstanding claims to be borne by our Group in the proceedings shall be covered by the relevant insurance policy. These accidents occurred during usual and ordinary course of our business and have neither caused disruption to our Group's business nor have they created an adverse impact on our Group and our operations.

Save as disclosed above and to best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant incidents or accidents in relation to workers' safety and we were not convicted of any material breach of workplace safety laws and regulations.

No provision for litigation claims

Defamation and malicious falsehood claims in relation to the Hong Kong Patent against BOSA HK

Having considered merits and the possible damages of the said legal proceedings as advised by our counsel, our Directors are of the view that no provision for contingent liabilities is required to be made in respect of the defamation and malicious falsehood claims in relation to the Hong Kong Patent against BOSA HK.

Potential employees' compensation claims and common law personal injury claims against us

Having considered, among other things, (i) the nature and degree of injuries; (ii) payments made for settlement; (iii) the status of the injured employees; (iv) the difficulty and uncertainty in estimating total costs of treatment and potential claims against our Group; and (v) our insurance policy coverage, our Directors consider that no provision for contingent liabilities in respect of current, pending and potential litigation is necessary.

Indemnity given by our Controlling Shareholder

Our Controlling Shareholders have entered into a Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any outstanding and potential litigations (including criminal litigations), claims of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the section headed “Statutory and General Information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus.

Save as disclosed above, our Directors, to the best of their knowledge, information and belief, having made all reasonable enquiries, are not aware of any litigation proceedings (current, pending or threatened) against us which could have a material adverse effect on our financial condition or results of operations.

NON-COMPLIANCE

Our Directors confirm that they were aware of the occurrence of certain non-compliances of our Group, including, among others, non-compliance with zoning requirements of our workshops during the Track Record Period and untimely filing of tax returns under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong). Our Directors are of the view that such incompliances were either immaterial in nature or have been remedied as at the Latest Practicable Date.

As advised by the Legal Counsel, the non-compliance incidents not disclosed in this prospectus are either time barred by the time limit for prosecution, immaterial in nature, the risk of prosecution is remote under the relevant ordinances or taking into account the above and the fact that any loss, fee, expense and penalty of our Group in relation to non-compliance matters will be fully indemnified by our Controlling Shareholders, our Directors consider, and the Sole Sponsor concurs, that the impact of them would be immaterial upon our Group’s operation and financial position.

Below set out the non-compliance incidents of our Group during the Track Record Period and up to the Latest Practicable Date:

No.	Subsidiary involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
1	BOSA HK	Encroachment of the northern part of the temporary structure on Site Lot Nos. 1466, 1467 and 1468 in DD 77 in Fanling on government land	<p>The breach was not wilful, it occurred due to the absence of timely and professional advice at the material time.</p> <p>(1) On the first occasion of conviction, the maximum penalty for encroaching of government land is a fine of HK\$2,500,000 and imprisonment for 12 months if the encroachment is for a gainful purpose, or a fine of HK\$500,000 and imprisonment for 6 months if the encroachment is for other purposes.</p> <p>(2) After July 31, 2017, we only leased and occupied the southern part of the temporary structure on the Fanling land which does not encroach on government land. Although we did lease the northern part of the temporary structure on the Fanling land prior to July 31, 2017, we were advised by our Hong Kong Legal Counsel that any prosecution of BOSA HK's previous encroachment of a portion of the structures in the northern part is necessarily time-barred as of the Latest Practicable Date under section 26 of the Magistrates Ordinance (Chapter 277 of the Laws of Hong Kong) and therefore there is no risk of any retrospective penalty against BOSA HK for such encroachment.</p>	<p>(1) The Lands Department may issue a notice to compel BOSA HK to leave the Fanling land. A person who, without reasonable excuse, does not cease occupying a specified piece of land despite notice from the Lands Department is liable to a maximum fine of HK\$500,000 and imprisonment for 6 months on the first occasion of conviction.</p> <p>(2) On the first occasion of conviction, the maximum penalty for encroaching of government land is a fine of HK\$2,500,000 and imprisonment for 12 months if the encroachment is for a gainful purpose, or a fine of HK\$500,000 and imprisonment for 6 months if the encroachment is for other purposes.</p> <p>After July 31, 2017, we only leased and occupied the southern part of the temporary structure on the Fanling land which does not encroach on government land. Although we did lease the northern part of the temporary structure on the Fanling land prior to July 31, 2017, we were advised by our Hong Kong Legal Counsel that any prosecution of BOSA HK's previous encroachment of a portion of the structures in the northern part is necessarily time-barred as of the Latest Practicable Date under section 26 of the Magistrates Ordinance (Chapter 277 of the Laws of Hong Kong) and therefore there is no risk of any retrospective penalty against BOSA HK for such encroachment.</p>	<p>As confirmed by the Surveyor in its report prepared in August 15, 2017, no warning letter or enforcement notice has been received from the Lands Department by the landlord of our Fanling workshop. The Surveyor further advised that, despite the regularization system operated by the Lands Department for illegal occupiers of government land or owners of land which is in breach of the land lease conditions, we can still occupy the area at the Fanling lot which does not encroach on government land for operating our workshop. On July 31, 2017, we entered into a renewal tenancy agreement in respect of our Fanling workshop, leasing only the southern part of the temporary structure that does not encroach on government land (the "Renewed Tenancy Agreement"). As confirmed by the Surveyor, the southern part of the temporary structure leased by us sits within private lots and permitted waiver area and does not encroach on government land.</p>

No.	Subsidiary involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
2	BOSA HK	Use of Site Lot Nos. 686, 687 and 690 in DD105 in San Tin as rural workshop and open storage is: (1) contrary to the user clause in the relevant government lease; and (2) contrary to the approved uses in the applicable Approved Ngau Tam Mei Outline Zoning Plan No. SYL-NTM/12.	The breach was not wilful, it occurred due to the absence of timely and professional advice at the material time.	(1) As advised by the Hong Kong Legal Counsel, since our Company has terminated the tenancy in June 2017 and moved out accordingly, our Company's breach of the government lease, as tenant, will not cause any legal consequence against our Company. (2) On the first occasion of conviction, the maximum penalty for not conforming with zoning approvals is a fine of HK\$500,000. However, as advised by the Hong Kong Legal Counsel, risk of prosecution is highly remote since (i) our unauthorized development of the San Tin land was not as serious as cases where serious public nuisances or impact on the rural environment are present; (ii) neither us nor our Directors has received any warning letter or statutory notice concerning enforcement action as at the Latest Practicable Date; and (iii) we have terminated the San Tin workshop tenancy in June 2017.	The San Tin workshop ceased operations in June 2017.
3	BOSA HK	Use of Site Lot Nos. 1844, 1845, 1846, 1848 and 1849 in DD125 in Tin Shui Wai (the "Tin Shui Wai") as rural workshop is: (1) contrary to the user clause in the relevant government lease; and (2) contrary to the approved uses in the applicable Approved Ha Tsuen Outline Zoning Plan No. SYL-HT/10.	The breach was not wilful, it occurred due to the absence of timely and professional advice at the material time.	(1) As advised by the Hong Kong Legal Counsel, BOSA HK and/or its directors are unlikely to be affected by the breach of the government lease since it is no longer leasing the Tin Shui Wai site as at the Latest Practicable Date. (2) On the first occasion of conviction, the maximum penalty for not conforming with zoning approvals is a fine of HK\$500,000. As advised by the Hong Kong Legal Counsel, the risk of us and our Directors being prosecuted is highly remote since we are no longer leasing the Tin Shui Wai site.	The Tin Shui Wai workshop ceased operations in December 2016.

Subsidiary No. involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
4	BOSA HK	<p>BOSA HK was incorporated in March 2012. At the relevant time, the Directors had limited personal experience in setting up and managing the administrative works of Hong Kong companies. Accordingly, BOSA HK appointed a consultancy firm as its company secretary and local tax consultant (the “Former Local Tax Consultant”) who was responsible for dealing with the tax matters of BOSA HK. The Former Local Tax Consultant is a company in the business of provision of company secretarial and tax related services with over eight years of experience in 2012. It works closely with a Certified Public Accountants firm which specializes in providing financial audit services to clients. Our administrative manager, Ms. Chiu, had business dealings with a director of the Former Local Tax Consultant during her work experience prior to joining our Group. Ms. Chiu was satisfied with the work of such director and hence was confident that the Former Local Tax Consultant could provide reliable services to BOSA HK. The correspondence address of BOSA HK was the address of the Local Tax Consultant at the relevant time.</p>	<p>(1) BOSA HK was fined HK\$2,800 by the Magistrate at the hearing on June 22, 2016 and it was required to submit the relevant profit tax return within 30 days of the hearing.</p> <p>(2) (i) A person who fails to file a tax return in time without a reasonable excuse is subject to a maximum fine of HK\$10,000 and treble the amount of tax undercharged.</p> <p>(ii) As advised by our Tax Rep, our Group did not have any profit tax payable for the Years of Assessment 2012/2013, 2013/2014 and 2014/2015 for the following reasons:</p> <ul style="list-style-type: none"> Our Group had no assessable profits for the Years of Assessment 2012/2013 and 2013/2014; Our Group had low assessable profits for the Year of Assessment 2014/2015 which was set off by adjusted loss brought forward from Year of Assessment 2013/2014. <p>Based on the advice by the Tax Rep, the directors of BOSA HK consider that:</p> <ul style="list-style-type: none"> for the Year of Assessment 2014/2015, the chance of IRD imposing penalty on BOSA HK for its failure to inform chargeability to tax is low as there was no net profits tax payable for that year; for the Year of Assessment 2015/2016, BOSA HK received the assessment demanding final tax to be paid, and such amount of tax payable was fully settled on February 13, 2018. As at the Latest Practicable Date, IRD did not impose penalty on BOSA HK for its failure to inform chargeability to tax. Such penalty, if any, would be approximately HK\$175,053 (being 10% of the tax payable); for the Year of Assessment 2016/2017, the IRD may impose penalty on BOSA HK for its failure to inform chargeability to tax. Such penalty, if any, would be approximately HK\$622,014 (being 20% of the tax payable). <p>(3) An employer which fails to comply with section 52(4) or 52(5) of the Inland Revenue Ordinance, without a reasonable excuse, is liable to a fine of HK\$10,000.</p>	<p>(1) The fine was paid for and settled on June 29, 2016 and such amount was borne by the Former Local Tax Consultant due to its incorrect advice. The 2012/2013 Profits Tax Return on a nil assessable profit basis was submitted by the Former Local Tax Consultant on behalf of BOSA HK to the IRD on July 20, 2016. In June 2016, BOSA HK has engaged the Tax Rep to advise on tax matters and the Years of Assessment after 2013/2014 and ensure compliance with the relevant laws and regulations.</p> <p>(2) BOSA HK has engaged the Tax Rep to advise on tax matters and ensure compliance with the relevant laws and regulations in June 2016. As soon as the audited accounts of BOSA HK for the years ended 30 June 2014 to 2016 were available, the Tax Rep prepared and submitted, on behalf of the BOSA HK, profits tax computations for the Years of Assessment 2014/2015 and 2015/2016 on March 24, 2017, and for the Year of Assessment 2016/2017 on June 19, 2017 to the IRD. On April 18, 2017, the IRD issued the 2015/2016 profits tax return and we completed and submitted such return to IRD on May 10, 2017.</p> <p>The Profits Tax Return for the Years of Assessment 2013/2014, 2014/2015 and 2016/2017 were issued by the IRD on 9 January 2018. The three Profits Tax Returns were completed and submitted to the IRD by the Tax Rep on behalf of BOSA HK on January 23, 2018. In January 2018, BOSA HK received the assessment demanding final tax for the Year of Assessment 2015/16 from the IRD and the amount of tax payable was fully settled in February 13, 2018. On May 28, 2018, BOSA HK received the assessment demanding final tax for the Year of Assessment 2016/17 from the IRD. There is no penalty imposed by the IRD and the amount of tax payable is not materially different from our tax provision made for the year of assessment for 2016/17. The tax payable will be due on July 9, 2018. As at the Latest Practicable Date, such amount has not been settled.</p> <p>(3) The Group has made full tax provision in the Accountants' Report based on its estimated assessable profit in the abovementioned submitted tax returns. Full provision of the aggregate potential tax penalty in the amount of HK\$797,000 was provided and included in the administrative expenses for the year ended June 30, 2017.</p>

Subsidiary No. involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
		<p>(2) During the periods concerning Years of Assessment of 2013/2014 and 2014/2015, one of our Directors occasionally made enquiries about our tax filing status with the Former Local Tax Consultant. Given a lack of correspondence from the IRD, the Former Tax Consultant inadvertently overlooked the filing obligations of BOSA HK. In addition, assuming no tax filings were required, the Directors also overlooked its obligations to prepare audited financial statements for BOSA HK from March 2012 to June 2016. After BOSA HK received the summons for a hearing on June 22, 2016 in relation to failure to file its tax return for the Year of Assessment 2012/13, BOSA HK became aware of the incorrect advice previously given by the Former Local Tax Consultant and took remedial actions. BOSA HK retained an international accounting firm (the "Tax Rep") in June 2016 to advise on tax matters of BOSA HK. BOSA HK also instructed its former local auditors to prepare audited accounts for BOSA HK for the years ended June 30, 2014 to 2016. Since the audited financial statements for the years ended 30 June 2014 to 2016 (i.e. years of assessment 2014/2015 to 2016/2017) were not issued by the former local auditors until February, March and June 2017 respectively, the management of BOSA HK was unable to furnish the audited accounts and profits tax computations to the IRD to inform its chargeability to profits tax for the Years of Assessment 2014/2015 to 2016/2017 within 4 months after the end of the basis period.</p>		<p>(3) Forms IR56E and Forms IR56F which had been outstanding were filed in August 2016. As at the Latest Practicable Date, we have not received any correspondence from the IRD indicating its attention to impose penalty on BOSA HK for failing to file the employee related tax returns and compliance with related laws and regulations. Our Directors are of the view that these new internal control measures are adequate to prevent such incidents of non-compliance in future. As advised by the Tax Rep, based on its practical experience, our Directors are of the view that in light of the circumstances, particularly in light of the insignificant amounts involved, the chance of IRD imposing penalty for the non-compliance for filing employer's returns is remote.</p>
		<p>(3) The breach was not wilful, and occurred due to the absence of timely and professional advice at the material time. BOSA HK became aware of the non-compliance in April 2016 when it received a summons for a hearing in respect of its failure in filing the Profit Tax Return for the Year of Assessment 2012/2013 and started taking actions to rectify the non-compliance thereafter.</p>		

Subsidiary No.	involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
5	BOSA HK	<p>Delayed payment of Mandatory Provident Fund ("MPF") contributions for two directors and a member of the senior management between 2013 and 2015 (varied time period for the concerned directors and senior management), which was contrary to section 7A(8) of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPFSO").</p>	<p>The breach was not wilful, it occurred due to the absence of timely and professional advice at the material time.</p> <p>In particular, the then responsible staff overlooked our MPF obligations in connection with directors and senior management.</p>	<p><i>Prosecution</i></p> <p>An employer which is in breach of section 7A(8) of the MPFSO is liable to a fine of HK\$350,000 and imprisonment of 3 years. If the employer commits a continuing offence, it is liable to a daily penalty of HK\$500 during the period of continuation of offence. Section 43B(4) of the MPFSO provides that any prosecution of such non-compliance shall be initiated within six months after the offence is discovered by, or comes to the notice of, the Mandatory Provident Fund Schemes Authority (the "MPF Authority"). The Hong Kong Legal Counsel is of the view that such non-compliance has been time-barred from prosecution and there is no risk of the BOSA HK and/or its directors being prosecuted. The Hong Kong Legal Counsel is of the opinion that BOSA HK has already remedied such non-compliance by making full repayment of the outstanding MPF contributions and there is practically no risk of any retrospective prosecution penalty against BOSA HK for the non-compliance.</p> <p><i>Financial penalty</i></p> <p>Alternative to prosecution, the MPF Authority may consider imposing financial penalty against BOSA HK under section 45B of the MPFSO. Pursuant to Item 1A of Schedule 4 of the MPFSO, the maximum penalty that may be imposed by the MPF Authority under Section 45B of the MPFSO on the non-compliant company and/or person for the first non-compliance with Section 7A(8) of the MPFSO for failing to make MPF contribution is a fine of HK\$5,000 or 10% of the amount to be paid (namely, HK\$20,700 in our case), whichever is the greater.</p> <p>As (i) BOSA HK has already made full repayment of the outstanding MPF contributions in the aggregate amount of HK\$207,000; and (ii) the MPF Authority has not taken any action as at the Latest Practicable Date, the Hong Kong Legal Counsel is of the opinion that the practical risk of the MPF Authority issuing a notice for financial penalty under section 45B of the MPFSO would be very remote.</p>	<p>The outstanding MPF contributions were fully paid and settled in March 2016.</p> <p>We have designated our administration manager to monitor timely payment of our MPF contributions, keeping of MPF contribution records and compliance with related laws and regulations.</p>
6	BOSA HK	<p>The amount of employees' compensation insurance taken out by BOSA HK was insufficient to cover all employees during the Track Record Period, contrary to section 40(1) of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO").</p>	<p>The breach was not wilful, it occurred due to the absence of timely and professional advice at the material time. Due to the nature of our business, there is occasionally turnover of our employees as well as urgent needs to hire new employees, especially employees working at our workshops. As a relatively new company, the then responsible staff failed to keep track of all the hiring and termination of employees in a timely manner to comply with the employee compensation insurance requirements.</p>	<p>An employer which contravenes section 40(1) of the Employees' Compensation Ordinance is liable to (i) on summary conviction, a fine of HK\$100,000 and imprisonment for 1 year; or (ii) on indictment, a fine of HK\$100,000 and imprisonment for 2 years.</p> <p>As advised by the Hong Kong Legal Counsel, section 26 of the Magistrates Ordinance (Chapter 277 of the Laws of Hong Kong) states that in any case of an offence, other than an indictable offence, where no time is limited by any enactment for making any complaint or laying any information in respect of such offence, such complaint shall be made or such information laid within 6 months from the time when the matter of such complaint or information respectively arose. Since the ECO does not stipulate a time limit for the making of any complaint or laying any information in respect of the offence of contravening section 40(1) of the same, the Hong Kong Legal Counsel is in the opinion that the non-compliance has been time-barred from prosecution and there will not be any retrospective penalty for such non-compliance.</p>	<p>Our Group has taken out additional employee compensation insurance in compliance with the Employees' Compensation Ordinance in September 2017. Our Directors confirmed that we have adequate employee's compensation insurance coverage as required under the Employees' Compensation Ordinance as at the Latest Practicable Date.</p> <p>We have adopted internal policies to keep a clear record of hiring and termination of employees, and our administration manager checks whether our employees' compensation insurance is sufficient to cover the actual number of employee at the end of every calendar month.</p>

Subsidiary No. involved	Non-compliance incident	Reason(s)	Legal consequence(s) and maximum potential penalty	Remedial action(s) taken or to be taken
7	<p>BOSA HK received a summons dated 12 October 2017 alleging that BOSA HK as the owner of its Fanling workshop had failed to ensure that the crane was only operated by a person who held a valid certificate issued by the specified body or by any other person specified by Commissioner for Labour, which was contrary to regulations 15A(1) and 19(b) of the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong) made under the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the “Regulations”).</p>	<p>The breach was not willful and was due to the inadvertent oversight of the worker involved in relation to the requirements.</p>	<p>Any owner who contravenes regulation 15A(1) of the Regulations is liable to a fine of HK\$50,000.</p> <p>Since (i) the worker involved did not suffer serious injury; (ii) the incident did not involve any other personal injuries or damage of properties of third parties; and (iii) the non-compliance is penalized by way of fine which has been duly paid, the Hong Kong Legal Counsel is of the opinion that it is fully completed and settled.</p>	<p>A hearing was held in November 2017. BOSA HK was convicted as a result of the non-compliance and was fined a sum of HK\$9,000. The fine was fully paid and settled in early January 2018.</p>
8	<p>BOSA HK received a summons dated 12 October 2017 alleging that BOSA HK as the owner of its Fanling workshop had failed to ensure that the double sling wire ropes were not used in raising or lowering or as a means of suspension when the upper ends of the sling legs were not connected by means of a shackle, ring or link of adequate strength, which was contrary to regulations 18A(a) and 19 of the Regulations.</p>	<p>The breach was not willful and was due to the inadvertent oversight of the worker involved in relation to the requirements.</p>	<p>Any owner who contravenes regulation 18A(a) of the Regulations is liable to a fine of HK\$200,000.</p> <p>Since (i) the worker involved did not suffer serious injury; (ii) the incident did not involve any other personal injuries or damage of properties of third parties; and (iii) the non-compliance is penalized by way of fine which has been duly paid, the Hong Kong Legal Counsel is of the opinion that it is fully completed and settled.</p>	<p>A hearing was held in November 2017. BOSA HK was convicted as a result of the non-compliance and was fined a sum of HK\$5,000. The fine was fully paid and settled in early January 2018.</p>

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders, collectively as the indemnifiers, entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any non-compliances of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the section headed “Statutory and General Information — E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus.

Provision

Save for the provision in the amount of approximately HK\$797,000 to account for the possible tax penalty that may be imposed by the IRD on our Group for BOSA HK’s late filing of Profits Tax Return for the Years of Assessment 2015/2016 and 2016/2017, no other provision was made in the financial statements of our Group in respect of the aforementioned non-compliances as our Directors have taken into consideration the following: (i) up to the Latest Practicable Date, apart from the fine of HK\$2,800 for failure by BOSA HK to submit its Profits Tax Return in a timely manner which was borne by the Former Local Tax Consultant (please refer to item 4(1) of the table above for more details), our Directors were not aware of any prosecution instituted against us or any notices for any fine or penalties in relation to the above non-compliances; (ii) even if there is prosecution, the actual amount of penalty cannot be estimated with reasonable accuracy and the potential maximum penalties of the abovementioned non-compliance incidents is likely to be immaterial; (iii) legal opinion on likelihood of prosecution and legal liability; and (iv) our Controlling Shareholders commitment to indemnify our Group pursuant to the Deed of Indemnity. Please refer to Note 11 of the Accountant’s Report in Appendix I to this prospectus for details of the tax provision.

BOSA HK’s cumulative tax payable to the tax authority in Hong Kong since the commencement of business operations were recorded as tax payables in our consolidated financial statements during the Track Record Period. Please refer to the section headed “Financial Information — Discussion of certain principal items in the consolidated statements of financial positions — Tax payables” in this prospectus for details.

Having taken into account (i) the nature of the abovementioned non-compliances; and (ii) adoption of the preventative measures as set out in the section headed “— Non-compliance — Internal control measures to prevent the recurrence of non-compliance incidents” in this section, there has not been any recurrence of similar types of non-compliances and there is no indication that our Directors lack the ability to operate the business in a fully compliant manner after adopting the preventative measures. Hence, our Directors are of the view, and the Sole Sponsor concurs, that our Group’s internal control measures are adequate and effective.

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Having considered the background information leading to the non-compliances mentioned above, the Sole Sponsor is of the view that these non-compliances do not reflect a material defect in the character, integrity or experience of our Directors on the following grounds:

1. The Sole Sponsor strongly believes that the non-compliances were not willful and did not involve intentional misconduct, fraud, dishonesty or corruption on the part of our Directors. No profit tax was payable by BOSA HK for the years of assessment of 2012/13, 2013/14 and 2014/15 and BOSA HK had no incentive to knowingly and deliberately omit the filing of the relevant tax returns;
2. The Sole Sponsor is of the view that the tax non-compliances for the assessment year 2012/13, 2013/14 and 2014/15 was not material given that (a) as mentioned above, no profit tax was payable by BOSA HK for those years; (b) the penalty imposed on BOSA HK at the hearing at the Magistrate on June 22, 2016 was merely HK\$2,800, which reflects that the seriousness of the offence was not significant; and (c) the Former Local Tax Consultant admitted to its omissions in advising BOSA HK and settled the HK\$2,800 penalty for BOSA HK;
3. In spite of Mr. P. Lim's prior management experience abroad, he had limited experience in setting up and managing a Hong Kong-based company. Whilst Mr. Kwan has experience in managing Hong Kong companies, Mr. Kwan was not responsible for handling the administrative works at BOSA HK and has been relying on professional secretarial service providers to assist with the secretarial and tax related matters. It is noteworthy that the Hong Kong companies managed by Mr. Kwan has never been charged with late filing or failure to file the tax return. As such, Mr. Kwan had been confident that the Former Local Tax Consultant would have also fulfilled its obligations to assist BOSA HK to handle the relevant secretarial and tax related matters. Mr. K. Lim was more involved in the provision of technical services and was not familiar with the administrative works such as tax preparation. As such, it is understandable that our Directors were not familiar with the corporate tax laws in Hong Kong. Our Directors nevertheless took proactive measures and engaged the Former Local Tax Consultant, an experienced and professional service provider, as the company secretary and tax representative of BOSA HK. Furthermore, Mr. P. Lim had made enquires with the responsible person at the Former Local Tax Consultant in respect of the tax filing obligations. The Sole Sponsor is of the view that the failure of the Former Local Tax Consultant to provide prompt and correct advice and inform BOSA HK of its obligations to file the tax return as and when appropriate should not be a ground for casting doubts on our Directors' overall competence and integrity;
4. As soon as BOSA HK received the notice for Magistrate hearing, our Directors became aware of the deficiency and retained the Tax Rep in June 2016 in an attempt to obtain prompt and reliable tax-related advices;
5. The profit tax computation for 2013/14, 2014/15 and 2015/16 prepared by Tax Rep and the relevant audited financial statements for the three years ended June 30 were submitted to IRD on March 24, 2017 with a request for IRD to issue the tax returns for the relevant years;
6. The profit tax computation for 2016/17 prepared by the Tax Rep and the audited financial statements for the year ended June 30, 2016 were submitted to IRD on June 19, 2017;

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7. The Directors demonstrated their recognition to their responsibilities in complying with the tax laws and regulations applicable to the Group's business by (i) taking a proactive approach to engage relevant professional parties to advise them in aspects which require their attention and (ii) attending training sessions with an aim to get more familiar with tax-related laws and regulations in Hong Kong. In particular, our Directors attended two tax training sessions given by our finance manager in 2017. The training sessions covered a variety of tax laws and regulations which may be relevant to the business of our Group, including without limitation, persons chargeable to tax in Hong Kong, obligations of filing profits tax return, locality and computation of profits tax, and apportionment of expenses; and
8. The Sole Sponsor did not come across any other evidence which give rise to reasonable suspicion that any of the non-compliances were willful, intentional or involved any fraud, dishonesty or corruption on the part of our Directors.

The Sole Sponsor is therefore of the view that Mr. K. Lim, Mr. P. Lim and Mr. Kwan are suitable to act as our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules. Furthermore, given the rectification status of the non-compliances identified as well as the Deed of Indemnity given in favour of us by our Controlling Shareholders, our Directors are of the view, and the Sole Sponsor concurs, that the abovementioned non-compliances do not affect our suitability of listing under Rule 11.06 of the GEM Listing Rules.

Internal control measures to prevent the recurrence of non-compliance incidents

Our Company has engaged an independent internal control adviser, to review and provide recommendations on our internal control system to prevent recurrence of the aforesaid non-compliance incidents. We have specifically adopted the following internal control measures:

Issue	Measures
Compliance with the Companies Ordinance	<p>We have appointed Mr. Ng Chit Sing (“Mr. Ng”), who has over 15 years of experience in finance, accounting and corporate governance of listed companies in Hong Kong, as our company secretary who will be responsible for company secretarial matters of our Group. Mr. Ng obtained a bachelor degree in Social Sciences and a bachelor degree in Laws from Lingnan College and the University of London (long distance course) respectively. Our Directors believe that our Company will be able to draw on Mr. Ng’s expertise and experience with respect to compliance with applicable legal and financial reporting requirements. Please refer to the section headed “Directors and Senior Management — Company secretary” in this prospectus for detailed information of Mr. Ng.</p> <p>We will appoint Deloitte Touche Tohmatsu as our auditors. It will work closely with our Directors and finance manager to prepared audited statements and directors report of our Group for the financial years after the Listing.</p>

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Issue	Measures
Compliance with the Inland Revenue Ordinance	We have appointed the Tax Rep, an international accounting firm as our tax representative. It will work closely with our finance manager to ensure compliance with the applicable tax laws and regulations. In addition, to enhance our Directors' knowledge on Hong Kong tax laws and regulations, our Directors had attended trainings on Hong Kong tax laws and regulations provided by our finance manager, who is a member of CPA Australia, on October 4, 2016 and August 31, 2017.
Compliance with the Employees' Compensation Ordinance and the Mandatory Provident Fund Schemes Ordinance	Our administration manager, Ms. Chiu, has over 20 years of experience in administration and human resources management. Ms. Chiu joined our Group in July 2013. Our Directors believe that our Company will be able to draw on her experience in handling human resources related matters. Please refer to the section headed "Directors and Senior Management — Senior management" in this prospectus for detailed information of Ms. Chiu.
Compliance with land use and zoning conditions	In the future, we will appoint the Surveyor to provide professional advice on laws and regulations concerning land use and zoning. The Surveyor has over 10 years of experience in its fields. Our Directors believe that our Company will be able to draw on its expertise and experience to ensure compliance with the applicable laws and regulations and keep abreast of the latest developments in land use and zoning, particularly in the New Territories. The Surveyor will closely examine land use and zoning restrictions of the shortlisted parcel of land before our Group purchases it for building a new workshop. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for more information.

In order to ensure ongoing compliance with the relevant laws and regulations, we have adopted, among others, the following key measures:

- (a) We will establish an audit committee on June 19, 2018 comprising three members, namely Mr. Kwan, Mr. Chan Chi Keung Alan and Mr. Ng Ming Hon (the latter two directors being our independent non-executive Directors) to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to our Board on matters related to corporate governance. Mr. Ng Ming Hon has been appointed as the chairman of the audit committee of our Company. Please refer to the section headed "Directors and Senior Management" in this prospectus for further biographical details of the members of the audit committee of our Company.

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- (b) Our Company has appointed Kingsway Capital Limited as our compliance adviser, which shall provide advice regarding compliance with the GEM Listing Rules after the Listing. In addition, our compliance adviser would advise on, among other things, assessing the understanding of all new appointees to our Board regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer.
- (c) Our Company arranged for our Directors to attend a training session in August 2017 conducted by Dorsey & Whitney, the Hong Kong Legal Advisers, regarding director's duties under the GEM Listing Rules and the laws of Hong Kong.
- (d) Going forward, we will engage external professional advisers such as consultancy firms, auditors and external legal advisers to render professional advice as to compliance with the statutory requirements as applicable to our Group from time to time when necessary after the Listing.
- (e) Our Directors and senior management will attend training on the laws and regulations relevant to our business operations on a regular basis.
- (f) Mr. P. Lim, our executive Director and Chief Operating Officer, will be appointed as our Group's compliance officer to (i) monitor the regulatory compliance regarding company secretarial and financial reporting matters including the statutory filing requirements under the Companies Ordinance and the regulatory compliance with other laws and regulations relevant to the business of our Group; (ii) monitor the new developments in the rules, laws and regulations relevant to the business of our Group; (iii) keep our Directors and the relevant staff of our Group abreast of the regulatory requirements including new developments regarding our Group's business and financial reporting; (iv) act as the principal channel of communication between members of our Group in relation to legal, regulatory and financial reporting compliance matters of our Group; (v) oversee the internal control procedures in general; and (vi) seek advice from our Group's external professional advisers when necessary to ensure compliance with the relevant rules, laws and regulations and take the appropriate adaptive measures.

View of our Directors and the Sole Sponsor

Having considered that:

- (a) each of the non-compliance incident has been fully rectified and the outstanding penalty paid in full;
- (b) each of the non-compliance incident was due to external factors, such as, miscommunication with the external tax consultant, or internal inadvertence and unfamiliarity with the relevant law;
- (c) the penalties imposed (where applicable) were not of a substantial amount, when compared with our Group's revenue and profit; and
- (d) the rectification actions did not constitute an extensive administrative burden,

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our Directors are of the view, and the Sole Sponsor concurs that the non-compliance incidents had nominal impact on our Group's business operations and financial position.

Furthermore, our Directors take the view, and the Sole Sponsor concurs, that the above mentioned litigations, prosecutions and immaterial non-compliance incidents would not affect (i) the suitability of our executive Directors under Rules 5.01 and 5.02 of the GEM Listing Rules; and (ii) our Company's suitability of listing under Rule 11.06 of the GEM Listing Rules on the following grounds:

- (a) The litigations and past immaterial non-compliance would not have material adverse impact on our Group's operation and financial position as disclosed above;
- (b) The litigations and past immaterial non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our Directors nor cast any doubt on their integrity or competence;
- (c) Our Group has implemented and will continue to implement appropriate measures to avoid recurrence of the litigations and non-compliance incidents, and will engage an external professional adviser for ensuring strict compliance with the relevant laws and regulations;
- (d) Our Group has carried out remedial actions and fully rectified all of the immaterial non-compliance incidents, where applicable; and
- (e) Our Directors confirm, and the Sole Sponsor concurs, that the internal control measures implemented by our Group are sufficient to ensure a proper internal control system for prevention of the recurrence of non-compliance incidents of the same or similar nature.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, we ordered and purchased our couplers from BOSA (Taiwan), a related party. This purchase arrangement is regarded as related party transaction. Please refer to Note 27 in the Accountants' Report in Appendix I to this prospectus for details of the related party transaction. Further details of our relationship with BOSA (Taiwan) are set out in the section headed "Connected Transactions" in this prospectus. From July 7, 2017, such purchase arrangement ceased and we place our orders of couplers directly with the OEM Factory through our branch office in Taiwan.

To ensure whether transfer pricing risk is applicable to the Group, the Company engaged a tax consultant, which is an international accounting firm, to consider and analyze the Group's transfer pricing risk. Based on the advice of our tax consultant, from a transfer pricing perspective, our Directors are of the view that Company and BOSA (Taiwan) may be considered as under common control. In particular, Mr. Yang and Mr. Wang (i) own 52.8% of BOSA Taiwan and (ii) will own 16.0% of our Company upon Listing. As such, our Company and BOSA (Taiwan) may be considered as being related parties for transfer pricing purposes. On this basis, the relevant tax authorities would expect transactions between the Group and BOSA (Taiwan) to meet the arm's length principal.

Our tax consultant conducted a transfer pricing analysis covering the purchases of couplers by our Group from BOSA (Taiwan) for onward distribution to third party customers in Hong Kong during the Track Record Period. From a transfer pricing perspective, BOSA HK purchased the couplers from BOSA (Taiwan) for onward sales to its customers, after undertaking the processing of the reinforced

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bars and connection of the processed reinforced bars by couplers. BOSA HK was exposed to various risks, including without limitation, market risk, inventory risk, credit risk, foreign exchange risk and product liability risks, in respect of its sales to customers. Accordingly, solely from the transfer pricing perspective, BOSA HK is considered as a routine distributor. Based on the analysis of the functional profile of our Company in the transfer pricing analysis, our tax consultant concluded that the profit level of the Company during the Track Record Period was above the arm's length range established by selected distributors comparable to our Group.

Having taken into consideration the relevant laws and regulations relating to taxation as set out in the relevant section under "Regulations" in this prospectus, our Directors (after consultation with our tax advisers) confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group has observed the transfer pricing laws and regulations of the relevant jurisdiction and we were not aware of any audit or investigation by any tax authority in Hong Kong. In addition, our Directors (after consultation with our tax advisers) consider that, from a transfer pricing perspective, the purchase arrangements during the Track Record Period satisfied the arm's length requirement under the applicable transfer pricing regulations in Hong Kong and there was no tax exposures relating to transfer pricing in Hong Kong that were required to be settled with the relevant tax authority during the Track Record Period and up to the Latest Practicable Date.

Although there is no assurance that the Hong Kong tax authority will not make any transfer pricing adjustments according to the relevant laws and regulations, based on the above analysis our Directors (after consultation with our tax advisers) are of the view that we would have reasonable grounds to defend ourselves against possible challenges to our transfer pricing arrangements from the Hong Kong tax authority requiring us to pay additional tax for the Track Record Period.

We have engaged our tax consultant for the provision of transfer pricing and tax advisory and compliance services during the Track Record Period. The Sole Sponsor has reviewed the advice from our tax consultant and discussed the transfer pricing issues with us and our tax consultant. Based on that, the Sole Sponsor is of the view that we have sought specialist advice from a reputable firm and have no reason to doubt the sufficiency and effectiveness of the transfer pricing measures adopted by us. However, as with all matters relating to tax, that is subject to agreement with the relevant government authorities and the related risk has been disclosed under the section headed "Risk Factors — Adverse determinations by tax authority in Hong Kong may materially and adversely affect our results of operations" in this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board of Directors consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The following table sets out the information in respect of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director of our Company	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Kwan Tek Sian (關衍德)	42	Non-executive Director and Chairman of our Board	March 14, 2012	August 18, 2017	Overall corporate strategies and development of our Group, chairman of the nomination committee	Nil
Mr. Lim Su I (林恕如)	52	Executive Director and Chief Executive Officer	March 14, 2012	August 18, 2017	Overall corporate strategies, development, sales and marketing activities and management of our Group	Brother of Mr. Paulino Lim
Mr. Paulino Lim	44	Executive Director and Chief Operating Officer	March 14, 2012	August 18, 2017	Overall corporate management sales and marketing activities and of our Group, member of the remuneration committee	Brother of Mr. Lim Su I
Mr. Chan Chi Keung Alan (陳志強)	54	Independent non-executive Director	June 19, 2018	June 19, 2018	Supervising and providing independent judgment to our Board, chairman of the remuneration committee and member of the audit committee	Nil
Ms. Chu Wei Ning (祝蔚寧)	45	Independent non-executive Director	June 19, 2018	June 19, 2018	Supervising and providing independent judgment to our Board, member of the nomination committee	Nil
Mr. Ng Ming Hon (吳明翰)	42	Independent non-executive Director	June 19, 2018	June 19, 2018	Supervising and providing independent judgment to our Board, chairman of the audit committee and member of the nomination committee and remuneration committee	Nil

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Kwan Tek Sian (關衍德), aged 42, is our non-executive Director and Chairman of our Board. He was appointed as our Director on August 18, 2017. Mr. Kwan is primarily responsible for overall corporate strategies and development of our Group. Mr. Kwan obtained a bachelor degree in Science from Victoria University in Australia in May 1998, a master degree in Health Science from Victoria University in October 2000 and a graduate diploma in Law and Legal Studies from La Trobe University in October 2004. Mr. Kwan is an entrepreneur with interests across multiple industries. He is the chief executive officer of JMC Technologies Pte. Ltd., a Singapore-based company that is principally engaged in providing recruitment services and 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 of 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 an investor 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 indirectly holds mining interests in Indonesia, and which shares are listed on TSX Venture Exchange.

Mr. Kwan was a director of the following companies prior to their respective dissolutions:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Lakeside Estate Limited	Hong Kong	Property holding	September 30, 2016	Deregistration under section 750 of the Companies Ordinance (Note)	Property which the company held was sold
New Age Medicine Group Pty Ltd	Australia	Information technology	June 7, 2015	Deregistration	The parent company of New Age Medicine Group Pty Ltd was acquired by another company
Asia Mining and Resource Limited	Hong Kong	Put option holding	November 25, 2016	Deregistration under section 750 of the Companies Ordinance (Note)	The company had not been used for its intended purpose
C&O 8 Pty Ltd	Australia	Medical clinic	February 18, 2008	Deregistration	The company was acquired

Note: Under section 750 of the Companies Ordinance, an application for deregistration can only be made by a company, its director or member. An application for deregistration can only be made when, at the time of application: (i) all members of the company agree to the deregistration; (ii) the company has not commenced operation or business, or has not been in operation or carried on business during the 3 months immediately before the application; (iii) the company has no outstanding liabilities; (iv) the company is not a party to any legal proceedings; (v) the company's assets do not consist of any immovable property situate in Hong Kong; and (vi) if the company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwan confirmed that (i) the above dissolved companies were solvent immediately prior to their dissolutions, those dissolutions were not sought by creditors and there is no wrongful act of his part leading to the dissolutions; (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions; (iii) his involvement in the above companies was part and parcel of his services as a director of those companies; and (iv) no misconduct or misfeasance had been involved in the dissolution of those companies.

EXECUTIVE DIRECTORS

Mr. Lim Su I (林恕如), aged 52, is our executive Director and Chief Executive Officer. He was appointed as our Director on August 18, 2017. Mr. K. Lim has over 19 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 our Group. Mr. K. Lim obtained his bachelor degree in Civil Engineering from The University of Melbourne in 1991.

Prior to joining our Group, Mr. K. Lim's working experience includes:

Name of company	Principal business activity	Position	Period of service
Hong Kong Construction (Holdings) Limited (formerly Kumagai Gumi (HK) Limited)	Construction	Site Agent/Section Engineer	1998–2004
Dextra Pacific Limited	Provision of mechanical splicing services	Sales Manager (Buildings Department)/Business Consultant	2004–2012

Mr. K. Lim was a director of the following company prior to its respective dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
JML Australia Pty. Ltd.	Australia	Trading	September 30, 2002	Deregistration	Cessation of business

Mr. K. Lim confirmed that (i) the above dissolved company was solvent immediately prior to its dissolution, the dissolution was not sought by creditors and there is no wrongful act of his part leading to the dissolution; (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution; (iii) his involvement in the above company was part and parcel of his services as a director of that company; and (iv) no misconduct or misfeasance had been involved in the dissolution of that company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Paulino Lim, aged 44, is our executive Director and Chief Operating Officer. He is also one of the founders of our Group. He was appointed as our Director on August 18, 2017. He is primarily responsible for the overall corporate management and operation of our Group. Mr. P. Lim 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 was a director of the following companies prior to their respective dissolutions:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
APK Brothers Pty Limited	Australia	No active business activity	October 31, 2007	Deregistration	The company had not commenced business
Global Securitylink Pty Ltd	Australia	Closed circuit television system	December 30, 2015	Deregistration	Cessation of business

Mr. P. Lim confirmed that (i) the above dissolved companies were solvent immediately prior to their dissolutions, those dissolutions were not sought by creditors and there is no wrongful act of his part leading to the dissolutions; (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions; (iii) his involvement in the above companies was part and parcel of his services as a director of those companies; and (iv) no misconduct or misfeasance had been involved in the dissolution of those companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Chi Keung Alan (陳志強), aged 54, is our independent non-executive Director. He was appointed as independent non-executive Director of our Company on June 19, 2018. Mr. Chan obtained a bachelor of science degree in Civil Engineering from the Aston University at Birmingham, England in July 1986 and a bachelor of laws degree in China Law from the China University of Political Science and Law at Beijing, PRC in June 1999. Mr. Chan is a qualified solicitor admitted in England & Wales in October 1991 and in Hong Kong in February 1992. He has practiced corporate and commercial law for more than two decades.

Mr. Chan's working experience includes:

Name of company	Principal business activity	Position	Period of service
Stephenson Harwood & Lo.	Legal services	Assistant Solicitor	July 1992–September 1997
Urban Renewal Authority (formerly the Land Development Corporation)	Statutory body	Senior Assistant Director, Legal Department	April 1998–August 2000
Sun Microsystems	Information technology	Legal Counsel	August 2000–January 2002

DIRECTORS AND SENIOR MANAGEMENT

Name of company	Principal business activity	Position	Period of service
Celestial Pictures Limited (subsidiary of Astro Malaysia Holdings Berhad)	Production studio	Vice President of Legal Affairs	July 2002–July 2008
St. Jude Medical	Medical device supplier	Asia Pacific Legal Director	July 2008–January 2010
The Hong Kong Jockey Club	Horse racing operator and community benefactor	Head of Legal Services	August 2010–August 2013
NagaCorp Limited (Stock Code: 3918)	Gaming	Vice President, Legal	January 2014–May 2014
Imperial Pacific International (CNMI) LLC (subsidiary of Imperial Pacific International Holdings Limited)	Gaming	Senior General Counsel	January 2015–present

Mr. Chan has been an independent non-executive director of (i) Focus Media Network Limited (Stock Code: 8112), a company listed on the GEM; and (ii) Fortunet e-Commerce Group Limited (previously named Chang Feng Axle (China) Company Limited) (Stock Code: 1039), a company listed on the main board of the Stock Exchange since June 2011 and September 2014 respectively. He also served as independent non-executive director of L&A International Holdings Limited (Stock Code: 8195), a company listed on the GEM, from September 2014 to October 2015.

Mr. Chan is a registered civil celebrant in Hong Kong. He is a council member of the China Overseas Friendship Association, Beijing, China (中華海外聯誼會理事), a committee member by Special Appointment of the Eighth Zhuhai Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議珠海市第八屆委員會特聘委員) and a director of the Hong Kong Chiu Chow Chamber of Commerce Limited.

Ms. Chu Wei Ning (祝蔚寧), aged 45, is our independent non-executive Director. She was appointed as independent non-executive Director of our Company on June 19, 2018. 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 15 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 specializing 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.

DIRECTORS AND SENIOR MANAGEMENT

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 July 8, 2015. She is also the chief executive officer and authorized representative of China Baoli Technologies Holdings Limited.

Mr. Ng Ming Hon (吳明翰), aged 42, is our independent non-executive Director. He was appointed as independent non-executive Director of our Company on June 19, 2018. Mr. Ng obtained his bachelor degree in Commerce, majoring in accounting, from Monash University in Australia in 1999. Mr. Ng became a member of CPA Australia in 1999.

Mr. Ng's working experience includes:

Name of company/ organization	Principal business activity	Position	Period of service
Ernst & Young Hua Ming, Beijing	Accounting firm	Senior Manager, Assurance Services	February 2001–June 2010
Deloitte Touche Tohmatsu CPA Ltd. Beijing Branch	Accounting firm	Senior Manager, Assurance Services	July 2010–July 2013
Yingda International Leasing Co., Ltd.	Financial leasing	Financial Controller	August 2013–August 2016
China ZhongDi Dairy Holdings Company Limited (Stock Code: 1492)	Dairy farming	Chief Financial Officer	October 2014–December 2015
Heilongjiang Foresun Cattle Industry Co., Ltd.	Cattle husbandry	Chief Financial Officer	December 2015–present

Save as disclosed above and in the sections headed “Substantial Shareholders” and “Statutory and General Information — C. Further information about substantial Shareholders and Directors” in Appendix IV to this prospectus, each of our Directors has confirmed that (i) he/she has no interest in the Shares within the meaning of Part XV of the SFO; (ii) he/she is independent from, and is not related to, any other Directors, members of the senior management, substantial shareholders or Controlling Shareholders, (iii) he/she has not held any directorship in any other public companies the securities of which are listed in any securities market Hong Kong or overseas in the past three years; and (iv) there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there any other matters which need to be brought to the attention of our Shareholders in connection with his/her appointment as a Director.

Save as disclosed in the section headed “Relationship with Controlling Shareholders” in this prospectus, none of our Directors has any interests in any business apart from our Group's business which competes or is likely to compete, whether directly or indirectly, with our Group's business.

Save for Mr. Kwan, all of the Directors managing our operations during the Track Record Period are ordinarily residing in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Yang Tien-Lee (楊添理)	50	Technical Manager	March 14, 2012	Quality control research and development	Nil
Ms. Chiu Yin Mei (趙燕薇)	44	Administration Manager	July 1, 2013	Administration, human resources and co-ordination	Nil
Mr. Chan Fong Kong, Francis (陳方剛)	42	Finance Manager	October 1, 2016	Financial planning, reporting and management	Nil

Mr. Yang Tien-Lee (楊添理), aged 50, is our technical manager. He is primarily responsible for quality control, and research and development. Mr. Yang joined our Group in March 2012 and has over 25 years of experience in engineering. Mr. Yang attended 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 (Taiwan), a company which specializes in producing couplers and bolts.

Ms. Chiu Yin Mei (趙燕薇), aged 44, is our administration manager. Ms. Chiu is principally responsible for overall administration, human resources and co-ordination. She joined our 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 our 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.

Mr. Chan Fong Kong, Francis (陳方剛), aged 42, is our finance manager. Mr. Chan is principally responsible for financial planning, reporting and management. Mr. Chan joined our Group in October 2016 and has over 10 years of experience in providing capital investment, assurance and consultancy services. Mr. Chan obtained a bachelor degree of Commerce, majoring in accounting and finance, from Deakin University at Melbourne, Australia in 2000. He became a member of CPA Australia in 2008. Mr. Chan worked at an international accounting firm for five years primarily engaged in providing assurance and advisory service for multinational corporate entities in Hong Kong between 2001 and 2005. From 2006 onwards, Mr. Chan has been the director of Kossilon Group, a local consultancy firm that oversees corporate clients' business development, corporate restructuring and company secretarial matters. He is also a director of the New Territories General Chamber of Commerce and the company director of the Care of Rehabilitated Offenders Association.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan has been an independent non-executive director of the following companies in the past 3 years:

Name of companies	Principal business activities	Position	Period of service
Kwoon Chung Bus Holdings Limited (Stock Code: 306)	Provider of non-franchised bus services	Independent non-executive director	October 2016–present
E-Kong Group Limited (Stock Code: 524)	Telecommunications and information technology	Independent non-executive director	June 2015–May 2017
China Best Group Holdings Limited (Stock Code: 370)	Energy, investment, logistics and resources	Independent non-executive director	September 2014–October 2016
Leyou Technologies Holdings Limited (Stock Code: 1089)	Manufacturing and trading chicken meat products	Independent non-executive director	January 2015–July 2015
Heng Xin China Holdings Limited (Stock Code: 8046)	Digital cable and wireless television network services	Independent non-executive director	June 2016–August 2016

Mr. Chan had been a defendant in a bankruptcy action (HCB 7421 of 2015) which was settled in December 2015. On September 22, 2015, a petition (the “**Petition**”) was filed with the High Court in Hong Kong for a bankruptcy order be made against Mr. Chan by a creditor (the “**Creditor**”) which was owed approximately HK\$13.6 million together with costs and interest. The Petition was filed on the ground that the Mr. Chan and 4 other debtors (the “**Debtors**”) were unable to pay their debt in respect of two actions adjudged in 2012 (the “**Actions**”). A statutory demand was served upon the Debtors in April 2015 but it was not complied with. On December 1, 2015, a Deed of Settlement was entered into by, among others, the Debtors and the Creditor. Pursuant to the Deed of Settlement, among others, the Debtors agreed to pay and the Creditor agreed to receive a sum of HK\$15,000,000 (the “**Settlement Sum**”) by way of cashier’s order in favour of the Creditor in full and final settlement of all claims and actions among them, including interest and costs. It was intended that the Actions had been or were deemed to have been fully settled and satisfied and that there would be no further claim between the Debtors and the Creditor upon receipt of the Settlement Sum by the Creditor. On December 3, 2015, the High Court in Hong Kong ordered, by consent, that the Creditor’s claims against the Debtors under the Actions be discontinued. On December 8, 2015, the High Court in Hong Kong granted leave to the Creditor to withdraw the Petition against Mr. Chan.

Saved as disclosed above, none of our Directors or senior management members is and has been a director of any other listed companies in Hong Kong or overseas in the past 3 years.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Ng Chit Sing (吳捷陞), aged 45, is our company secretary. He was appointed as our company secretary on August 18, 2017. Mr. Ng obtained a bachelor degree in Social Sciences from Lingnan College in 1996 and a bachelor degree in Laws from the University of London (long distance course) in 2008. Mr. Ng became an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in England in July 2000. Mr. Ng was the senior company secretarial manager of SMI Culture & Travel Group Holdings Limited (formerly known as SMI Culture Group Holding Limited and Qin Jia Yuan Services Company Limited) (Stock Code: 2366), a company listed on the Main Board of the Stock Exchange, from April 2010 to November 2010, and served as its company secretary from December 2010 to September 2011. Mr. Ng was the director of BMS Corporate Services Limited, a corporate secretarial firm, from November 2011 to October 2013. He is the chief executive officer of IN Corporate Services Limited, a company that specializes in the provision of corporate secretarial services to listed companies and private companies, from April 2014 onwards. From May 2015 onwards, Mr. Ng has served as the company secretary of Yestar Healthcare Holdings Company Limited (formerly known as Yestar International Holdings Company Limited) (Stock Code: 2393), a company listed on the Main Board of the Stock Exchange. Mr. Ng has also served as the company secretary of AL Group Limited (Stock Code: 8360), a company listed on GEM, from July 2016 to December 2017. From February 2017 onwards, Mr. Ng has been the company secretary of Takbo Group Holdings Limited (Stock Code: 8436), a company listed on GEM of the Stock Exchange. From June 2017 and July 2017 onwards, Mr. Ng has served as the company secretary of two companies listed on the Main Board of the Stock Exchange, namely LHN Limited (Stock Code: 1730) and Solis Holdings Limited (Stock Code: 2227), respectively.

AUTHORIZED REPRESENTATIVES

Mr. P. Lim and Mr. Ng Chit Sing are the authorized representatives of our Company for the purposes of the GEM Listing Rules and the Companies Ordinance.

COMPLIANCE ADVISER

We have appointed Kingsway Capital Limited as its compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (c) where our Company proposes to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares pursuant to Rule 17.11 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The term of the appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

AUDIT COMMITTEE

Our Company established an audit committee pursuant to a resolution of our Directors passed on June 19, 2018 in compliance with Rule 5.28 to Rule 5.33 of the GEM Listing Rules. Written terms of reference in compliance with paragraphs C.3.3 and C3.7 of the Corporate Governance Code (Appendix 15 of the GEM Listing Rules) has been adopted. 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 internal control procedures of our Company.

The audit committee comprises Mr. Ng Ming Hon, Mr. Kwan and Mr. Chan Chi Keung Alan. Mr. Ng Ming Hon is the chairman of the audit committee.

REMUNERATION COMMITTEE

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on June 19, 2018 in compliance with Rule 5.34 of the GEM Listing Rules. Written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code (Appendix 15 of the GEM Listing Rules) has been adopted. 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 remuneration committee comprises Mr. Ng Ming Hon, Mr. P. Lim and Mr. Chan Chi Keung Alan. Mr. Chan Chi Keung Alan is the chairman of the remuneration committee.

NOMINATION COMMITTEE

Our Company established a nomination committee pursuant to a resolution of our Directors passed on June 19, 2018. Written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code has been adopted. The primary duties of the nomination committee are to make recommendations to the Board on appointment of the Directors and succession planning for the Directors.

The nomination committee comprises Mr. Ng Ming Hon, Mr. Kwan and Ms. Chu Wei Ning. Mr. Kwan is the chairman of the nomination committee.

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of Directors fees, salaries, allowances, discretionary bonuses and other benefits as well as contributions to retirement benefit schemes. The total compensation accrued to our Directors for the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 was approximately HK\$3.0 million, HK\$3.0 million and HK\$1.4 million, respectively.

The aggregate compensation (including Directors fees, salaries, discretionary bonus, contributions to retirement benefit schemes, allowances and other benefits) paid to our five highest paid individuals for each of the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 was HK\$4.3 million, HK\$4.5 million and HK\$2.2 million, respectively.

Each of the executive Directors has entered into a service agreement with our Company for an initial term of three years commencing from the Listing Date subject to provisions contained therein. Each of the executive Directors is entitled to a basic salary. Under the service agreements, the basic annual remunerations payable by our Group to the executive Directors are set out below:

Executive Directors

	<i>HK\$</i>
Mr. K. Lim	943,800
Mr. P. Lim	629,200

The salary of each of the executive Directors shall be reviewed at the discretion of the Board (or its designated committee) and decided by the Board (or its designated committee) after the relevant Director has completed 12 months of service or at such other time as the Board (or its designated committee) deems appropriate.

Non-executive Director

The non-executive Director has signed an appointment letter with our Company with an initial term of three years commencing from the Listing Date subject to provisions contained therein. Under the arrangement, the basic annual remuneration payable by our Group to the non-executive Director after the Listing is HK\$1.0.

DIRECTORS AND SENIOR MANAGEMENT

Each of the independent non-executive Directors has signed an appointment letter with our Company with an initial term of three years commencing from the Listing Date subject to provisions contained therein. Under the arrangement, the basic annual remuneration payable by our Group to the independent non-executive Directors after the Listing are as follows:

Independent non-executive Directors

	<i>HK\$</i>
Mr. Chan Chi Keung Alan	240,000
Ms. Chu Wei Ning	240,000
Mr. Ng Ming Hon	240,000

The director's fee for the non-executive Director and each of the independent non-executive Directors during the three-year term is initially fixed, subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee.

The remuneration of each Director is determined by reference to market terms, seniority, his experiences, duties and responsibilities within our Group. Under the arrangement currently proposed, we estimate the total compensation (excluding any commission, payment pursuant to any discretionary bonus or benefits, contributions to retirement benefit schemes and pension and other fringe benefits) to be paid or accrued to our Directors for the year ending June 30, 2019 to be approximately HK\$2.3 million.

During the Track Record Period, the remuneration policy for our Directors and senior management was based on their experience, level of responsibility and general market conditions. Our Group intends to adopt the same remuneration policy upon the Listing, subject to review by and the recommendations of our Remuneration Committee. 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 our Group. Our Directors will not be entitled to any discretionary bonus after the Listing if our Group records a net loss or will record a net loss after taking into account such bonus.

We did not pay to our Directors or the five highest paid individuals any inducement fees to join us or as compensation for loss of office for each of the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017. Furthermore, none of our Directors waived any compensation for the same period.

Save as disclosed above, no other payments has been paid or is payable for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 by us or any of our subsidiaries to our Directors.

DIRECTORS AND SENIOR MANAGEMENT

EMPLOYEES

As at the Latest Practicable Date, our Group employed 40 full-time employees who were engaged in the following activities:

Function	As at the Latest Practicable Date
Management	4
Administration and accounting	5
Sales and Marketing	1
Steel fabricators	28
Workshop supervisors	<u>2</u>
Total	<u><u>40</u></u>

Relationship with employees

Our Directors believe that our Group maintains good working relationship with our employees and we recognize the importance of building a good relationship with our employees. Our Group has not experienced any significant problems with our employees or disruption to the operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

The remuneration payable to our employees includes salaries, overtime payment and bonus.

Retirement benefit schemes

All our employees in Hong Kong have joined a mandatory provident fund scheme. Such mandatory provident fund scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Save as disclosed in the section headed “Business — Non-compliance” in this prospectus, our Group has complied with the relevant laws and regulations, and that relevant contributions have been paid by our Group in accordance with the aforesaid laws and regulations.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme on June 19, 2018 under which certain eligible participants (including, among others, full-time employees) may be granted options to acquire Shares. Our Directors believe that the Share Option Scheme will assist in the recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set forth under “D. Share Option Scheme” in Appendix IV to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalization Issue and Share Offer (without taking into account any Shares which might be issued upon any exercise of the Offer Size Adjustment Option or options which may be granted under the Share Option Scheme), each of Mr. Kwan and Kin Sun will be our Controlling Shareholders (within the meaning of the GEM Listing Rules). Kin Sun is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. Each of Mr. Kwan and Kin Sun confirms that he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules. Our Group has been under the ownership and control of Mr. Kwan and Kin Sun throughout the Track Record Period.

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our business independently of, and does not place undue reliance on, our Controlling Shareholders, their respective close associates or any other parties taking into account the following factors:

(i) Financial independence

Our Group has independent financial and accounting systems, and makes financial decisions according to our own business needs. Our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations.

Our Group's operations were partly financed by advances from Kin Sun. As at the Latest Practicable Date, the amount due by our Company to Kin Sun was approximately HK\$2.3 million. Our Directors confirm that all such advances will be repaid by our Company prior to the Listing. Our Group did not incur any bank borrowings during the Track Record Period and up to the Latest Practicable Date. Based on the above, our Directors are of the view that our Group will have sufficient capital to meet out financial needs without having to rely on our Controlling Shareholders. Our Directors further believe that by leveraging on our Company's listed status after the Listing, our Group would be able to obtain third party financing upon reasonable terms to meet our business needs. In conclusion, our Directors consider that our Group's ability to operate as a going concern is not dependent on continuing financial support provided by our Controlling Shareholders.

(ii) Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their close associates.

Our Directors are of the view that our Group has no operational dependence on our Controlling Shareholders.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(iii) Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board's main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. One of our independent non-executive Directors is a Certified Public Accountant and another independent non-executive Director has abundant working experience at international corporations and investment banks, and possesses extensive business knowledge. Our independent non-executive Directors have been appointed in compliance with the requirements of the GEM Listing Rules to ensure that our Board will only make decisions after due consideration of their independent and impartial opinion.

Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Kwan is a non-executive Director of our Company and he is the sole director of Kin Sun. No other Directors or senior management serves any executive or management role in Kin Sun.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall disclose his interest to the rest of the Board before or at consideration and voting at the relevant meeting of our Board in respect of such transactions. In addition, the senior management team of our Group is independent from our Controlling Shareholders. Our Directors are of the view that the Board and senior management are capable of managing our Group's business independently from our Controlling Shareholders.

Our Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies independently. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently after the Listing.

(iv) Independence from the OEM Factory and alternative OEM factories

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the OEM Factory and alternative OEM factories of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

(v) Independence from major customers

Our Directors confirm that none of the Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

COMPETITION

Apart from those investments disclosed below, none of our Directors, Controlling Shareholders or any of their respective close associates is a director or a shareholder of any business apart from that of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group.

Other investments held by our Controlling Shareholders

Apart from the business of our Group, as at the Latest Practicable Date, Mr. Kwan is also interested in five other companies. The principal business activities of those five companies are summarized as follows:

Name of the company	Principal activities or status	Total beneficial interest held by Mr. Kwan
Pepcap Resources Inc. (TSX Venture Exchange Symbol: WAV:P)	A company listed on the TSX Venture Exchange which indirectly holds mining interests in Indonesia	35.5%
JMC Investment Holdings Pte Limited	A company that handles administrative matters for a company that is engaged in recruitment services and information technology solutions	50%
International Health Management Pte Ltd	A company which owns a trademark in relation to nutrition technology in Australia	50%
Circleplus Software Pte Limited	Development of software, programming and applications	50%
State Path Capital Limited	Investment holding company of a company that is engaged in bionic vision technology development	50% ^(Note)

Note: Mr. Lam Chung Ho Alastair, the sole shareholder of Synergy Resources, owns the other 50% interest in State Path Capital Limited.

Our Directors believe that the other investments held by our Controlling Shareholders referred to above are in completely different sectors from that of our Group and therefore do not and will not compete with our business. PepCap Resources, Inc. is involved in the mining business, which is entirely different from our business of providing mechanical splicing services. JMC Investment Holdings Pte Limited provides administrative services to a recruitment service and information technology solutions business, which is a line of business entirely different from our Group's business. State Path Capital Limited holds a company that is involved in bionic vision technology development, a business completely different from our business. International Health Management Pte Ltd and Circleplus

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Software Pte Ltd are companies that owns a trademark relating to nutrition technology, and develop software, programs and applications, respectively, which are also businesses completely different from our business.

Save as disclosed above, the Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business (apart from our Group's business) which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS

For the purposes of the Listing, the Controlling Shareholders have entered into the CS Deed of Non-Competition in favour of our Company (for itself and on behalf of its subsidiaries from time to time). Even though Mr. Yang is not a Controlling Shareholder, in order to maintain a clear delineation of the businesses between us and Mr. Yang, Mr. Yang has entered into a Yang Deed of Non-Competition in favour of our Company (for itself and on behalf of its subsidiaries from time to time).

Under the CS Deed of Non-Competition, each of our Controlling Shareholders has jointly and severally, irrevocably and unconditionally, undertaken to our 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 such Controlling Shareholder (other than members our Group) shall not, during the CS Restricted Period (as defined below), 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 Restricted Business (as defined below) within any of the territories within Hong Kong or any of the territories where any member of our Group carries and/or will carry on business from time to time.

Under the Yang Deed of Non-Competition, Mr. Yang has 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, during the Yang Restricted Period (as defined below), 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 Restricted Business (as defined below) within Hong Kong.

The “**Restricted Business**” stated in the CS Deed of Non-Competition and Yang Deed of Non-Competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with the business of our Group referred to in the section headed “Business” in this prospectus, and any other business from time to time conducted by any member of our Group or in which any member of our Group is engaged or has invested in, or entered into any letter of intent or memorandum of understanding to enter into, or which any member of our Group has otherwise publicly

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

announced its intention to enter into, engage in or invest in (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement).

Each of our Controlling Shareholders has also undertaken under the CS Deed of Non-Competition and Mr. Yang has also undertaken under the Yang Deed of Non-Competition to our Company that, during the CS Restricted Period or Yang Restricted Period (as the case may be) in the event that he/it and/or any of his/its respective close associates, and/or any persons and companies controlled by him/it is offered or becomes aware of any potential business opportunity directly or indirectly to engage or become interested in a Restricted Business, he/it:

- (a) shall promptly notify our Company in writing within seven (7) Business Days (the “**Offer Notice**”) and refer such business opportunity to our Company for consideration and provide such information as may be reasonably required by our Company in order to make an informed assessment of such business opportunity; and
- (b) shall not and shall procure that his/its close associates and/or persons and companies controlled by him/it shall not, invest or participate in any such project or business opportunity unless:
 - (i) such project or business opportunity shall have been rejected by our Company in writing or such Controlling Shareholder has not received such written notice from our Company within twenty (20) Business Days from the date of the Offer Notice; and
 - (ii) the principal terms of which each of our Controlling Shareholders or his/its close associates and/or persons and companies controlled by him/it invest(s) or participate(s) are no more favourable than those made available to our Company.

Each of our Controlling Shareholders has also undertaken under the CS Deed of Non-Competition and Mr. Yang has also undertaken under the Yang Deed of Non-Competition to our Company that, during the CS Restricted Period or Yang Restricted Period (as the case may be), he/it shall not and shall procure that none of his/its respective close associates and/or persons and companies controlled by him/it shall:

- (a) at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his/her employment or consultancy (as appropriate) with our Group, whether or not such act of that person would constitute a breach of that person’s contract of employment or consultancy (as appropriate);
- (b) at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- (c) alone or jointly with any other person, or as manager, advisor, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, or solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

In order to ensure good corporate governance practices and to improve transparency, each of our Controlling Shareholders has agreed under the CS Deed of Non-Competition and Mr. Yang has agreed under the Yang Deed of Non-Competition that the independent non-executive Directors of our Company:

- (a) shall be responsible for deciding, without attendance by any executive Directors of our Company (except as invited by the independent non-executive Directors of our Company to assist them or provide any relevant information but in no circumstances shall the executive Directors participating in such meeting be counted towards the quorum or allowed to vote in such meeting), whether or not a new business opportunity constitute competition with the Restricted Business and/or whether or not to take up a new business opportunity referred to our Company under the terms of the CS Deed of Non-Competition or the Yang Deed of Non-Competition (as the case may be);
- (b) may employ an independent financial advisor as they consider necessary to advise them on the terms of any new business opportunity or the options;
- (c) shall review, on an annual basis, the implementation of the CS Deed of Non-Competition, the compliance of the non-competition undertakings given by each of our Controlling Shareholders and Mr. Yang respectively under the CS Deed of Non-Competition and the Yang Deed of Non-Competition (as the case may be), and any decisions in relation to new business opportunities referred to our Company, and state their basis and reasons in our Company's annual report; and
- (d) shall be granted full access of financial information and other information they request from the managers of our Company and the Controlling Shareholders in order to make an informed decision. The independent non-executive Directors shall make each decision based on any factors they consider appropriate and which they consider is beneficial to our Group.

Each of our Controlling Shareholders has also undertaken to our Company that, during the CS Restricted Period, in order to ensure the compliance with the non-competition undertakings set forth above, he/it shall:

- (a) keep our Company informed and shall procure his/its respective close associates or persons and companies controlled by him/it to keep our Company informed, of new business opportunities and to provide all information reasonably required by the independent non-executive Directors to assist them in their consideration of any new business opportunity;
- (b) procure our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of his/its non-competition undertakings either through the annual report, or by way of announcements to public;
- (c) make an annual declaration on compliance with his/its non-competition undertakings in our Company's annual reports as the independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (d) facilitate our Company as required to comply with any further legal or regulatory requirements in connection with the CS Deed of Non-Competition and the Yang Deed of Non-Competition.

Each of the CS Deed of Non-Competition and the Yang Deed of Non-Competition (as the case may be) does not apply to:

- (a) the holding of or interests in the shares of any member of our Group;
- (b) the holding of interests in shares or other securities in any company other than our Group, provided that, in the case of such shares, they are listed on a recognized stock exchange and either:
 - (i) the relevant Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that relevant company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (ii) the total number of shares held by the relevant Controlling Shareholder or Mr. Yang (as the case may be) and/or his/its respective associates does not exceed 5% of the issued shares of that class of the company in question, and such Controlling Shareholder or Mr. Yang (as the case may be) and/or his/its respective associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there should exist at least another shareholder of that company (together, where appropriate, with its associates) whose shareholdings in that company should be more than the total number of Shares held by the Controlling Shareholder or Mr. Yang (as the case may be) in aggregate and/or his/its respective associates in aggregate.

The obligation of our Controlling Shareholders under the CS Deed of Non-Competition will remain binding on our Controlling Shareholders until the onset of the following event:

- (a) the day on which the Shares cease to be listed on the GEM or other recognized stock exchange; or
- (b) in respect of a Covenantor, the day on which that Covenantors and/or its/his close associates, jointly and severally, ceases to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company; or
- (c) in respect of a Covenantor, the date on which that Covenantor and/or its/his close associates, collectively and individually, ceases to hold an equity interest in our Company; or
- (d) the day on which our Controlling Shareholders beneficially own or are interested in the entire issued share capital of our Company,

whichever occurs first (the “**CS Restricted Period**”).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The obligation of Mr. Yang under the Yang Deed of Non-Competition will remain binding on Mr. Yang until the onset of the following event:

- (a) the day on which the Shares cease to be listed on the GEM or other recognized stock exchange; or
- (b) the day on which Mr. Yang ceases to be a Shareholder and an employee of our Company; or
- (c) the day on which Mr. Yang beneficially owns or is interested in the entire issued share capital of our Company,

whichever occurs first (the “**Yang Restricted Period**”).

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and the Shareholders as a whole. To avoid potential conflicts of interest, our Group will implement the following measures:

- (a) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the CS Deed of Non-Competition for inclusion in the annual report of our Company;
- (b) the Articles provided that a Director shall disclose the nature of his/her interest in any transaction or contract in which he/she is interested before or at consideration of and voting on the same matter in Board meetings;
- (c) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors and Senior Management” in this prospectus;
- (d) our Company has appointed Kingsway Capital Limited as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and internal controls. Please refer to the section headed “Directors and Senior Management — Compliance adviser” in this prospectus for further details in relation to the appointment of compliance adviser; and
- (e) our independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the CS Deed of Non-Competition; and (ii) all the decisions taken in relation to whether to pursue the new opportunity under the CS Deed of Non-Competition.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register to be kept under Section 336 of the SFO, or who will be directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in the Shares

Name	Capacity/ Nature of interest	As at the Latest Practicable Date		Immediately following completion of the Capitalization Issue and the Share Offer without taking into account any Shares which may be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme)	
		Number of Shares held	Approximate percentage of shareholding in our Company	Number of Shares held/ interested in	Approximate percentage of shareholding in our Company
Kin Sun	Beneficial owner	103,000,000	50.3%	301,463,415	37.7%
Mr. Kwan ¹	Interest of a controlled corporation	103,000,000	50.3%	301,463,415	37.7%
Mr. K. Lim ²	Beneficial owner	25,000,000	10.7%	73,170,732	9.2%
Mr. Yang	Beneficial owner	22,000,000	10.7%	64,390,244	8.0%
Mr. Wang	Beneficial owner	22,000,000	10.7%	64,390,244	8.0%
Mr. P. Lim ²	Beneficial owner	14,000,000	6.8%	40,975,610	5.1%
Ms. Chiu ³	Beneficial owner	14,000,000	6.8%	40,975,610	5.1%
Ms. Ha Jasmine Nim Chi ⁴	Interest of spouse	103,000,000	50.3%	301,463,415	37.7%
Ms. Chan Ching ⁵	Interest of spouse	25,000,000	10.7%	73,170,732	9.2%
Mr. Liu Li Wen ⁶	Interest of spouse	22,000,000	10.7%	64,390,244	8.0%
Mr. Wang Yu-Ju ⁷	Interest of spouse	22,000,000	10.7%	64,390,244	8.0%
Ms. Ng Pei Ying ⁸	Interest of spouse	14,000,000	6.8%	40,975,610	5.1%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. Mr. Kwan beneficially owns 100% of the entire issued shares of Kin Sun. Therefore, Mr. Kwan is deemed, or taken to be, interested in 301,463,415 Shares held by Kin Sun for the purposes of the SFO.
2. Mr. K. Lim and Mr. P. Lim are siblings.
3. Ms. Chiu is our administration manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to her background and experience.
4. Ms. Ha Jasmine Nim Chi, spouse of Mr. Kwan, is deemed, or taken to be, interested in 301,463,415 Shares in which Mr. Kwan is interested for the purposes of the SFO.
5. Ms. Chan Ching, spouse of Mr. K. Lim, is deemed, or taken to be, interested in 73,170,732 Shares in which Mr. K. Lim is interested for the purposes of the SFO.
6. Ms. Liu Li Wen, spouse of Mr. Yang, 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, is deemed, or taken to be interested in 64,390,244 Shares in which Mr. Wang is interested for the purposes of the SFO.
8. Ms. Ng Pei Ying, spouse of Mr. P. Lim, is deemed, or taken to be, interested in 40,975,610 Shares in which Mr. P. Lim is interested for the purposes of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

Prior to the Listing, our Group has entered into certain transactions with our connected persons during the Track Record Period. Details of these transactions are as follows:

RELEVANT CONNECTED PERSONS

The table below sets forth the connected persons of our Company involved in the connected transactions and the nature of their connection with our Group:

Name	Connected relationship
Mr. Yang	Mr. Yang is one of the directors of BOSA HK, an indirect wholly-owned subsidiary of our Company, and is therefore our connected person pursuant to Rule 20.07(1) of the GEM Listing Rules.
Ms. Liu Li Wen (劉俐文) (“ Ms. Liu ”)	Ms. Liu is the spouse of Mr. Yang and is therefore an associate of our connected person pursuant to Rule 20.10(1)(a) of the GEM Listing Rules.
Mr. Wang	Mr. Wang is one of the directors of BOSA HK, an indirect wholly-owned subsidiary of our Company, and is therefore our connected person pursuant to Rule 20.07(1) of the GEM Listing Rules.
Ms. Wang Yu-Ju (王玉茹) (“ Ms. Wang ”)	Ms. Wang is the spouse of Mr. Wang and is therefore an associate of our connected person pursuant to Rule 20.10(1)(a) of the GEM Listing Rules.
Mr. Wang Chia-Yuan (王嘉源) (“ Mr. CY Wang ”)	Mr. CY Wang is the son of Mr. Wang, he is over the age of 18, and is therefore an associate of our connected person pursuant to Rule 20.10(2)(a) of the GEM Listing Rules.
BOSA (Taiwan)	BOSA (Taiwan) is owned as to 36%, 14%, 16.8%, 13% and 20.2% by Mr. Yang, Ms. Liu, Mr. Wang, Ms. Wang and Mr. CY Wang, respectively, and is therefore an associate of our connected person pursuant to Rule 20.10(1)(c) of the GEM Listing Rules.
Kin Sun	Kin Sun is one of our Controlling Shareholders and is therefore our connected person pursuant to Rule 20.07(1) of the GEM Listing Rules.

CONNECTED TRANSACTIONS

DISCONTINUED CONNECTED TRANSACTIONS

Purchase of couplers through BOSA (Taiwan)

During the Track Record Period and up to July 7, 2017, we had placed our orders for couplers used in provision of our services with BOSA (Taiwan), which then placed orders for couplers with the OEM Factory, an independent third party, in Taiwan. There was no written agreement between us and BOSA (Taiwan) and we placed orders for couplers with BOSA (Taiwan) with relevant price and terms determined after arm's length negotiation and agreed on a case-by-case basis. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the total amount paid or payable by us to BOSA (Taiwan) for purchase of couplers amounted to approximately HK\$13.6 million, HK\$12.0 million and HK\$0.5 million, representing 43.5%, 41.6% and 3.3% of total cost of sales. Our Directors consider that the terms of the said transactions were fair and reasonable and on normal commercial terms. We commenced purchasing couplers directly from the OEM Factory through our branch office in Taiwan in May 2017. As at the Latest Practicable Date, we purchased all couplers used in provision of our services directly from the OEM Factory through our branch office in Taiwan. Please refer to the section headed "Business — Suppliers" in this prospectus for details.

Lease of motor vehicle from Kin Sun

BOSA HK leased a motor vehicle owned by Kin Sun for a period of 4 years from February 2013 to January 2017 (the "Lease"). No written agreement had been entered in relation to the Lease. The leasing fee paid by BOSA HK to Kin Sun was approximately HK\$7,400 per month during the leasing period and it had been determined with reference to the monthly instalment that Kin Sun paid for the motor vehicle. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the leasing fee, insurance premium and vehicle license fees paid by BOSA HK to Kin Sun for the lease of the motor vehicle amounted to approximately HK\$108,000, HK\$58,000 and nil, respectively. The Lease ended by way of mutual agreement in January 2017 and the legal title to the motor vehicle was transferred from Kin Sun to BOSA HK on January 25, 2017.

Lease of office premises for our Taiwan branch

Pursuant to a lease agreement dated January 1, 2017, BOSA HK, through its Taiwan branch, leased an office in Taiwan from Ms. Liu Li Wen, spouse of Mr. Yang, for the operation needs of our Taiwan branch office. The lease agreement was concluded after arm's length negotiation. It was for a term of two years commencing from January 1, 2017. The monthly rent payable under the lease agreement was TWD3,000 (equivalent to approximately HK\$750). The lease agreement was terminated on June 12, 2018 by mutual agreement.

SHARE CAPITAL

SHARE CAPITAL

The share capital of our Company immediately following completion of the Capitalization Issue and Share Offer is set out in the table below. The table is prepared on the basis of the Share Offer becoming unconditional and the issue of Offer Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance or repurchase of Shares granted to Directors as referred to below or otherwise. There is only one ordinary class of Shares in our Company.

HK\$

Authorized share capital:

<u>10,000,000,000</u>	Shares	<u>1,000,000</u>
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Issued and to be issued shares, fully paid or credited as fully paid:

205,000,000	Shares in issue	20,500
395,000,000	Shares to be issued pursuant to the Capitalization Issue	39,500
<u>200,000,000</u>	Offer Shares to be issued pursuant to the Share Offer	<u>20,000</u>

Total:

<u>800,000,000</u>	Shares	<u>80,000</u>
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MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. The 200,000,000 Offer Shares represent 25% of the issued share capital of our Company upon the Listing.

RANKING

The Offer Shares will rank equally with all the Shares now in issue or to be allotted and issued, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for entitlements to the Capitalization Issue.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus. No option has been granted under the Share Option Scheme.

Circumstances under which general meeting and class meeting are required

Subject to the provisions in the Companies Law and our Company’s Memorandum and Articles, our Company may from time to time by ordinary shareholders’ resolution (i) increase its share capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; (v) cancel any Shares which have not been taken; (vi) make provision for allotment and issue of Shares that do not carry voting rights; (vii) change the currency of denomination of its share capital; and (viii) reduce its share premium account. In addition, our Company may reduce or redeem its share capital by shareholders’ special resolution. For details, please refer to “Summary of the constitution of our Company and Cayman Islands Company Law — 2. Articles of association — (a) Shares — (iii) Alteration of capital” in Appendix III to this prospectus.

Subject to the provisions in the Companies Law and our Company’s Memorandum and Articles, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the written consent of the holders of not less than three-fourths of the nominal value of issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please refer to “Summary of the Constitution of Our Company and Cayman Islands Company Law — 2. Articles of association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares with an aggregate nominal value of not more than:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorized to issue under the mandate, allot, issue and deal with the Shares pursuant to a rights issue, exercise of subscription rights attaching to any warrant of our Company, scrip dividends or similar arrangements or the exercise of subscription rights attaching to share options under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following completion of the Capitalization Issue and Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of the options that may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and such repurchases are made in accordance with all the applicable laws and requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in “A. Further information about our Company — 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

The general mandate to issue and repurchase Shares will expire:

- (a) at the conclusion of the next annual general meeting of our Company;
- (b) upon the expiration of the period within which the next annual general meeting of our Company is required by any applicable law of the Cayman Islands or the Articles to be held; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Further details of the general mandate are contained in the paragraphs headed “Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our Shareholders passed on June 19, 2018” and “Statutory and General Information — A. Further information about our Company — 6. Repurchase of Shares by our Company” in Appendix IV to this prospectus.

RULE 17.29 OF THE GEM LISTING RULES

Our Directors confirm that we will comply with the requirements of Rule 17.29 of the GEM Listing Rules upon Listing. Rule 17.29 of the GEM Listing Rules provides that we may not issue any further shares or securities convertible into equity securities or enter into any agreement to make such an issue within six months from the Listing Date.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited consolidated financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards, amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on estimates, assumptions and analyzes made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and projections depends on a number of risks and uncertainties over which we do not have control. For further information, please refer to the sections headed "Risk Factors" and "Forward-Looking Statements" in this prospectus.

OVERVIEW

We are the second largest provider of mechanical splicing services to the reinforced concrete construction industry in Hong Kong in terms of overall sales revenue in 2017, occupying approximately 27.0% of total market share. BOSA HK, our sole operating subsidiary, was established in Hong Kong in early 2012. Our mechanical splicing services include two elements:

- **Processing reinforcing bars:** we provide services of cutting, crimping, chamfering ends of and threading of reinforcing bars of our customers either at our premises or at the premises of our customers by using our self-developed proprietary technology and methods; and
- **Connecting reinforcing bars by couplers:** we connect one end of the processed reinforcing bars with our self-designed couplers.

We provide all our services either in our workshops or at our customers' sites in Hong Kong. As at the Latest Practicable Date, we had two workshops located in Fanling and Ping Che, the New Territories, Hong Kong and an office located in Kwun Tong, Kowloon, Hong Kong. To provide our splicing services, our main equipment includes reinforcing bar cutting machines, self-developed automated CNC crimping machines and CNC threading machines. The net book value of our plant and machinery was approximately HK\$3.0 million in aggregate as at December 31, 2017. We custom design, develop and assemble our main equipment. We use our equipment at our workshops or install and use our machines at our customers' sites, depending on the needs of our customers'.

During the Track Record Period, we had undertaken 285 projects, of which 181 projects were completed. As at the Latest Practicable Date, we had 82 ongoing projects. Further details of our projects are set out in the section headed "Business — Our projects — Ongoing projects" in this prospectus.

FINANCIAL INFORMATION

Our customers are primarily contractors and subcontractors of various types of reinforced concrete construction projects in Hong Kong.

During the Track Record Period, our revenue was approximately HK\$54.8 million, HK\$50.3 million and HK\$25.6 million for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

BASIS OF PRESENTATION

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on October 24, 2016. For the address of the Company's registered office and the principal place of business see the section headed "Corporate Information" in this prospectus.

Before the completion of the Reorganization, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim held equity interests of BOSA HK amounting to 71.0%, 11.0%, 11.0% and 7.0%, respectively.

Upon completion of the Reorganization, as of May 26, 2017, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Synergy Resources held equity interest of the Company amounting to approximately 50.3%, 10.7%, 10.7%, 6.8%, 12.2%, 6.8% and 2.5%, respectively. Pursuant to the Reorganization, the Company became a holding company of the companies now comprising our Group by interspersing the Company, BOSA Investment and BOSA Worldwide between the Shareholders and BOSA HK. Our Group comprising the Company and its subsidiaries resulting from the Reorganization is regarded as a continuing entity and, accordingly, the consolidated financial statements has been prepared as if the Company had always been the holding company of our Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of our Group as at June 30, 2016 have been prepared to present the assets and liabilities of the companies now comprising our Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

The financial information is presented in HK\$, which is also the functional currency of companies now comprising our Group.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed "Risk Factors" in this prospectus and those set out below.

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Material change in the general economic conditions in Hong Kong

Our results of operations are and will be vulnerable to the general economic conditions in Hong Kong. During the Track Record Period and as at the Latest Practicable date, we generate all of our revenue from operations in Hong Kong. We expect to continue to focus on the Hong Kong market in the near future. Our results of operations are and will therefore be affected by the general economic conditions in Hong Kong, which is beyond our control. Material negative change in the general economic conditions in Hong Kong would likely adversely affect the amount of construction activities in Hong Kong and/or the price for the services that our Group could demand, thereby adversely and materially affect our business, financial condition and results of operations.

Market demand for construction activities

We derive our revenue mainly from the services provided to the contractors and subcontractors operating in the reinforced concrete construction industry in Hong Kong. The demand for our services depends on the number of active construction projects, which may vary according to a combination of factors beyond our control. Such factors include, without limitation, conditions of the real estate market, the amount of Government spending, investment prospects of Hong Kong, the demand of infrastructure, social stability in Hong Kong, supply of land, population growth, etc. Our revenue was affected by the number and size of the construction projects we were engaged in during the Track Record Period.

The increase or decrease in the demand for construction activities affects the demand for our services. There is no assurance that the number of construction projects will increase in the future. A reduction in the number of construction projects in Hong Kong would adversely and materially affect our business, financial condition and our results of operations.

Collectability and timing of collection of trade receivables and concentration of credit risk

Before accepting any new customer, our Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with our Group. As at June 30, 2016 and 2017 and the six months ended December 31, 2017, our Group's trade receivables that were past due but not impaired amounted to approximately HK\$12.8 million, HK\$12.9 million and HK\$16.4 million, respectively. They were past due at the end of the reporting period for which our Group has not provided for impairment loss as there has not been a significant change in credit quality of the debtor and the amounts are still considered recoverable based on the historical experience. Our Group does not hold any collateral over these balances. The average age of these receivables is 76 days, 93 days and 82 days as at June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

In determining the recoverability of a trade receivable, our Group considers any change in the credit quality of the trade receivable from the date when the credit was initially granted up to the end of the reporting period. The trade receivables past due but not provided for as at the end of the reporting period were either subsequently settled or no historical default of payments was noted by the respective customers. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. However, we cannot guarantee that we will not fail to collect trade receivables on time or at all in the future. Failure to collect trade receivables would adversely and materially affect our financial conditions and results of operations.

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Customer concentration risk

During the Track Record Period, our Group had concentration of credit risk with exposure limited to certain customers. Our Group's five largest debtors comprised approximately 46.9%, 49.5% and 57.3% of our Group's trade receivables as at June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. There is no allowance for bad and doubtful debts being recognized for the Track Record Period. If any of our five largest customers were to substantially reduce the volume and/or the value of their businesses with us or to cease to conduct business with us and we are unable to expand our business with existing customers or attract new customers at desired levels, we may experience slower or no growth at all and/or decrease in our revenue. As a result, our business, financial condition and results of operations would be materially and adversely affected. Besides, if any of our five largest customers experiences any liquidity problem, it may result in delay or default in settling payments to us, which in turn will have an adverse impact on our cashflows and financial condition.

Market competition

According to the Frost & Sullivan Report, as of 2017, there were over 15 providers of mechanical splicing services in Hong Kong. The competition in this market in Hong Kong is fairly concentrated. In 2017, top three providers of mechanical splicing services in Hong Kong, including our Group, together had approximately 80.5% market share by sales revenue. Some of the major market players competing with us may have significantly more resources and be better positioned than our Group. New participants can enter the industry if they can establish relationship with the main contractors and Government, have sufficient capital flow, good track of regulatory compliance and technical capabilities. Increased competition may adversely affect our profitability and operating results as we may lose our customers to our competitors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared on the historical cost basis, at the end of the reporting period, as appropriate, and in accordance with the accounting policies which conform to HKFRSs. In addition, the financial information of our Group includes the applicable disclosures required by the GEM Listing Rules and by the Companies Ordinance. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgment, and could yield materially different results under different conditions and/or assumptions. The accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 4 "Significant Accounting Policies" of the Accountants' Report in Appendix I to this prospectus. In the application of our accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These key assumptions and estimates are set forth in Note 5 "Key Sources of Estimation Uncertainty" of the Accountants' Report in Appendix I to this prospectus.

We believe the following critical accounting policies and accounting estimates involve the most significant or subject judgments and estimates used in preparation of the financial information.

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Revenue recognition

We measure revenue at the fair value of the consideration received or receivable. We derive our revenue principally from provision of mechanical splicing services to contractors and subcontractors operating in the reinforced concrete construction industry in Hong Kong. We recognize service income when services are provided.

Our Group expects to apply HKFRS 15 at the date of initial application (i.e. July 1, 2018). In accordance with HKFRS 15, our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers. Based on the contracts with our customers, our Group satisfies the performance obligation at a point in time when the customers obtain the control of the goods or services. Based on the current accounting policies adopted by our Group, revenue is recognized when services are rendered. The timing of revenue recognition based on the current accounting policies is similar to the timing of the revenue recognized based on HKFRS 15. Thus, our Group anticipates that no material impact on the timing and amounts of revenue recognized in the financial information of our Group in the future.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is recognized 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 each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Impairment loss on assets other than financial assets

At the end of the reporting period, our Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, our Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Inventories

We store couplers as inventories. Inventories are recognized 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.

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Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where our Group is a lessee, we recognize operating lease payments as an expense on a straight-line basis over the lease term. Assets held by our Group under finance leases are recognized as assets of our Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial information of our Group and the corresponding tax bases used in the computation of taxable profit.

Provisions

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

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 recognized 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 on the settlement of monetary items, and on the retranslation of monetary items are recognized in profit or loss in the period in which they arise.

Allowances for bad and doubtful debts

The allowance for bad and doubtful debts of our Group is estimated based on the evaluation of collectability and ageing analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of our Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. No allowance for bad and doubtful debts was recognized during the Track Record Period. The carrying amount of trade receivable was approximately HK\$17.4 million, HK\$17.9 million and HK\$20.8 million, respectively, as at June 30, 2016 and 2017 and the six months ended December 31, 2017.

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RESULTS OF OPERATIONS OF OUR GROUP

The following table sets out the consolidated results of our Group for each of the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, which are derived from, and should be read in conjunction with, the audited consolidated financial information of our Group set out in the Accountants' Report in Appendix I to this prospectus:

	Year ended June 30, 2016 (HK\$'000)	% of total revenue	Year ended June 30, 2017 (HK\$'000)	% of total revenue	Six months ended December 31, 2016 (HK\$'000) (unaudited)	% of total revenue	Six months ended December 31, 2017 (HK\$'000)	% of total revenue
Revenue	54,803	100.0	50,317	100.0	25,633	100.0	25,584	100.0
Cost of sales	(31,198)	(56.9)	(28,884)	(57.4)	(13,897)	(54.2)	(15,013)	(58.7)
Gross profit	23,605	43.1	21,433	42.6	11,736	45.8	10,571	41.3
Other income	449	0.8	1,138	2.2	773	3.0	499	1.9
Other gains and losses	1,039	1.9	(1,724)	(3.4)	129	0.5	(489)	(1.9)
Selling and distribution expenses	(228)	(0.4)	(455)	(0.9)	(237)	(0.9)	(331)	(1.3)
Administrative expenses	(7,809)	(14.2)	(11,480)	(22.8)	(5,254)	(20.5)	(5,055)	(19.8)
Listing expenses	—	—	(6,071)	(12.1)	(2,200)	(8.6)	(3,539)	(13.8)
Finance costs	(32)	(0.1)	(15)	(0.0)	(9)	(0.0)	(4)	(0.0)
Profit before taxation	17,024	31.1	2,826	5.6	4,938	19.3	1,652	6.4
Taxation	(2,833)	(5.2)	(1,882)	(3.7)	(1,178)	(4.6)	(1,029)	(4.0)
Profit for the year/period	<u>14,191</u>	<u>25.9</u>	<u>944</u>	<u>1.9</u>	<u>3,760</u>	<u>14.7</u>	<u>623</u>	<u>2.4</u>
Other comprehensive expense								
Item that may be reclassified subsequently to profit or loss:								
Exchange difference arising on translation of foreign operation	<u>—</u>		<u>(1)</u>		<u>—</u>		<u>(3)</u>	
Profit and total comprehensive income for the year/period attributable to the owners of the Company	<u>14,191</u>		<u>943</u>		<u>3,760</u>		<u>620</u>	

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF OUR INCOME STATEMENT

Revenue

During the Track Record Period, all of our revenue was generated from services of processing and connecting reinforcing bars in Hong Kong. Accordingly, we have only one single operating segment and one geographical segment. Our customers primarily settle our invoices by way of checks and bank remittances.

During the Track Record Period, we derived more than half of our revenue from private sector projects. Revenue from private sector projects contributed to approximately 62.4%, 70.7% and 84.6% of our total revenue for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. The following table sets out a breakdown of our revenue during the Track Record Period attributable to public and private sector projects:

	For the year ended June 30, 2016			For the year ended June 30, 2017			For the six months ended December 31, 2016			For the six months ended December 31, 2017		
	Revenue			Revenue			Revenue			Revenue		
	Number of projects	(HK\$ millions)	% of total revenue	Number of projects	(HK\$ millions)	% of total revenue	Number of projects	(HK\$ million)	% of total revenue	Number of projects	(HK\$ millions)	% of total revenue
Public sector projects	28	20.6	37.6	31	14.8	29.3	23	9.7	37.9	22	4.0	15.4
Private sector projects	108	34.2	62.4	135	35.5	70.7	98	15.9	62.1	114	21.6	84.6
							(unaudited)					
Total	136	54.8	100.0	166	50.3	100.0	121	25.6	100.0	136	25.6	100.0

Since we provide services for public sector projects and private sector projects using the same facilities and labour, it is not practicable for us to determine gross profits and gross profit margins by sectors during the Track Record Period. In particular, as workshop workers work on all projects as they come in, including public sector projects and private sector projects, it is practically impossible for our Group to allocate direct labour costs by public and private sector projects. However, during the Track Record Period, private sector projects have a higher tendency to place orders for our Seisplisce Services, which are usually more profitable than our Servisplisce Services due to its seismic-resistance and ductility quality. Accordingly, private sector projects were more profitable for our Group during the Track Record Period.

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Cost of sales

Our Group's cost of sales consist primarily of coupler supplies, direct labour costs, direct overheads (including electricity charged and depreciation), consumables and rental costs for our workshops. Direct labour costs comprised of labour costs of our workers at our workshops and direct overhead comprised of overhead of our workshops. Consumables comprised of machine parts, such as springs and screws for equipment repair and maintenance, remote controls and devices for equipment operations at our workshops. For the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, our costs of sales amounted to HK\$31.2 million, HK\$28.9 million and HK\$15.0 million, respectively, representing 56.9%, 57.4% and 58.7% of our revenue for such years/period, respectively. The following table sets out the breakdown of our Group's costs of sales during the Track Record Period:

	Year ended June 30,		Six months ended	
	2016	2017	December 31,	2017
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
			(Unaudited)	
Cost of couplers	13,068	12,503	6,556	6,666
Direct labour	7,991	6,951	3,470	3,997
Direct overheads	3,534	3,481	1,444	1,565
Consumables	3,176	3,065	1,021	1,186
Rental cost of workshops	1,921	2,142	1,116	1,208
Others	<u>1,508</u>	<u>742</u>	<u>290</u>	<u>391</u>
Total	<u>31,198</u>	<u>28,884</u>	<u>13,897</u>	<u>15,013</u>

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of sales on our profit before tax during the Track Record Period. Fluctuations are assumed to be 7% and 14% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, which correspond to the range of historical fluctuations:

Hypothetical fluctuations of cost of sales	+7%	-7%	+14%	-14%
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Changes in profit before tax				
Year ended June 30, 2016	(2,184)	2,184	(4,368)	4,368
Year ended June 30, 2017	(2,022)	2,022	(4,044)	4,044
Six months ended December 31, 2017	(1,051)	1,051	(2,102)	2,102

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Gross profit

Gross profit is calculated based on our revenue minus cost of sales for the year. Gross profit margin is calculated based on the gross profit for the year divided by our revenue for the year and multiplied by 100%. Our gross profit for each of the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 amounted to HK\$23.6 million, HK\$21.4 million and HK\$10.6 million, representing gross profit margin of 43.1%, 42.6% and 41.3%, respectively. The following table sets out our gross profit and gross profit margin during the Track Record Period:

	Year ended June 30,		Six months ended	
	2016	2017	December 31,	2017
			2016	
			(unaudited)	
	(HK\$'000, except percentages)			
Gross profit	23,605	21,433	11,736	10,571
Gross profit margin	43.1%	42.6%	45.8%	41.3%

Other income

Our other income consists primarily of handling charges, insurance compensation and bank interest income. Handling charges comprised lab testing income received from our customers for arranging our products to be tested at accredited laboratories in Hong Kong. Insurance compensation represented compensation received from our insurers for employee injury claims. Bank interest income comprised interest income we received from our cash deposits at bank. We recorded other income of approximately HK\$0.4 million, HK\$1.1 million and HK\$0.5 million for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

Other gains and losses

Our other gains and losses consist primarily of exchange gains/(losses) and loss on write-off of plant and equipment. We recorded other gains in the amount of HK\$1.0 million and, a loss of HK\$1.7 million and a loss of HK\$0.5 million for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

Selling and distribution expenses

Our selling and distribution expenses consist primarily of advertising and promotional expenses, which mainly represent our costs of attending industry seminars as well as costs of providing various souvenirs in such seminars.

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Administrative expenses

Our administrative expenses consist primarily of office staff costs and directors' remuneration, entertainment and marketing expenses, travelling and transportation expenses, depreciation, office expense, legal and professional fees and other administrative expenses. The following table sets out the breakdown of our administrative expenses during the Track Record Period:

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
			(unaudited)	
Salary, wages and other benefits	4,195	5,043	2,393	2,395
Entertainment and marketing expenses	766	708	364	351
Travelling and transportation expenses	523	699	319	319
Depreciation	254	658	527	116
Office expenses (including rental cost)	719	734	315	363
Legal and professional fees	487	1,008	385	1,053
Insurance	328	481	228	286
Research and development expenses	306	279	120	138
Repair and maintenance expenses	139	242	168	21
Provision for tax penalty	—	797	—	—
Others	92	831	435	13
Total	<u>7,809</u>	<u>11,480</u>	<u>5,254</u>	<u>5,055</u>

Listing Expenses

Our listing expenses represent expenses incurred in preparation of the Listing. For the year ended June 30, 2017 and the six months ended December 31, 2017, we incurred listing expenses in the amount of approximately HK\$6.1 million and HK\$3.5 million. We did not incur any listing expenses for the year ended June 30, 2016.

Finance costs

Our finance costs represent interest expenses on our finance leases. Our finance leases during the Track Record Period comprised primarily of leases for motor vehicles used by senior management.

Income tax expense

Our operations in Hong Kong are subject to a profits tax rate of 16.5% on estimated assessable profits arising in Hong Kong. For more details, please refer to Note 11 to the Accountants' Report set out in Appendix I to this prospectus. Our effective tax rate for operations in Hong Kong was 16.6%, 66.6% and 62.3% for each of the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our effective tax rate for the year ended June 30, 2017 was particularly high primarily due to our incurrence of listing expenses and certain losses on disposal of

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plant and equipment during such year which were not deductible for tax purposes. Our effective tax rate for the six months ended December 31, 2017 was particularly high primarily due to our incurrence of listing expenses during the period which was not deductible for tax purposes.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended December 31, 2016 compared to six months ended December 31, 2017

Revenue

Our Group's revenue maintained at similar level of approximately HK\$25.6 million for the both six months ended December 31, 2016 and the six months ended December 31, 2017. In the six months ended December 31, 2017, the prices of our mechanical splicing services experienced a decreasing trend. Despite our decreased prices, our revenue for the six months ended December 31, 2017 maintained at a similar level to that of the six months ended December 31, 2016, primarily due to the increase in private sector projects undertaken by us during the six months ended December 31, 2017 which were more profitable to us than public sector projects.

Cost of sales

Our Group's cost of sales increased slightly by approximately HK\$1.1 million, or 8.0%, from HK\$13.9 million for the six months ended December 31, 2016 to HK\$15.0 million for the six months ended December 31, 2017. The slight increase was primarily due to salary increment for our workers effective from February 2017 and increase in cost of couplers.

Gross profit

Our Group's gross profit decreased slightly by approximately HK\$1.2 million, or 9.9%, from HK\$11.8 million for the six months ended December 31, 2016 to HK\$10.6 million for the six months ended December 31, 2017, primarily due to increase in cost of couplers and salary increment for our workers during such period while revenue maintained stable.

Other income

Our Group's other income decreased by approximately HK\$0.3 million, or 35.4%, from HK\$0.8 million for the six months ended December 31, 2016 to HK\$0.5 million for the six months ended December 31, 2017. The decrease in other income for the six months ended December 31, 2017 was mainly due to our Group received insurance compensation from our insurers for prior employee injury claims during the six months ended December 31, 2016. As a percentage of total revenue, our other income decreased slightly from 3.0% for the six months ended December 31, 2016 to 1.9% for the six months ended December 31, 2017.

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Other gains and losses

Our Group had a gain of approximately HK\$0.1 million for the six months ended December 31, 2016, primarily attributable to a net exchange gain recorded as a result of a depreciation on average of New Taiwan dollar against Hong Kong dollar in such period. Our Group had a loss of HK\$0.5 million for the six months ended December 31, 2017, primarily attributable to a net exchange loss recorded as a result of an appreciation on average of New Taiwan dollar against Hong Kong dollar in such period.

Selling and distribution expenses

Our Group's selling and distribution expenses increased by approximately HK\$0.1 million, or 39.7%, from approximately HK\$0.2 million for the six months ended December 31, 2016 to approximately HK\$0.3 million for the six months ended December 31, 2017. This was mainly due to our increased participation and sponsorship at various marketing events sponsored by our Company during the period of six months ended December 31, 2017. As a percentage of total revenue, our selling and distribution expenses increased slightly from 0.9% for the six months ended December 31, 2016 to 1.3% for the six months ended December 31, 2017.

Administrative expenses

Our Group's administrative expenses decreased slightly by approximately HK\$0.2 million, or 3.8%, from approximately HK\$5.3 million for the six months ended December 31, 2016 to approximately HK\$5.1 million for the six months ended December 31, 2017 as our Group disposed some machineries and leasehold improvements following our termination of tenancy of our workshop located in Yuen Long on April 30, 2017 and hence lowered the depreciation expenses and other administrative expenses. The decrease in expenses was partially offset by increase in legal and professional expenses primarily in relation to tax filing matters. As a percentage of total revenue, our administrative expenses remained relatively stable at 20.5% and 19.8% for the six months ended December 31, 2016 and 2017, respectively.

Listing expenses

Our Group incurred expenses in preparation of the Listing in the amount of HK\$2.2 million and HK\$3.5 million for the six months ended December 31, 2016 and 2017, respectively.

Finance costs

Our Group's finance costs amounted to HK\$9,000 and HK\$4,000 for the six months ended December 31, 2016 and 2017, respectively. During the Track Record Period, we had two motor vehicles under finance leases. The lease term of one of the motor vehicles expired during the six months ended December 31, 2017, resulting in a reduction of finance costs during such period.

Taxation

Our Group's taxation decreased slightly by approximately HK\$0.1 million, or 12.6%, from HK\$1.2 million for the six months ended December 31, 2016 to HK\$1.0 million for the six months ended December 31, 2017. The decrease was primarily due to a decrease in profit before taxation, partially offset by the tax effect of listing expenses incurred which was not deductible for tax purposes.

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Profit for the period

As a result of the above, our Group's profit for the period decreased by approximately HK\$3.1 million, or 83.4%, from approximately HK\$3.8 million for the six months ended December 31, 2016 to HK\$0.6 million for the six months ended December 31, 2017. Our net profit margin decreased from 14.7% for the six months ended December 31, 2016 to 2.4% for the six months ended December 31, 2017. The decrease in profit for the year and net profit margin for the six months ended December 31, 2017 was mainly due to i) decrease in gross profit margin as a result of increased cost of couplers and salary increment of our workers and ii) increased Listing expenses of approximately HK\$1.3 million during the six months ended December 31, 2017.

Year ended June 30, 2017 compared with year ended June 30, 2016

Revenue

Our Group's revenue decreased by approximately HK\$4.5 million or 8.2%, from approximately HK\$54.8 million for the year ended June 30, 2016 to approximately HK\$50.3 million for the year ended June 30, 2017. Despite the increase in number of projects we worked on in June 30, 2017, our revenue for such year has decreased, primarily as a result of a decrease in the scale of public sector projects in which we participated, thereby lowering the revenue we derived from such projects.

Cost of sales

Our Group's cost of sales decreased by approximately HK\$2.3 million or 7.4%, from approximately HK\$31.2 million for the year ended June 30, 2016 to HK\$28.9 million for the year ended June 30, 2017. Such decrease was generally in line with the decrease in our revenue across the period. Our rental cost of workshops increased by approximately 11.5% for the year ended June 30, 2017, primarily due to the higher rent of our Ping Che workshop when compared with our old workshops.

Gross profit

Our Group's gross profit decreased by approximately HK\$2.2 million, or 9.2%, from approximately HK\$23.6 million for the year ended June 30, 2016 to approximately HK\$21.4 million for the year ended June 30, 2017. The decrease in gross profit was in line with the decrease in revenue and higher rental cost for our workshops during the year ended June 30, 2017. Our gross profit margin remained relatively stable at 43.1% and 42.6% for the years ended June 30, 2016 and 2017, respectively.

Other income

Our Group's other income increased by approximately HK\$0.7 million, or 153.5%, from approximately HK\$0.4 million for the year ended June 30, 2016 to approximately HK\$1.1 million for the year ended June 30, 2017. The increase was primarily due to an increase in lab testing income and the receipt of insurance compensation from our insurers for prior employee injury claims. Our lab testing income increased for the year ended June 30, 2017 primarily due to enhanced mandatory requirement of the Buildings Department on testing of couplers during such year, which resulted in increased number of tests of coupler during such year. As a percentage of total revenue, our other income increased from 0.8% for the year ended June 30, 2016 to 2.3% for the year ended June 30, 2017.

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Other gains and losses

Our Group had a gain of approximately HK\$1.0 million for the year ended June 30, 2016, wholly attributable to a net exchange gain recorded as a result of the depreciation of New Taiwan dollar against Hong Kong dollar in the year ended June 30, 2016. Our Group had a loss of approximately HK\$1.7 million for the year ending June 30, 2017, primarily due to write off of certain plant and equipment as we closed two workshops during the year and termination of rental of a parcel of land in Yuen Long, Hong Kong.

Selling and distribution expenses

Our Group's selling and distribution expenses increased by approximately HK\$0.2 million, or 99.6%, from approximately HK\$0.2 million for the year ended June 30, 2016 to approximately HK\$0.5 million for the year ended June 30, 2017. This was mainly due to the introduction of higher costs souvenirs by the Company at various marketing events sponsored by our Company. As a percentage of total revenue, our selling and distribution expenses increased slightly from 0.4% for the year ended June 30, 2016 to 0.9% for the year ended June 30, 2017.

Administrative expenses

Our Group's administrative expenses increased by approximately HK\$3.7 million, or 47.0%, from approximately HK\$7.8 million for the year ended June 30, 2016 to approximately HK\$11.5 million for the year ended June 30, 2017. The increase in administrative expenses for the year ended June 30, 2017 was mainly due to i) increase in staff cost as we hired additional accounting staff; ii) increase in legal and professional expenses primarily in related to tax filing matters; iii) increase in provision for tax penalty and iv) increase in depreciation expenses and rental expenses in relation to the workshop and leasehold improvements located in Yuen Long. The tenancy commenced from May 2016 and terminated on 30 April 2017 and hence increased the expenses. As a percentage of total revenue, our administrative expenses increased from 14.2% for the year ended June 30, 2016 to 22.8% for the year ended June 30, 2017.

Listing expenses

Our Group incurred expenses in preparation of the Listing in the amount of HK\$6.1 million for the year ended June 30, 2017. We did not incur any listing expenses for the year ended June 30, 2016.

Finance costs

Our Group's finance costs decreased by approximately HK\$17,000, or 53.1%, from approximately HK\$32,000 for the year ended June 30, 2016 to approximately HK\$15,000 for the year ended June 30, 2017. The lease term of one of our two motor vehicles was approaching expiry during the year ended June 30, 2017, resulting in a reduction of finance costs during such year.

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Taxation

Our Group's taxation decreased by approximately HK\$0.9 million, or 33.6%, from approximately HK\$2.8 million for the year ended June 30, 2016 to approximately HK\$1.9 million for the year ended June 30, 2017. This was mainly due to decreased taxable profit and reflected the tax effect of listing expenses incurred and certain loss on disposal of plant and equipment and leasehold improvement recognized as a result of the terminations of our San Tin workshop, Tin Shui Wai workshop and our rented parcel of land in Yuen Long during the year ended June 30, 2017, which were not deductible for tax purposes.

Profit for the year

As a result of the above, our Group's profit for the year decreased by approximately HK\$13.2 million or 93.3%, from approximately HK\$14.2 million for the year ended June 30, 2016 to approximately HK\$0.9 million for the year ended June 30, 2017. The decrease in profit for the year and net profit margin for the year ended June 30, 2017 was mainly due to i) reduction in revenue and slight decrease in gross profit margin; ii) the incurrence of Listing expenses of approximately HK\$6.1 million; iii) increase in administrative expenses; iv) the incurrence of loss on disposal of plant and equipment of approximately HK\$1.6 million as a result of the terminations of our workshops; v) net exchange gain of approximately HK\$1.0 million during the year ended 30 June 2016 but losses of approximately HK\$0.2 million for the year ended 30 June 2017 and vi) higher effective tax rate for the year ended June 30, 2017 due to the tax non-deductible nature of the aforementioned two items.

LIQUIDITY RESOURCES

We have historically met our working capital and liquidity requirements principally through capital contributions from our Shareholders and cash inflows from our operating activities. We had net cash inflows from operating activities of HK\$10.5 million, HK\$7.3 million and HK\$0.5 million for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively.

We use cash mainly for financing of our operations and working capital requirements and capital expenditures on plant and equipment. Going forward, we do not expect any material changes to the underlying drivers of our sources of cash and uses of cash, except for the net proceeds from the Share Offer which will be used according to our use of proceeds plan as detailed in the section headed "Future Plans and Use of Proceeds" in this prospectus. As at the Latest Practicable Date, we had not experienced any liquidity problems in settling our payables in the normal course of business.

Our Directors are of the opinion, after due and careful enquiry, that after taking into consideration the financial resources available to our Group including internal resources, expected cash to be generated from our operating activities and net proceeds from Share Offer, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus. The Sole Sponsor also concurs with our Directors' view that our Group has sufficient working capital for at least the next 12 months from the date of this prospectus.

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Based on the above factors and after taking into account that (i) our Directors' confirmation that our Group has not had any material default with regard to our trade or other payables during the Track Record Period; and (ii) our Directors' confirmation that during the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any difficulty in obtaining credit facilities or withdrawal of facilities or cancellation of customer orders.

Cash flows

The following table sets forth our Group's cash flows for the year ended June 30, 2016 and 2017 and the six months ended December 31, 2017:

	Year ended June 30,		Six months ended
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
Net cash generated from operating activities	10,533	7,255	515
Net cash used in investing activities	(1,615)	(2,378)	(535)
Net cash (used in)/generated from financing activities	(536)	2,597	(4,004)
Net increase (decrease) in cash and cash equivalents	8,382	7,474	(4,024)
Cash and cash equivalents at the beginning of the year/period	12,711	21,093	28,566
Effect of foreign exchange rate change	—	(1)	(3)
Cash and cash equivalents at end of the year/period, represented by bank balances	21,093	28,566	24,539

Cash flows generated from operating activities

Cash flows from operating activities primarily consisted of our Group's revenues from services catering to the projects undertaken by us. Our Group mainly derives its cash inflow from operating activities from the receipt of payments from customers and the primary sources of cash outflow from operations include payments to suppliers of couplers, administrative expenses and payrolls.

During the Track Record Period, we recorded net cash inflows from operating activities of approximately HK\$10.5 million for the year ended June 30, 2016, approximately HK\$7.3 million for the year ended June 30, 2017 and approximately HK\$0.5 million for the six months ended December 31, 2017, which were the combined result of (i) profit before taxation and after adjustments for depreciation of plant and equipment, bank interest income and, finance costs and loss on write-off of plant and equipment; and (ii) movements in working capital, mainly including change in inventories, trade receivables and other receivables, deposits and prepayments, and in other payables and accrued charges, reinstatement provision and changes in the amounts due to a related company.

During the year ended June 30, 2016, our profit before taxation was approximately HK\$17.0 million which was adjusted for depreciation of plant and equipment of approximately HK\$3.4 million, bank interest income of approximately HK\$3,000 and finance costs of HK\$32,000. As a result, our

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operating cash flows before movements in working capital were approximately HK\$20.4 million. Working capital changes primarily included (i) increase in trade receivables of approximately HK\$5.9 million; (ii) increase in other receivables, deposits and prepayments of approximately HK\$158,000; (iii) decrease in other payables and accrued charges of approximately HK\$2.8 million; and (iv) decrease in amount due to a related company of approximately HK\$977,000.

During the year ended June 30, 2017, our profit before taxation was approximately HK\$2.8 million which was adjusted for depreciation of plant and equipment of HK\$3.8 million, loss on write-off of plant and equipment of HK\$1.6 million, bank interest income of approximately HK\$5,000 and finance costs of HK\$15,000. As a result, our operating cash flows before movements in working capital were approximately HK\$8.2 million. Working capital changes primarily included (i) increase in other receivables, deposits and prepayments of approximately HK\$2.9 million; (ii) decrease in reinstatement provision of approximately HK\$695,000; (iii) increase in trade receivables of approximately HK\$539,000, partially offset by (i) a increase in other payables and accrued charges of approximately HK\$2.0 million; (ii) a increase in amount due to a related company of approximately HK\$611,000 and (iii) a decrease in inventories of HK\$550,000.

During the six months ended December 31, 2017, our profit before taxation was approximately HK\$1.7 million which was adjusted for depreciation of plant and equipment of HK\$1.5 million, bank interest income of approximately HK\$3,000 and finance costs of approximately HK\$4,000. As a result, our operating cash flows before movements in working capital were approximately HK\$3.1 million. Working capital changes primarily included (i) increase in trade payables of approximately HK\$5.4 million; (ii) decrease in amount due to a related company of approximately HK\$4.6 million; (iii) increase in trade receivables of approximately HK\$2.9 million; (iv) increase in other receivables, deposits and prepayment of approximately HK\$1.0 million; and (v) increase in other payables and accrued charges of approximately HK\$0.9 million. The increase in trade payables of approximately HK\$5.4 million and the decrease in amount due to a related company of approximately HK\$4.6 million was primarily due to the fact that we placed all of our couplers purchases with the OEM Factory directly through our branch office in Taiwan, instead of BOSA Taiwan, since July 2017.

Cash flows used in investing activities

During the Track Record Period, our Group's cash inflows from investing activities were primarily received from interest on bank deposits which were primarily utilized for the purchases of plant and equipment.

During the year ended June 30, 2016, we had net cash used in investing activities of approximately HK\$1,615,000, which was due to (i) purchases of plant and equipment of approximately HK\$1,568,000 and (ii) an advance to a related company of approximately HK\$50,000, offset by bank interest received in the amount of approximately HK\$3,000.

During the year ended June 30, 2017, we had net cash used in investing activities of approximately HK\$2,378,000, which was due to purchases of plant and equipment of approximately HK\$2,433,000, offset by repayment from a related company of approximately HK\$50,000 and bank interest received in the amount of approximately HK\$5,000.

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During the six months ended December 31, 2017, we had net cash used in investing activities of approximately HK\$535,000, which was due to purchases of plant and equipment of approximately HK\$538,000 and offset by bank interest received in the amount of approximately HK\$3,000.

Cash flows (used in)/generated from financing activities

During the year ended June 30, 2016, we recorded net cash used in financing activities in the amount of approximately HK\$536,000. Cash outflows for financing activities in this year included (i) repayment of loan from shareholders of approximately HK\$1.0 million; (ii) repayment of principal under finance leases of approximately HK\$243,000; and (iii) finance lease interest paid of approximately HK\$32,000, offset by advances from a shareholder in the amount of approximately HK\$750,000.

During the year ended June 30, 2017, we recorded net cash generated in financing activities in the amount of approximately HK\$2.6 million. Cash inflows from financing activities in this year comprised of (i) proceeds from issuance of Shares to Synergy Resources of approximately HK\$3.0 million and (ii) advance from a shareholder of approximately HK\$972,000, offset by (i) repayment of loan from shareholders of approximately HK\$1.1 million ; (ii) repayment of principal under finance leases of approximately HK\$211,000; and (iii) finance lease interest paid of approximately HK\$15,000.

During the six months ended December 31, 2017, we recorded net cash used in financing activities in the amount of HK\$4.0 million. Cash outflows for financing activities in this period included (i) repayment of loan from shareholders of approximately HK\$3.9 million; (ii) repayment of principal under finance leases of approximately HK\$76,000; and (iii) finance lease interest paid of approximately HK\$4,000.

WORKING CAPITAL

The following table sets forth details of our Group's current assets and current liabilities as at June 30, 2016, June 30, 2017, December 31, 2017 and April 30, 2018:

	As at June 30,		As at	As at
	2016	2017	December 31,	April 30,
	(HK\$'000)	(HK\$'000)	2017	2018
			(HK\$'000)	(HK\$'000)
				(unaudited)
Current assets				
Inventories	2,721	2,171	2,473	4,182
Trade receivables	17,360	17,899	20,790	30,489
Other receivables, deposits and prepayments	1,391	4,154	5,094	5,704
Amount due from a related company	50	—	—	—
Bank balances	21,093	28,566	24,539	15,880
	<u>42,615</u>	<u>52,790</u>	<u>52,896</u>	<u>56,225</u>

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	As at June 30,		As at	As at
	2016	2017	December 31,	April 30,
	(HK\$'000)	(HK\$'000)	2017	2018
			(HK\$'000)	(HK\$'000)
				(unaudited)
Current liabilities				
Trade payables	—	43	5,458	5,708
Other payables, deposits received and accrued charges	3,048	5,040	6,403	3,997
Reinstatement provision	285	142	—	—
Amounts due to shareholders	9,601	3,924	18,049	18,049
Amount due to a related company	4,283	4,894	309	309
Tax payable	4,861	6,964	8,007	6,257
Obligations under finance leases (due within one year)	211	148	146	122
	<u>22,289</u>	<u>21,155</u>	<u>38,372</u>	<u>34,442</u>
Net current assets	<u>20,326</u>	<u>31,635</u>	<u>14,524</u>	<u>21,813</u>

We had net current assets of approximately HK\$20.3 million as of June 30, 2016, HK\$31.6 million as of June 30, 2017, HK\$14.5 million as of December 31, 2017 and HK\$21.8 million as of April 30, 2018. The increase in net current assets of approximately HK\$11.3 million as of June 30, 2017, when compared to June 30, 2016, was principally due to increases in bank balances for the year ended June 30, 2017 primarily as a result of proceeds from issuance of Shares to Synergy Resources and increase in deferred and prepaid listing expenses comprising part of our other receivables, deposits and prepayment, in the year ended June 30, 2017. The decrease in net current assets of approximately HK\$17.1 million as of December 31, 2017, when compared to June 30, 2017, was principally due to an increase in amounts due to shareholders, representing mainly a one-off and non-recurring dividends declared by us but remained unpaid as at December 31, 2017. The increase in net current assets of approximately HK\$7.3 million as of April 30, 2018, when compared to December 31, 2017, was principally due to (i) an increase in trade receivables as a result of increase in sales; (ii) a decrease in other payables, deposits received and accrued charges; and (iii) a decrease in tax payable.

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DISCUSSION OF CERTAIN PRINCIPAL ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Plant and equipment

The following table sets out the respective carrying values of our Group's property, plant and equipment as at the respective dates indicated:

	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)
As at						
June 30, 2016	<u>681</u>	<u>9</u>	<u>174</u>	<u>5,598</u>	<u>493</u>	<u>6,955</u>
June 30, 2017	<u>724</u>	<u>32</u>	<u>25</u>	<u>3,734</u>	<u>282</u>	<u>4,797</u>
December 31, 2017	<u>994</u>	<u>32</u>	<u>25</u>	<u>3,006</u>	<u>266</u>	<u>4,323</u>

As shown in the table above, during the Track Record Period, our Group's plant and equipment consisted primarily of plant and machinery, leasehold improvement and motor vehicles. We purchased our plant and machinery and leasehold improvements by using our internally generated resources or capital contributions from shareholders. We purchased our motor vehicles through finance lease arrangements.

Our main equipment includes reinforcing bar cutting machines, CNC crimping machines and CNC threading machines. Our plant and machinery equipment had a carrying amount of approximately HK\$5.6 million as at June 30, 2016, which decreased to approximately HK\$3.7 million as at June 30, 2017 and HK\$3.0 million as at December 31, 2017, due to depreciation of the equipment, offset by the purchase of new equipment. For further details of the equipment we use in our operations, refer to the section titled "Business — Our equipment" in this prospectus.

We owned four motor vehicles mainly to facilitate the transportation of employees among our workshops, office and customers' sites. Two of our motor vehicles were purchased by entering into finance lease arrangements during the Track Record Period. The carrying amount of our motor vehicles was approximately HK\$493,000 as at June 30, 2016, HK\$282,000 as at June 30, 2017 and HK\$266,000 as at December 31, 2017.

Our Group leases premises for our workshop, storages and office. For details of our properties, please also refer to the section headed "Business — Properties" in this prospectus.

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Trade receivables

Trade receivables were mainly derived from the provision of our mechanical splicing services. We usually grant a credit term of 15–30 days from the invoice date to our customers. Our trade receivables increased by HK\$0.5 million or 3.1%, from approximately HK\$17.4 million as at June 30, 2016 to approximately HK\$17.9 million as at June 30, 2017, principally due to late payment from one particular customer in the year ended June 30, 2017. Our trade receivables increased by approximately HK\$2.9 million, or 16.2%, from approximately HK\$17.9 million as at June 30, 2017 to approximately HK\$20.8 million as at December 31, 2017, principally due to an increase in orders received from and services performed for customers who have a practices of taking longer time to settle their payments.

Before accepting any new customer, our Group assesses the potential customer's credit quality and determines credit limits on a case-by-case basis. Credit limits attributable to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good credit quality. A table below presents an ageing analysis of trade receivables based on the invoice date, which is approximately the dates of rendering services, at the end of the reporting periods.

	As at June 30,		As at
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
0–30 days	5,518	5,186	5,105
31–60 days	4,443	3,924	5,351
61–90 days	2,731	2,698	3,323
Over 90 days	<u>4,668</u>	<u>6,091</u>	<u>7,011</u>
Total	<u>17,360</u>	<u>17,899</u>	<u>20,790</u>

As at June 30, 2016 and 2017 and December 31, 2017, our trade receivables included debtors with aggregate carrying amount of approximately HK\$12.8 million, HK\$12.9 million and HK\$16.4 million, respectively, which were past due but not impaired. The average ages of these past due but not impaired receivables are 76 days, 93 days and 82 days as at June 30, 2016 and 2017 and December 31, 2017, respectively. The increase in average ages of these receivables from June 30, 2016 to June 30, 2017 was primarily attributable to the late payment from one customer in the year ended June 30, 2017. As of the Latest Practicable Date, approximately 87.0% of the outstanding trade receivables attributable to such one customer as of June 30, 2017 were subsequently settled. The increase in trade receivables that were past due but not impaired from June 30, 2017 to December 31, 2017 was primarily due to an increase in orders received from and services performed for customers who have practices of taking longer time to

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settle their payments. The following table presents an ageing analysis of trade receivables which are past due but not impaired:

	As at June 30,		As at
	2016	2017	December 31,
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
0–30 days	916	195	685
31–60 days	4,443	3,924	5,351
61–90 days	2,731	2,698	3,323
Over 90 days	<u>4,668</u>	<u>6,091</u>	<u>7,011</u>
 Total	 <u><u>12,758</u></u>	 <u><u>12,908</u></u>	 <u><u>16,370</u></u>

In determining recoverability of trade receivables, we consider whether there is any change in the credit quality of such trade receivables from the date the credit was initially granted up to the end of each reporting period. Our Directors consider that there was no significant change in the credit quality of the trade receivables which were past due but not impaired during the Track Record Period. The trade receivables past due but not provided for as at the end of each reporting period were either subsequently settled or there was continuous settlements and no historical defaults by the respective customers. Based on the above, our Directors believe no provision for impairment is necessary in respect of these balances as such balances are still considered to be fully recoverable.

The following table sets forth the average trade receivables turnover days during the Track Record Period:

	Year ended June 30,		Six months
	2016	2017	ended
			December 31,
			2017
Average trade receivables turnover days ¹	95.8	127.9	139.1

Note:

- (1) Average trade receivables turnover days are calculated by dividing the average of the opening and closing balances of trade receivables for the relevant period by the corresponding revenue for the period and then multiplying by 365 days for each of the two years ended June 30, 2016 and 2017 and 184 days for the six months ended December 31, 2017.

As of the Latest Practicable Date, approximately HK\$17.3 million, or 99.5%, HK\$16.5 million, or 92.4% and HK\$15.7 million, or 75.6% of trade receivables as at June 30, 2016 and 2017 and December 31, 2017, respectively, were settled.

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During the Track Record Period, our Group had a concentration of credit risk with exposure limited to certain customers. Top five debtors comprised approximately 46.9%, 49.5% and 57.3% of our Group's trade receivables as at June 30, 2016 and 2017 and December 31, 2017, respectively. There is no allowance for bad and doubtful debts being recognized for the Track Record Period.

Inventories

During the Track Record Period, our inventories solely comprised couplers. The following table sets out information on our inventory balance as at the dates indicated:

	As at June 30,		As at
	2016	2017	December 31,
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	2017
			<i>(HK\$'000)</i>
Inventories	2,721	2,171	2,473

The following table sets forth the average inventory turnover days during the Track Record Period:

	Year ended June 30,		Six months
	2016	2017	ended
			December 31,
			2017
Inventory turnover days ¹	76.0	71.4	64.1

Note:

- ⁽¹⁾ Average inventory is the sum of inventory at the beginning of the period plus the inventory at the end of the period divided by two. Inventory turnover days is equal to the average inventory divided by cost of inventories sold multiplied by 365 days for each of the two years ended June 30, 2016 and 2017 and 184 days for the six months ended December 31, 2017.

Our inventories amounted to approximately HK\$2.7 million as at June 30, 2016, approximately HK\$2.2 million as at June 30, 2017, and approximately HK\$2.5 million as at December 31, 2017. Our inventory turnover days decreased from 76.0 days as at June 30, 2016 to 71.4 days as at June 30, 2017 and to 64.1 days as at December 31, 2017. As a result of the terminations of our San Tin workshop and Tin Shui Wai workshop, our inventory storage capacity had slightly decreased in the year ended June 30, 2017. This resulted in a decrease in our inventories and a decrease in inventory turnover days for the year ended June 30, 2017.

As of the Latest Practicable Date, approximately HK\$2.6 million, or 96.4%, HK\$2.0 million, or 91.3% and HK\$1.9 million, or 76.0% of our inventories as of June 30, 2016 and 2017 and December 31, 2017, respectively, were subsequently utilized.

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Other receivables, deposits and prepayments

During the Track Record Period, our other receivables, deposits and prepayments represented retention receivables, prepayments for insurance policies, rental deposits and utility deposits and deferred and prepaid listing expenses. During the Track Record Period, retention monies in the amount of HK\$0.9 million was withheld by one of our customers, representing 5% of the contract sum for the project. We expect to collect such retention receivables when the project is completed.

The current portion of our other receivables, deposits and prepayments were HK\$1.4 million, HK\$4.2 million and HK\$5.1 million as at June 30, 2016 and 2017 and December 31, 2017, respectively. The increase in the current portion of our other receivables, deposits and prepayments of HK\$2.8 million, or 198.6%, from HK\$1.4 million as at June 30, 2016 to HK\$4.2 million as of June 30, 2017 was primarily due to our deferred and prepaid listing expenses in the amount of HK\$2.6 million as at June 30, 2017. The increase in current portion of our other receivables, deposits and prepayments of HK\$0.9 million, or 22.6%, from HK\$4.2 million as at June 30, 2017 to HK\$5.1 million as at December 31, 2017 was primarily due to our deferred and prepaid listing expenses in the amount of HK\$4.0 million as at December 31, 2017.

Other payables, deposits received and accrued charges

During the Track Record Period, our other payables, deposits received and accrued charges comprised salaries payable, accruals for utilities and listing expenses, provision for employee annual leaves, deposits received from customer and other payables. We received certain deposits from one customer for a project prior to the Track Record Period, which were recognized as revenue in stages as the project progressed. The last portion of such deposits was recognized during the year ended June 30, 2017.

Our other payables, deposits received and accrued charges amounted to approximately HK\$3.1 million, HK\$5.0 million and HK\$6.4 million as at June 30, 2016 and 2017 and December 31, 2017, respectively. The increase in other payables, deposits received and accrued charges of approximately HK\$1.9 million, or 65.4%, from HK\$3.1 million as at June 30, 2016 to approximately HK\$5.0 million as at June 30, 2017 was primarily due to an increase in accrued listing expenses, partially offset by the decrease in deposits received as the last portion of the deposits received from a customer prior to the Track Record Period was recognized during the year ended June 30, 2017. The increase in other payables, deposits received and accrued charges of approximately HK\$1.4 million, or 27.0%, from HK\$5.0 million as at June 30, 2017 to HK\$6.4 million as at December 31, 2017 was primarily due to a reclassification of payables relating to additions to plant and equipment under this category as we commenced to purchase our machines through our Taiwan branch office, instead of BOSA Taiwan, since July 2017.

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Amounts due to a related company

During the Track Record Period and up to May 2017, we placed all our couplers and consumable purchase orders with BOSA (Taiwan), a related company. In May 2017, we commenced placing certain orders of our couplers with the OEM Factory directly through our branch office in Taiwan. The transition from using BOSA (Taiwan) to our Taiwan branch office was completed in July 2017. Since July 7, 2017 and as at the Latest Practicable Date, we placed all of our couplers used in the provision of our services from the OEM Factory through our branch office in Taiwan. Accordingly, our amounts due to a related company during the Track Record Period solely represented amounts payable to BOSA (Taiwan) in respect of our purchases of couplers and consumables and were trade in nature. Since July 7, 2017 and as at the Latest Practicable Date, amounts payable to the OEM Factory associated with our purchases of couplers were recorded in our consolidated statements of financial position as “trade payables”. Our amounts due to a related party amounted to approximately HK\$4.3 million, HK\$4.9 million and HK\$0.3 million as at June 30, 2016 and 2017 and December 31, 2017, respectively.

During the Track Record Period, the average credit period for purchases of couplers and consumable was 90 days. The following table presents an ageing analysis of amounts due to a related company, based on the invoice date, at the end of the reporting periods:

	As at June 30,		As at
	2016	2017	December 31,
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
0–30 days	1,336	2,362	—
31–60 days	1,374	798	—
61–90 days	1,139	469	—
Over 90 days	<u>434</u>	<u>1,265</u>	<u>309</u>
	<u><u>4,283</u></u>	<u><u>4,894</u></u>	<u><u>309</u></u>

As of the Latest Practicable Date, all of our amounts due to a related company as at June 30, 2016 and 2017 were fully settled. As of the Latest Practicable Date, approximately HK\$77,000, or 24.8%, of our amounts due to a related company as at December 31, 2017 of approximately HK\$0.3 million were settled. All the outstanding balances of amounts due to the related company is expected to be repaid in full prior to the Listing.

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Trade payables

During the Track Record Period, our trade payables comprised solely of our purchases of couplers and consumables. The payment terms for such trade payables are generally 90 days.

The table below sets out an aging analysis of our trade payables and trade payables turnover days as of the dates indicated:

	As at June 30,		As at
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
0–30 days	—	—	1,258
30–60 days	—	43	1,485
61–90 days	—	—	1,834
Over 90 days	—	—	881
Total	<u>—</u>	<u>43</u>	<u>5,458</u>
Average trade payables turnover days ¹	<u>—</u>	<u>—</u>	<u>33.7</u>

Note:

- (1) Average trade payables turnover days are calculated by dividing the average of the opening and closing balances of trade payables for the relevant period by the corresponding cost of sales for the period and then multiplying by 365 days for each of the two years ended June 30, 2016 and 2017 and 184 days for the six months ended December 31, 2017.

We commenced placing couplers orders through our own Taiwan branch office since May 2017 and recorded trade payables since then. As of the Latest Practicable Date, all of our trade payables as at June 30, 2017 and December 31, 2017 were fully settled.

Tax payables

Our tax payables amounted to approximately HK\$4.9 million, HK\$7.0 million and HK\$8.0 million as at June 30, 2016 and June 30, 2017 and December 31, 2017, respectively. During the Track Record Period, we had not received tax assessments from the tax authority in Hong Kong. Accordingly, the amount of tax payables represented cumulative tax payable to the tax authority in Hong Kong since the commencement of our business operations. The increase in tax payables in the amount of (i) approximately HK\$2.1 million from approximately HK\$4.9 million as at June 30, 2016 to approximately HK\$7.0 million as at June 30, 2017 and (ii) approximately HK\$1.0 million from approximately HK\$7.0 million as at June 30, 2017 to HK\$8.0 million as at December 31, 2018, mainly reflected our additional tax liabilities for the year or period.

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The profits tax return for the years of assessment 2013/2014, 2014/2015 and 2016/2017 were issued by the IRD on January 9, 2018, which were completed and submitted by us to the IRD on January 23, 2018. In January 2018, we received the assessment demanding final tax for the year of assessment 2015/2016 from the IRD and the amount of corresponding tax payable was fully settled on February 13, 2018. For further details, please refer to the section headed “Business — Non-compliance” in this prospectus.

Reinstatement Provision

Our reinstatement provision during the Track Record Period solely represented our provision of reinstatement works for reinstating the premises rented by our Group to be carried out as at the end of the respective lease periods. Our reinstatement provision amounted to approximately HK\$507,000, HK\$541,000 and HK\$399,000 as at June 30, 2016 and 2017 and December 31, 2017, respectively. The following table sets forth an analysis of our reinstatement provision as of the date indicated:

	As at June 30, 2016 (HK\$'000)	2017 (HK\$'000)	As at December 31, 2017 (HK\$'000)
Reinstatement provision			
— current portion	285	142	—
— non-current portion	<u>222</u>	<u>399</u>	<u>399</u>
Total	<u><u>507</u></u>	<u><u>541</u></u>	<u><u>399</u></u>

RELATED PARTY TRANSACTIONS AND BALANCES

Our material related party transactions during the Track Record Period comprised purchases of couplers and consumables from BOSA (Taiwan), which amounted to approximately HK\$15.6 million, HK\$14.3 million and HK\$0.5 million for the years ended June 30, 2016 and 2017 and for the six months ended December 31, 2017, respectively. Please refer to note 27 to the Accountants’ Report in Appendix I to this prospectus for further information on all our related party transactions. Our Directors confirm that all of our related party transactions during the Track Record Period were negotiated on an arms-length basis, reflected normal commercial terms and would not distort our track record results or make our historical results not reflective of our future performance.

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INDEBTEDNESS

The following table sets out our Group's indebtedness as at June 30, 2016 and 2017, December 31, 2017 and April 30, 2018 (being the latest practicable date for the purpose of this statement of indebtedness):

	As at June 30,		As at	As at
	2016	2017	December 31,	April 30,
	(HK\$'000)	(HK\$'000)	2017	2018
			(HK\$'000)	(HK\$'000)
				(unaudited)
Obligations under finance				
leases	457	246	170	122
Amounts due to Shareholders	<u>9,601</u>	<u>3,924</u>	<u>18,049</u>	<u>18,049</u>
	<u>10,058</u>	<u>4,170</u>	<u>18,219</u>	<u>18,171</u>

Obligations under finance leases

During the Track Record Period, we acquired two motor vehicles by way of finance lease arrangements through finance lease companies. The following table sets forth an analysis of our obligations under finance leases as of the dates indicated:

	As at June 30,		As at	As at
	2016	2017	December 31,	April 30,
	(HK\$'000)	(HK\$'000)	2017	2018
			(HK\$'000)	(HK\$'000)
				(unaudited)
Obligations under finance				
leases				
— current portion	211	148	146	122
— non-current portion	<u>246</u>	<u>98</u>	<u>24</u>	<u>—</u>
Total	<u>457</u>	<u>246</u>	<u>170</u>	<u>122</u>

As at June 30, 2016 and 2017, December 31, 2017 and April 30, 2018, our Group had secured and unguaranteed obligations under finance leases of approximately HK\$0.5 million, HK\$0.2 million, HK\$0.2 million and HK\$0.1 million, respectively, which were secured by motor vehicles of our Group.

The lease term for our finance leases was four years and the underlying interest rates of these obligations under finance leases ranged from 1.98% to 3.50% per annum. As the lease term for one of our finance leases approached expiry during the year ended June 30, 2017 and expired during the six months ended December 31, 2017, our obligations under finance leases as at June 30, 2017, December 31, 2017 and April 30, 2018 decreased.

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Amounts due to Shareholders

As at June 30, 2016 and 2017, our Group had aggregate amounts due to Shareholders of approximately HK\$9.6 million, HK\$3.9 million, respectively, which mainly represented advances for financing the daily operations of our Group. The amounts were interest-free, unsecured and unguaranteed and have no fixed terms of repayments. As at December 31, 2017 and April 30, 2018, our Group had aggregate amounts due to Shareholders of approximately HK\$18.0 million, which mainly represented a one-off and non-recurring interim dividend declared by us on September 15, 2017 but remained unpaid as at April 30, 2018. The following table sets forth the amounts due to Shareholders as at the dates indicated:

	As at June 30,		As at	As at
	2016	2017	December 31,	April 30,
	(HK\$'000)	(HK\$'000)	2017	2018
			(HK\$'000)	(HK\$'000)
				(unaudited)
Kin Sun	6,321	2,256	9,294	9,294
Mr. Yang	780	175	1,985	1,985
Mr. Wang	780	175	1,985	1,985
Mr. P. Lim	1,420	1,035	1,264	1,264
Ms. Chiu	—	—	1,264	1,264
Mr. K. Lim	300	283	2,257	2,257
	<u>9,601</u>	<u>3,924</u>	<u>18,049</u>	<u>18,049</u>
Total	<u>9,601</u>	<u>3,924</u>	<u>18,049</u>	<u>18,049</u>

On May 26, 2017, HK\$3.9 million, HK\$0.6 million, HK\$0.6 million and HK\$0.4 million out of the then outstanding amounts due to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim were capitalized, and the uncapitalised balance of amounts due to Shareholders is expected to be repaid to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively prior to the Listing. On June 7, 2018, Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Ms. Chiu and Mr. P. Lim, being the existing Shareholders, made contribution to our Company in an aggregate amount of approximately HK\$5.0 million by waiving certain amounts due to them. All other outstanding balances of amounts due to Shareholders is expected to be repaid in full prior to the Listing and will solely be funded from our cash and cash equivalents.

During the Track Record Period and as at the Latest Practicable Date, our Group had no bank borrowings or banking facilities.

Contingent liabilities

On March 20, 2018, BOSA HK and Mr. Yang, our technical manager, received a civil claim to the High Court of Hong Kong in relation to claims of defamation and malicious falsehood against BOSA HK and Mr. Yang for alleging that plaintiff's coupler system infringes the patent of BOSA R&D.

We have engaged a Barrister, Mr. Douglas Clark, in steering the said legal proceedings. We were advised by Mr. Clark that the overall chance of the claimant in succeeding in the claims for defamation and/or malicious falsehood is low, and the claimant has not properly pleaded the patent invalidation

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claim and based on the current pleaded case by the claimant, it is likely that the claimant would not be able to obtain any, or very limited, monetary compensation as damages for defamation and/or malicious falsehood claims.

Disclaimer

Save as disclosed above, and apart from intra-group liabilities, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities as at April 30, 2018, the indebtedness date.

No material indebtedness change

Our Directors confirm that, up to the Latest Practicable Date, there had been no material change in the indebtedness, capital commitment or contingent liabilities of our Group since April 30, 2018, the indebtedness date. As at the Latest Practicable Date, our Group did not have any plan to raise any material debt financing shortly after the Listing.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Our Group did not enter into any material off-balance sheet transactions, commitments or arrangements as at the Latest Practicable Date.

CAPITAL EXPENDITURES

Historical capital expenditures

Our capital expenditures during the Track Record Period primarily comprised mainly of purchases of plant and equipment and leasehold improvements for our workshops and office premises. Our total capital expenditures amounted to HK\$2.3 million, HK\$3.2 million and HK\$1.0 million for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. The increase in capital expenditures for the year ended June 30, 2017 was primarily due to increased leasehold improvements in light of the opening of our new Ping Che workshop and new office premises in such year.

Our Group has principally funded the above capital expenditures through internally generated resources and capital contributions from Shareholders.

Planned capital expenditures

Save for the planned usage of the net proceeds from the Share Offer, as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, the capital commitments as disclosed in “— Operating lease commitments” below and the additions of property, plant and equipment necessary for our Group’s business operations which may be made by our Group from time to time, our Group had no material planned capital expenditures as at the Latest Practicable Date.

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OPERATING LEASE COMMITMENTS

As at June 30, 2016 and 2017 and December 31, 2017, our Group had the following commitments for future minimum lease payments in respect of office and workshop premises under non-cancellable operating leases:

	As at June 30,		As at
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
Within one year	2,303	2,002	2,932
In the second to fifth year inclusive	<u>3,079</u>	<u>1,249</u>	<u>1,524</u>
Total	<u><u>5,382</u></u>	<u><u>3,251</u></u>	<u><u>4,456</u></u>

SUMMARY OF KEY FINANCIAL RATIOS

The table below sets out a summary of key financial ratios in respect of our Group's results of operation for the year ended or as at June 30, 2016 and 2017 and for the six months ended or as at December 31, 2018:

		As at/for the		As at/for the
		year ended June 30,		six months
		2016	2017	ended
	Notes			December 31,
				2017
Profitability ratios				
Gross profit margin	1	43.1%	42.6%	41.3%
Net profit margin before interest and tax	2	31.1%	5.6%	6.5%
Net profit margin	3	25.9%	1.9%	2.4%
Return on assets	4	28.4%	1.6%	1.1%
Return on equity	5	52.9%	2.6%	3.3%
Liquidity ratios				
Current ratio	6	1.9	2.5	1.4
Quick ratio	7	1.8	2.4	1.3
Capital adequacy ratios				
Gearing ratio (times)	8	0.02	0.01	0.01
Interest coverage ratio	9	533.0	189.4	414.0

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Notes:

1. Gross profit margin is calculated based on the gross profit for the year/period divided by total revenue for the year/period and multiplied by 100%.
2. Net profit margin before interest and tax is calculated based on the net profit before interest and tax expense for the year/period divided by total revenue for the year/period multiplied by 100%.
3. Net profit margin is calculated based on the net profit for the year/period divided by total revenue for the year/period and multiplied by 100%.
4. Return on assets is calculated by dividing net profit for the year/period by the total assets at the end of the respective year/period and multiplied by 100%.
5. Return on equity is calculated by dividing net profit for the year/period by the total equity attributable to the owners of our Group at the end of the respective year/period and multiplied by 100%.
6. Current ratio is calculated by dividing the total current assets at the end of the year/period by the total current liabilities at the end of the year/period.
7. Quick ratio is calculated by dividing total current assets net of inventories at the end of the year/period by total current liabilities at the end of the year/period.
8. Gearing ratio is calculated by dividing all obligations under finance leases at the end of the year/period by total equity at the end of the year/period and multiplied by 100%.
9. Interest coverage ratio is calculated as profit before interest and tax for the year/period divided by the interest expenses for the year/period.

Profitability ratios

Our gross profit margin was 43.1%, 42.6% and 41.3% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. For further information in relation to our gross profit margin, please refer to “Financial Information — Period to period comparison of results of operations” in this section.

Net profit margin before interest and tax and net profit margin

Our net profit margin before interest and tax was 31.1%, 5.6% and 6.5% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our net profit margin was 25.9%, 1.9% and 2.4% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. For further information in relation to our net profit before interest and tax margin and net profit margin, please refer to “Financial Information — Period to period comparison of results of operations” in this section.

Return on assets

Our return on assets was 28.4%, 1.6% and 1.1% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our return on assets decreased from approximately 28.4% for the year ended June 30, 2016 to approximately 1.6% for the year ended June 30, 2017. Such decrease was primarily due to (i) a decrease in our net profit for the reasons described above, and (ii) an increase in our total assets as a result of increases in our bank balances and deferred and prepaid listing expenses.

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Return on equity

Our return on equity was 52.9%, 2.6% and 3.3% for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our return on equity decreased from approximately 52.9% for the year ended June 30, 2016 to approximately 2.6% for the year ended June 30, 2017. This was mainly due to a decrease in net profit for the year ended June 30, 2017 for the reasons described above and a higher equity as at June 30, 2017 resulting from the increase in accumulated undistributed profits, the Pre-IPO Investment and capitalization of certain loans from Shareholders.

Liquidity ratios

Current ratio

Our current ratio was 1.9, 2.5 and 1.4 as at June 30, 2016, June 30, 2017 and December 31, 2017, respectively. Our current ratio increased from approximately 1.9 as at June 30, 2016 to approximately 2.5 as at June 30, 2017. This was mainly due to (i) an increase in current assets as a result of the increases in bank balances and (ii) a decrease in current liabilities as a result of our capitalization of certain loans from Shareholders. The decrease of our current ratio from approximately 2.5 as at June 30, 2017 to approximately 1.4 as at December 31, 2017 was principally due to an increase in current liabilities as a result of an increase in loans from shareholders representing our declared but unpaid interim dividend.

Quick ratio

Our quick ratio was 1.8, 2.4 and 1.3 as at June 30, 2016, June 30, 2017 and December 31, 2017, respectively. Our quick ratio increased from approximately 1.8 as at June 30, 2016 to approximately 2.4 as at June 30, 2017. The increase was primarily due to (i) an increase in our total current assets (net of inventories), resulting from an increase in our bank balances and deferred and prepaid listing expenses and (ii) a slight decrease in our current liabilities as we capitalized certain loans from Shareholders. The decrease in quick ratio from 2.4 as at June 30, 2017 to 1.3 as at December 31, 2017 was principally due to an increase in current liabilities as mentioned above.

Capital adequacy ratios

Gearing ratio

Our gearing ratio was 0.02, 0.01 and 0.01 for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively, as we had no interest-bearing borrowings except finance leases for our motor vehicles during the Track Record Period.

Interest coverage ratio

Our interest coverage ratio was 533.0, 189.4 and 414.0 for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our interest expense comprised solely of interest under finance leases for our motor vehicles during the Track Record Period. The decrease in our interest coverage ratio was mainly due to the decrease in our profit before interest and tax across the period.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Currency risk

Our Group has foreign currency purchases, which expose our Group to foreign currency risk. The entire purchase of goods are denominated in TWD, a currency other than the functional currency of our Group entity during the year ended June 30, 2016 and 2017 and the six months ended December 31, 2017, respectively. Our Group does not have a foreign currency hedging policy.

At the end of the year ended June 30, 2016 and 2017 and the six months ended December 31, 2017, the carrying amounts of foreign currency denominated monetary liabilities of our Group recognized in the financial information were as follows:

	As at June 30,		As at
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
Amount due to a related company	4,283	4,894	309

Sensitivity analysis

The following table details our Group's sensitivity analysis to a 10% increase and decrease in functional currency of the relevant group entities (i.e. HK\$) against TWD whereas all other variables were held constant. 10% is the sensitivity rate used and represents our Group's management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in the post-tax profit for the year where HK\$ strengthening 10% against the TWD. For a 10% weakening of HK\$ against the TWD there would be an equal and opposite impact on the result for the year.

	As at June 30,		As at
	2016	2017	December 31,
	(HK\$'000)	(HK\$'000)	2017
			(HK\$'000)
Increase in post-tax profit for the year	358	409	13

We will have sufficient foreign exchange to meet our foreign exchange liabilities as they become due, which will be funded by our cash generated for operating activities.

Interest rate risk

We have no significant interest-bearing assets other than short-term bank deposits with maturity of three months or less and carrying interest at prevailing market rate of 0.01% per annum. We do not consider our Group's exposure of bank deposits to interest rate risk to be significant as interest rates of bank deposits are not expected to fluctuate significantly. Our Group's finance leases were issued at fixed

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interest rates determined at the respective contract rates, and therefore we were only subject to fair value interest rate risks relating to such finance leases obligations. Our Group does not have an interest rate hedging policy.

Credit risk

Our Group is exposed to credit risk primarily due to the collectability risk of the trade receivables due from our customers. During the Track Record Period, our Group had concentration of credit risk with exposure limited to certain customers. Top five debtors comprised approximately 46.9%, 49.5% and 57.3% of our Group's trade receivables as at June 30, 2016 and 2017 and December 31, 2017, respectively. These customers are primarily main contractors and subcontractors of property development projects. Our Directors consider that our customers are reputable corporations and hence the credit risk attached to our customers is relatively low. The management closely monitors the subsequent settlement of payments with the customers. Our Group would take necessary follow up action in case of overdue balances or when the above credit evaluation results draw the attention of our Directors. Other than disclosed above, our Group does not have significant credit risk exposure to any single individual customer.

The credit risk for bank balances is limited because bank balances are placed in banks with good reputation and our Group has limited exposure to any single financial institution.

Liquidity risk

We had net current assets as at June 30, 2016, June 30, 2017 and December 31, 2017. In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by our Group's management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. Our Directors are of the view that our liquidity risk management policy enables our Group to have sufficient resources to meet our working capital needs.

DIVIDENDS

On September 15, 2017, we declared a one-off and non-recurring interim dividend to the existing Shareholders in the amount of HK\$18.5 million, entitlement in the amount of approximately HK\$451,000 was waived by Synergy Resources. On June 7, 2018, Kin Sun, Mr. K. Lim, Mr. Yang, Mr. Wang, Ms. Chiu and Mr. P. Lim, being the existing Shareholders, made contribution to our Company in an aggregate amount of approximately HK\$5 million by waiving the amounts due to them. Such dividends will be paid prior to the Listing and will be funded by our internal resources.

There is no expected dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any final dividend for a financial year will be subject to the shareholders' approval. Holders of the Shares will be entitled to receive such dividends *pro rata* according to the amounts paid up or credited as paid up on the Shares.

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Dividends may be paid only out of the Company's distributable profits as permitted under the relevant laws. There can be no assurance that the Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

LISTING EXPENSES

Our Group expects that the total listing expenses, which is non-recurring in nature, will be approximately HK\$22.9 million, of which approximately HK\$8.1 million is directly attributable to the issue of Offer Shares as part of the Listing and will be accounted for as a deduction from equity upon the Listing; approximately HK\$6.1 million has been charged to consolidated statements of profit or loss and other comprehensive income for the year ended 30 June 2017; approximately HK\$3.5 million has been charged to consolidated statements of profit or loss and other comprehensive income for the six months ended December 31, 2017; and the remaining approximately HK\$5.2 million is expected to be charged to consolidated statements of profit or loss and other comprehensive income for the year ending 30 June 2018.

Such listing expenses are a current estimate for reference only. The actual amounts to be recognized to the profit and loss of our Group or to be capitalized are subject to adjustments based on audit and changes in variables and assumptions.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 35 of the Accountants' Report in Appendix I to this prospectus for the details of events of our Group which took place subsequent to December 31, 2017.

RECENT DEVELOPMENTS

Business and financial updates

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our business of providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong.

As at the Latest Practicable Date, we had a total of 82 ongoing projects. Please refer to the section titled "Business — Our projects — Ongoing projects on hand" in this prospectus for a list of our top 10 ongoing projects as at the Latest Practicable Date.

In the six months ended December 31, 2017, the unit prices of our mechanical splicing services (comprising price of coupler and price of threading) experienced a decreasing trend of approximately 15.2%, when compared to our unit prices for the year ended June 30, 2017. Despite our decreased prices, our revenue for the six months ended December 31, 2017 maintained at a similar level to that of the six months ended December 31, 2016, primarily due to the increase in private sector projects undertaken by us during the six months ended December 31, 2017 which were more profitable to us than public sector projects. We are uncertain if this decreasing price trend will continue in the near future.

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As at the Latest Practicable Date, all existing projects have continued to contribute to revenue of our Group and none of them have had any material interruption. The amount of revenue expected to be recognized is subject to changes due to the actual progress and commencement and completion dates of our projects. Our results of operations for the year ended June 30, 2017 and for the six months ended December 31, 2017 had been significantly affected by the Listing expenses incurred during such year. Our results of operation for the year ending June 30, 2018 are expected to be continuously affected by the Listing expenses as discussed in the section headed “— Listing expenses”.

In May 2018, a local newspaper reported that there were substandard building works at Shatin-to-Central link project. It was reported that a contractor had produced substandard work as it had cut steel bars to make it seem like they were screwed correctly into couplers, posing a danger to the public safety. As at the Latest Practicable Date, the railway company responded that they were conducting investigation on the abovementioned incident. It was reported that the relevant authority had requested the railway company to submit a report in relation to the said incident.

We were the supplier of the splicing system and were responsible for the supply of processed steel bars and self-designed couplers at one end and we were not responsible for installation, connection or screwing works of the other end of the processed steel bars or other related construction works at the project site at all material times. All of our products were delivered to and accepted by the main contractor, and we have no control on how our products were used or handled by the main contractor upon delivery. As at the Latest Practicable Date, we did not receive any complaint or inquiry in relation to our services provided in the Hung Hom Station project of the Shatin-to-Central link and/or the incident and there was no report, complaint or inquiry of defects of our products in the project. All of our work under the project had been completed in June 2017.

Based on the reason aforesaid, our Hong Kong Legal Counsel, is of the view that our Group being legally liable in respect of the defective works in the incident is remote, and it is unlikely that we will be subject to any legal proceedings arising therefrom. Further, it is unlikely that the recent reported news on the defective works or substandard building works at the Shatin-to-Central link project will have any negative implication on our Group. Given the limited information that no actual claim from and against any parties at as the Latest Practicable Date, the Hong Kong Legal Counsel has no factual and legal basis to make any assessment on any quantum. As with other legal proceedings for breach of contract (if any), the common form of claim would be for economic loss and damages arising from the breach such as loss of profits.

Our Directors confirmed that the recent reported news on defective works or substandard building works at the Shatin-to-Central link project did not have any adverse impact on our operation such as our Group's reputation, relationship with our customers and our production as at the Latest Practicable Date. Our Directors further confirmed that the relevant news is unlikely to have any negative impact on our operation.

Please refer to the section headed “Risk Factors — Risks relating to our business — Recent incident of the construction defects of the Shatin-to-Central link may lead to potential investigation and claims against us.” regarding the relevant risk factor of the incident.

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Tax amount paid/payable by our Group in 2018

A total amount HK\$1,750,529 of final tax for the Year of Assessment 2015/16 was settled by our Group in February 2018. The final tax payable for the Year of Assessment 2016/17 in an amount of HK\$3,110,071 will be due on July 9, 2018. As at the Latest Practicable Date, such amount has not been settled.

No material adverse change

The impact of the Listing expenses on our Group's profit and loss accounts has posted a material adverse change in the financial or trading position or prospect of our Group since December 31, 2017 (being the date to which our latest audited financial information of our Group was prepared). Prospective investors should be aware of the impact of the Listing expenses on the financial performance of our Group for the year ending June 30, 2018.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since December 31, 2017 (being the date to which our latest audited financial information of our Group was prepared) and there had been no event since December 31, 2017 which would materially affect the information shown in the Accountants' Report.

DISTRIBUTABLE RESERVES

As of December 31, 2017, we did not have any distributable reserves.

UNAUDITED PRO FORMA ADJUSTED NET CONSOLIDATED TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at December 31, 2017 as shown in the Unaudited Pro Forma Financial Information, the text of which is set out in Appendix II to this prospectus, and adjusted as described below:

	Audited consolidated net tangible assets of the Group as at December 31, 2017 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at December 31, 2017 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at December 31, 2017 per Share HK\$ (Note 3)
Based on Offer Price of HK\$0.40 per Share	<u>18,851</u>	<u>66,366</u>	<u>85,217</u>	<u>0.107</u>
Based on Offer Price of HK\$0.30 per Share	<u>18,851</u>	<u>46,366</u>	<u>65,217</u>	<u>0.082</u>

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Notes:

- (1) The audited consolidated net tangible assets is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 200,000,000 Offer Shares at Offer Price of lower limit and upper limit of HK\$0.30 and HK\$0.40 per Offer Share, respectively, after taking into account the estimated underwriting fees and other related expenses to be incurred by the Group subsequent to January 1, 2018. The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option, the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company per Share is arrived at on the basis that 800,000,000 Shares were in issue assuming that the Capitalization Issue and the Share Offer had been completed on December 31, 2017 and does not take into account of any Shares which may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option, the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.
- (4) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2017 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2017. Assuming that the contribution from shareholders of approximately HK\$5,000,000 by waiving amounts due to shareholders as at June 7, 2018 had been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share would have been HK\$0.088 and HK\$0.113 at the Offer Price of HK\$0.30 and HK\$0.40, respectively, which is calculated based on 800,000,000 Shares in issue immediately following the completion of the Shares Offer and Capitalization Issue.

DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

PROPERTY INTERESTS

As at December 31, 2017, no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. Thus, pursuant to Rule 8.01A of the Listing Rules, this prospectus is exempted from compliance with the requirement to include a property valuation report under the Listing Rules. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is also exempted from compliance with the requirements to include a property valuation report under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the section headed “Business — Business strategies” in this prospectus for our Group’s business objectives and strategies.

IMPLEMENTATION PLAN

Our Group’s implementation plans are set forth below for each of the six-month periods until June 30, 2019. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the section headed “— Bases and Assumptions”. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our Group’s actual course of business may vary from the business objective(s) set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objective of our Group will be accomplished at all. Based on our Group’s business objectives, our Directors intend to carry out the following implementation plans:

From the Latest Practicable Date to June 30, 2018

Business strategy	Implementation activities	Amount of use of proceeds (HK\$ million)
<i>Expanding scale of operations</i>		
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	<ul style="list-style-type: none"> Form a location selection committee consisting of two Directors (including one independent non-executive Director) and two members of senior staff of our Company, and chaired by one of the two Directors on the said committee (the “Location Selection Committee”) 	Nil
	<ul style="list-style-type: none"> Gather information regarding parcels of land which match the location selection strategy referred to in the section headed “Business — Business strategies” in this prospectus 	
	<ul style="list-style-type: none"> Physical inspection of potential parcels of land by the Location Selection Committee 	
<i>Placing resources into research and development</i>		
	<ul style="list-style-type: none"> Form research and development team 	Nil
	<ul style="list-style-type: none"> Prepare production manuals and update quality assurance protocols 	
Total use of proceeds		<u><u>Nil</u></u>

FUTURE PLANS AND USE OF PROCEEDS

From July 1, 2018 to December 31, 2018

Business strategy	Implementation activities	Amount of use of proceeds (HK\$ million)
<i>Expanding scale of operations</i>		
Breakdown as follows:		
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	● Finalise selection of a parcel of land	Internal resources
	● Purchase a parcel of land	HK\$44.0
	● Commence construction of a new workshop or adapt existing structure for purposes of the new workshop (as the case may be)	Internal resources
		HK\$44.0
<i>Placing resources into research and development^(Note 1)</i>		
Breakdown as follows:		
	● Employ one additional qualified technical staff to join our research and development team and carry out research and development activities	HK\$0.5
	● Conduct research and development activities to enhance quality and cost-effectiveness of our services	HK\$0.5
	● 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
	● Develop two prototypes of our next generation machines and collect data points on reliability, efficiency and other metrics ^(Note 2)	HK\$1.2
	● Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market	HK\$0.5
	● Continue to prepare production manuals and update quality assurance protocols	HK\$0.1
		HK\$3.0
<i>General working capital</i>		HK\$0.1
Total use of proceeds		HK\$47.1

FUTURE PLANS AND USE OF PROCEEDS

Note:

- (1) Our research and development activities are a continuous process. As at the Latest Practicable Date, we are in the process of developing two prototypes for our next generation machines. We are also in the process of screening for the additional qualified technical staff to join our research and development team. With the extensive experience of our research and development team, especially the technical expertise of Mr. Yang, our technical manager, coupled with the assistance of the qualified technical staff to be employed by us, our Directors are confident that we can conduct and complete the research and development activities by end of 2018 as set out above.
- (2) As at the Latest Practicable Date, we are in the process of developing the two prototypes for our next generation machines. Based on our experience, our Directors are confident that the construction of the two prototypes can be completed by the end of 2018.

From January 1, 2019 to June 30, 2019

Business strategy	Implementation activities	Amount of use of proceeds (HK\$ million)
<i>Expanding scale of operations</i>		
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	<ul style="list-style-type: none"> ● Complete construction of new workshop or complete adaptation of existing structure (as the case may be) ● New workshop begins to operate 	Internal resources
<i>Placing resources into research and development</i>		
	<ul style="list-style-type: none"> ● Continue to employ a qualified technical staff as part of our research and development team ● Continue to conduct research and development activities to enhance cost-effectiveness and expand capacity of our equipment ● Explore ways to enhance and improve the automated features of our machines to increase efficiency and reduce human errors — next generation machines to commence production ● Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market ● Fine tune production manuals and quality assurance protocols 	Internal resources
Total use of proceeds		<u><u>Internal resources</u></u>

FUTURE PLANS AND USE OF PROCEEDS

From July 1, 2019 to December 31, 2019

Business strategy	Implementation activities	Use of proceeds <i>(HK\$ million)</i>
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Expanding scale of operations

Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	<ul style="list-style-type: none"> ● New workshop continues to operate ● Fine tune operation of new workshop (as required) 	Internal resources
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Placing resources into research and development

<ul style="list-style-type: none"> ● Continue to employ a qualified technical staff as part of our research and development team ● Continue to conduct research and development activities to enhance cost-effectiveness and expand capacity of our equipment ● Maintain and enhance efficiency of our next generation machines ● Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing service market ● Continue to fine tune production manuals and quality assurance protocols 	Internal resources
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Total use of proceeds	<u><u>Internal resources</u></u>
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FUTURE PLANS AND USE OF PROCEEDS

From January 1, 2020 to June 30, 2020

Business strategy	Implementation activities	Use of proceeds <i>(HK\$ million)</i>
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Expanding scale of operations

Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	<ul style="list-style-type: none"> ● New workshop continues to operate ● Fine tune operation of new workshop (as required) 	Internal resources
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Placing resources into research and development

<ul style="list-style-type: none"> ● Continue to employ a qualified technical staff as part of our research and development team ● Continue to conduct research and development activities to enhance cost-effectiveness and expand capacity of our equipment ● Maintain and enhance efficiency of our next generation machines ● Explore other type(s) of couplers that may be useful in the Hong Kong mechanical splicing services market ● Continue to fine tune production manuals and quality assurance protocols 	Internal resources
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Total use of proceeds	<u>Internal resources</u>
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Grand total use of proceeds	<u><u>HK\$47.1</u></u>
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FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- Our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- There will be no material change in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- There will be no material change in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- There will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;
- There will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- There will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- Our Group will not be materially affected by the risk factors as set out under the section headed "Risk Factors" in this prospectus.

REASONS FOR THE LISTING

Our Directors believe that the listing of the Shares on GEM will facilitate the implementation of our business strategies. As stated in the section headed "Business — Business strategies" in this prospectus, we plan to further strengthen our position as a leading provider of mechanical splicing services for the reinforced concrete construction industry in Hong Kong by competing for larger scale construction projects in Hong Kong through expanding scale of our operations by opening a new workshop, purchasing additional equipment and further strengthening our manpower, and placing resources into research and development activities. The net proceeds of the Share Offer will provide financial resources to our Group to achieve such business strategies which will further strengthen our market position and expand our market share. A larger scale of operations and business will provide a better platform for our self-developed technology to refine its application. A public listing status will also enhance our corporate profile and recognition and assist us in reinforcing our brand and image. Our public listing status on GEM could also attract potential customers, suppliers and contractors who prefer to establish business relationship with listed companies. It will also generate reassurance among our Group's existing customers, suppliers and contractors about our credibility, quality and service, and strengthen our competitiveness in the market. Additionally, the Listing will enable our Group to have access to the capital market for raising funds at the time of Listing and at later stages, which would, in turn, assist us in our Group's future business ventures. Through conducting research and development funded by proceeds from the Share Offer, we would be able to offer enhanced services and technology to the construction industry and explore application of our technology in other industries or fields. A public listing status on GEM may also give our Company a broader shareholder base which could

FUTURE PLANS AND USE OF PROCEEDS

potentially lead to a more liquid market in the trading of the Shares. We also believe that our internal control measures and corporate governance practices could be further enhanced with public scrutiny following the Listing.

USE OF PROCEEDS

The net proceeds to be received by us from the Share Offer based on the Offer Price of HK\$0.35 per Share, after deducting related underwriting fees and estimated expenses in connection with the Share Offer, are estimated to be approximately HK\$47.1 million. Our Directors presently intend that the net proceeds will be applied as follows:

- approximately HK\$44.0 million (or approximately 93.4% of the net proceeds) will be used for expanding the scale of our operations by opening a new workshop within the New Territories of Hong Kong, including acquiring a new parcel of land and construction or adaptation of the workshop; and
- approximately HK\$3.0 million (or approximately 6.4% of the net proceeds) will be used for placing resources into research and development;
- approximately HK\$0.1 million (or approximately 0.2% of the net proceeds) will be used as general working capital of our Group.

The following table sets forth a breakdown of how the net proceeds to be received by us from the Share Offer are intended to be applied and the timing of application:

	From the Latest Practicable Date to June 30, 2018 <i>HK\$ million</i>	From July 1, 2018 to December 31, 2018 <i>HK\$ million</i>	From January 1, 2019 to June 30, 2019 <i>HK\$ million</i>	From July 1, 2019 to December 31, 2019 <i>HK\$ million</i>	From January 1, 2020 to June 30, 2020 <i>HK\$ million</i>	Total <i>HK\$ million</i>
Expanding scale of operations						
Acquire a parcel of land to open a new workshop within the New Territories of Hong Kong, such as Yuen Long and Ping Che	nil	44.0	nil	nil	nil	44.0
Placing resources into research and development	nil	3.0	nil	nil	nil	3.0
General working capital of our Group	nil	0.1	nil	nil	nil	0.1

FUTURE PLANS AND USE OF PROCEEDS

Our Directors consider that the net proceeds to be received by us from the Share Offer of about HK\$47.1 million, together with our Group's internal resources, cash generated from our operations, will be sufficient to finance the business plans of our Group as scheduled up to June 30, 2020. In the event that we require additional financing apart from the net proceeds from the Share Offer for our future plans, the shortfall will be financed by our internal resources.

To the extent that the net proceeds from the issue of the Offer Shares are not immediately required for the above purpose, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits or treasury products with authorized financial institutions.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Kingsway Financial Services Group Limited

Sorrento Securities Limited

JOINT BOOKRUNNERS

Kingsway Financial Services Group Limited

Sorrento Securities Limited

JOINT LEAD MANAGERS

Kingsway Financial Services Group Limited

Sorrento Securities Limited

Global Mastermind Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares to be issued pursuant to the Capitalization Issue and pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme) by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Bookrunners (for themselves and on behalf of other Public Offer Underwriters) may in their

UNDERWRITING

absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Joint Bookrunners:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Joint Bookrunners and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
 - (ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice or any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
 - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material in the context of the Share Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Joint Bookrunners, a material omission in the context of the Share Offer; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of our executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
 - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Joint Bookrunners and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Joint Bookrunners, is material; or

UNDERWRITING

- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, BVI, the Cayman Islands, the European Union, the U.S. or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
 - (iii) any change in the system under which the value of the HK dollars or Renminbi is linked to that of the U.S. dollars; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
 - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
 - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
 - (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
 - (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
 - (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or

UNDERWRITING

- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group,

which, in the sole and absolute opinion of the Joint Bookrunners:

- (1) is or will be, or is likely to be, materially adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company undertakes to the Stock Exchange that save as pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option and the grant and exercise of the options under the Share Option Scheme), no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Placing (including pursuant to the exercise of the Offer Size Adjustment Option), any exercise of the options which may be granted under the Share Option Scheme or any of the circumstances permitted pursuant to Rules 17.29(1) to (5) of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Share Offer or the Offer Size Adjustment Option, he/it shall not:

- (a) in the period commencing on the date by reference to which disclosure of his/its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the “**Relevant Shares**”); or
- (b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he will cease to be a Controlling Shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

- (a) when he/it pledges or charges any securities in our Company beneficially owned by him/it in favour of an authorised institution pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by him/it will be disposed of, immediately inform us in writing of such indications.

UNDERWRITING

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertaking by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, and each of our executive Directors and Controlling Shareholders has undertaken to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that he/she/it will procure that:

- (a) without the prior written consent of Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the other Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Public Offer, the Capitalisation Issue, or upon the exercise of any option which may be granted under the Share Option Scheme at any time within the period commencing on the date by reference to which disclosure of the shareholding of our executive Directors and our Controlling Shareholders is made in this prospectus and ending on the date which falls six months from the Listing Date (the “**First Six-month Period**”), our Company will not (and our Company will procure none of our subsidiaries will):
 - (i) accept subscription for, pledge, mortgage, charge, offer, allot, issue, agree to allot or issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or disposal of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the share capital or other securities of the Company or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such share capital or securities or any interest therein); or
 - (ii) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such share capital, including but not limited to rights as to voting, dividend or distribution, in cash or otherwise; or
 - (iii) enter into any transaction with the same economic effect as any of the above transactions; or
 - (iv) publicly disclose or announce any intention to enter into any of the foregoing transactions (whether or not such transaction will be completed in the aforesaid period); whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions; and

UNDERWRITING

- (b) during the period of six months immediately following the First Six-month Period, our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has irrevocably undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, he/she/it shall not, and will procure that his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it not to:

- (a) at any time during the First-Six month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any Shares or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein) whether now owned or hereinafter acquired, directly or indirectly by any of our Controlling Shareholders (including holding as a custodian) or with respect to which any of our Controlling Shareholders has beneficial interest or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) at any time during the period of six months commencing from the expiry date of the First Six-month Period (the “**Six-month Period**”), enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) or (a)(iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such offer, pledge, charge, option, right, interests or encumbrances, our Controlling Shareholders would, taken together, cease to own more than 30% of the issued Shares of our Company; and

UNDERWRITING

- (c) until the expiry of the Six-month Period, in the event that any of our Controlling Shareholders enters into the foregoing transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the Shares or other securities of our Company.

The above undertakings are irrevocable and cannot be waived by the consent (whether written or not) of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or the Public Offer Underwriters. Each of our Controlling Shareholders further undertakes to and covenants with each of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that:

- (i) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Shares or other securities of our Company or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution in the securities of the Company pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange under Rule 13.18(4) of the GEM Listing Rules at any time before the expiry of the Six-month Period, he/she/it must inform our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters in writing immediately, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of the Company will be sold, transferred or disposed of, or he/she/it becomes aware that such pledgee or chargee has disposed of or intends to dispose such interest, he/she/it shall immediately inform the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters in writing of such indications or disposal and the number of Shares or other securities of the Company so involved.

Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

It is expected that similar undertakings will be given by our Company, our executive Directors and the Controlling Shareholders in favour of the Placing Underwriters under the Placing Underwriting Agreement.

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company or our Controlling Shareholders or our executive Directors of the Public Offer Underwriting Agreement.

UNDERWRITING

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, *inter alia*, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below. Pursuant to the Placing Underwriting Agreement, we are offering the Placing Shares for subscription by way of Placing, on and subject to the terms and conditions in the Placing Underwriting Agreement and this prospectus, at the Offer Price. Under the Placing Underwriting Agreement, subject to, among other conditions, (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the GEM of the Stock Exchange; (ii) the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated; (iii) the Price Determination Agreement having been duly signed by the Company and the Joint Bookrunners (acting for themselves and on behalf of the Underwriters) on the date thereof and such agreement not subsequently having been terminated in accordance with its terms or otherwise; and (iv) certain other conditions set out in the Placing Underwriting Agreement, the Placing Underwriters have severally agreed to subscribe for, or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that our Company will grant the Offer Size Adjustment Option to the Placing Underwriters, exercisable by the Joint Bookrunners on behalf of the Placing Underwriters at any time prior to the Listing Date, to require our Company to issue up to an aggregate of 30,000,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer at the Offer Price, under the Placing to cover over-allocations (if any) in the Placing.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “— Underwriting arrangements and expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” above in this section.

Total commission, fee and expenses

In connection with the Share Offer, Kingsway Financial will receive a praecipium of HK\$1,000,000 which shall include the underwriting commission that Kingsway Financial shall receive, the Public Offer Underwriters (other than Kingsway Financial) will, and the Placing Underwriters (other than Kingsway Financial) are expected to receive a gross underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. If any of Offer Size Adjustment Option is exercised, the underwriting commission will be calculated in the same manner with the Offer Shares initially available for subscription.

UNDERWRITING

Based on the Offer Price of HK\$0.35 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commissions and estimated expenses, together with Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK\$22.9 million (assuming the Offer Size Adjustment Option is not exercised) and are payable by our Company.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive an advisory fee. The Underwriters will receive an underwriting commission and/or praecipium and/or management fee. Particulars of these underwriting commission and expenses are set out in the paragraph headed “Underwriting arrangements and expenses — Total commission, fee and expenses” above in this section.

We have appointed Kingsway Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the year ending 30 June 2021.

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (a) the Public Offer of 20,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “— The Public Offer” below; and
- (b) the Placing of an aggregate of 180,000,000 new Shares (subject to reallocation as mentioned below and the Offer Size Adjustment Option) in Hong Kong to professional, institutional and/or other investors.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedures for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalization Issue (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 20,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Capitalization Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “— Conditions of the Public Offer” below.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. In addition, multiple or suspected multiple applications under the Public Offer and any application for more than 20,000,000 Public Offer Shares are liable to be rejected (being 100% of the initial number of Public Offer Shares).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation at the discretion of the Joint Bookrunners, subject to the following:

- (a) where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Joint Bookrunners deem appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then up to 20,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Share Offer;
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Public Offer, the Offer Shares will be reallocated to the Public Offer from the Placing in accordance with the clawback requirements set forth in paragraph 4 of Practice Note 6 of the GEM Listing Rules, so that the total number of Public Offer Shares will be increased to 60,000,000 Offer Shares (in the case of (1)), 80,000,000 Offer Shares (in the case of (2)) and 100,000,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively;
- (b) where the Placing Shares are undersubscribed:
 - (i) if the Public Offer Shares are also undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this Prospectus, the Application Forms and the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 20,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Share Offer.

In the event of reallocation of Offer Shares from the Placing to the Public Offer in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the indicative Offer Price Range (i.e. HK\$0.30 per Offer Share) according to Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.40 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee, amounting to a total of HK\$4,040.31 per board lot of 10,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed “— Price determination of the Share Offer” below, is less than the maximum price of HK\$0.40 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for Public Offer Shares” in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 180,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Capitalization Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised). The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the paragraph headed “— Price determination of the Share Offer” below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in the paragraph headed “— The Public Offer — Reallocation” above and/or the exercise of the Offer Size Adjustment Option in whole or in part. In addition, the Joint Bookrunners may reallocate Placing Shares from the Placing to the Public Offer to satisfy the valid applications under the Public Offer that exceeds the number of Public Offer Shares initially offered. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

PRICE DETERMINATION OF THE SHARE OFFER

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Thursday, July 5, 2018, and in any event not later than Friday, July 6, 2018, by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK\$0.40 per Share and is expected to be not less than HK\$0.30 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published on our website (www.bosa.tech.com) and the Stock Exchange's website (www.hkexnews.hk) notices of the reduction in the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event that the Offer Price range is reduced below the bottom end of the indicative Offer Price range disclosed in this prospectus, we will (1) issue a supplemental prospectus informing potential investors of, among other things, the changes to the Share Offer, including the change in the Offer price and period of the Public Offer and the impact of such change on the sufficiency of working capital and use of proceeds, and (2) extend the offer period to allow potential

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

investors to have sufficient time to consider and to confirm their applications under an opt-in approach, that is, to positively confirm their applications for the Offer Shares in light of the change in the Offer Price.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Joint Bookrunners (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the levels of indication of interest in the Share Offer, the results of applications and the basis of allotment of Offer Shares under the Public Offer, are expected to be announced on Wednesday, July 11, 2018 in the manner set out in “How to Apply for Public Offer Shares — 11. Publication of Results” in this prospectus.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer, our Company granted to the Joint Bookrunners (for themselves and on behalf of the Underwriters) the Offer Size Adjustment Option to cover over-allocations under the Placing (if any). Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 30,000,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Offer Size Adjustment Option can only be exercised by the Joint Bookrunners (for themselves and on behalf of the Underwriters) prior to the Listing Date; otherwise it will lapse. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option will not be used for price stabilisation purpose and are not subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued share capital of our Company in issue following completion of the Capitalization Issue, the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$0.35 per Share (being the mid-point of the indicative Offer Price range)) are estimated to be approximately HK\$9.0 million, which would be applied to the respective uses on a pro-rata basis as disclosed in the section headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

We will disclose in the allotment results announcement whether the Offer Size Adjustment Option is exercised.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Share Offer (including any Shares to be issued upon the exercise of the Offer Size Adjustment Option) and the options that may be granted under the Share Option Scheme;
- (b) the Offer Price having been fixed on or about the Price Determination Date;
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by on our Company's website (**www.bosa-tech.com**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on Wednesday, July 11, 2018 but will only become valid certificates of title at 8:00 a.m. on Thursday, July 12, 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, July 12, 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, July 12, 2018.

The Shares will be traded in board lots of 10,000 Shares each. The stock code of the Shares is 8140.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers may accept or reject it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- an associate or close associate (both as defined in the GEM Listing Rules) of any of the above;
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 28, 2018 until 12:00 noon on Wednesday, July 4, 2018 from:

- (i) the following offices of the Public Offer Underwriters, Joint Bookrunners and Joint Lead Managers (as the case may be):
 - (a) Kingsway Financial Services Group Limited at 7/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong; or
 - (b) Sorrento Securities Limited at 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong; or
 - (c) Global Mastermind Securities Limited at 25/F Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) the following branches of the receiving bank, Industrial and Commercial Bank of China (Asia) Limited:

District	Branch Name	Address
Hong Kong Island	Siu Sai Wan Branch	Shop Nos. 17–19, Ground Floor, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop 128, Level One, Wong Tai Sin Plaza, 103 Ching Tak Street, Wong Tai Sin, Kowloon
New Territories	Tai Po Branch	Shop F, G/F, Mee Fat Building, No. 34–38 Tai Wing Lane, Tai Po, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 28, 2018 until 12:00 noon on Wednesday, July 4, 2018 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Bosa Technology Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, June 28, 2018 — 9:00 a.m. to 5:00 p.m.
Friday, June 29, 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, June 30, 2018 — 9:00 a.m. to 1:00 p.m.
Tuesday, July 3, 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, July 4, 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, July 4, 2018, the last application day or such later time as described in the section headed "— 10. Effect of bad weather on the opening of the application lists".

HOW TO APPLY FOR PUBLIC OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

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- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instruction and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

HOW TO APPLY FOR PUBLIC OFFER SHARES

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICES

General

Individuals who meet the criteria in the paragraph headed “2. Who can apply”, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

Time for Submitting Applications under the HK eIPO White Form Services

You may submit your application through the **HK eIPO White Form** service at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, June 28, 2018 until 11:30 a.m. on Wednesday, July 4, 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, July 4, 2018 or such later time under the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F., One & Two Exchange Square 8 Connaught Place
Central Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

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- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a

HOW TO APPLY FOR PUBLIC OFFER SHARES

person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

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Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Public Offer Shares. Instructions for more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, June 28, 2018	— 9:00 a.m. to 8:30 p.m.	<i>(Note 1)</i>
Friday, June 29, 2018	— 8:00 a.m. to 8:30 p.m.	<i>(Note 1)</i>
Tuesday, July 3, 2018	— 8:00 a.m. to 8:30 p.m.	<i>(Note 1)</i>
Wednesday, July 4, 2018	— 8:00 a.m.	<i>(Note 1)</i> to 12:00 noon

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, June 28, 2018 until 12:00 noon on Wednesday, July 4, 2018 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, July 4, 2018, the last application day or such later time as described in the section headed “— 10. Effect of bad weather on the opening of the application lists”.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, July 4, 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealings in securities; and

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- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 4, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

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If the application lists do not open and close on Wednesday, July 4, 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, July 11, 2018 on our Company’s website at **www.bosa-tech.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of (where appropriate) allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at **www.bosa-tech.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, July 11, 2018;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, July 11, 2018 to 12:00 midnight on Tuesday, July 17, 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, July 11, 2018 to Monday, July 16, 2018 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, July 11, 2018 to Friday, July 13, 2018 at all the receiving bank’s designated branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

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(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.40 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and Conditions of the Share Offer — Conditions of the Public Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, July 11, 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR PUBLIC OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, July 11, 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, July 12, 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Wednesday, July 11, 2018 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions. If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on your Application Form on Wednesday, July 11, 2018, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, July 11, 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, July 11, 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you apply as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 11, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the HK eIPO White Form Service*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 11, 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, July 11, 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, July 11, 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the section headed “— 11. Publication of results” above on Wednesday, July 11, 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 11, 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, July 11, 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 11, 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-44, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.**德勤**

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF BOSA TECHNOLOGY HOLDINGS LIMITED AND
KINGSWAY CAPITAL LIMITED**

Introduction

We report on the historical financial information of BOSA Technology Holdings Limited (the **"Company"**) and its subsidiaries (together, the **"Group"**) set out on pages I-4 to I-44, which comprises the consolidated statements of financial position as at June 30, 2016 and 2017 and December 31, 2017, the statements of financial position of the Company as at June 30, 2017 and December 31, 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the two years ended June 30, 2017 and the six months ended December 31, 2017 (the **"Track Record Period"**) and a summary of significant accounting policies and other explanatory information (together, the **"Historical Financial Information"**). The Historical Financial Information set out on pages I-4 to I-44 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 28, 2018 (the **"Prospectus"**) in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at June 30, 2016 and 2017 and December 31, 2017, of the Company's financial position as at June 30, 2017 and December 31, 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises 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 six months ended December 31, 2016 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividend distributed by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 28, 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, has been prepared based on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA (“**Underlying Financial Statements**”). The Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in HK dollar (“**HK\$**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended June 30,		Six months ended December 31,	
		2016	2017	2016	2017
	NOTES	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	6	54,803	50,317	25,633	25,584
Cost of sales		<u>(31,198)</u>	<u>(28,884)</u>	<u>(13,897)</u>	<u>(15,013)</u>
Gross profit		23,605	21,433	11,736	10,571
Other income	8	449	1,138	773	499
Other gains and losses	8	1,039	(1,724)	129	(489)
Selling and distribution expenses		(228)	(455)	(237)	(331)
Administrative expenses		(7,809)	(11,480)	(5,254)	(5,055)
Listing expenses		—	(6,071)	(2,200)	(3,539)
Finance costs	9	<u>(32)</u>	<u>(15)</u>	<u>(9)</u>	<u>(4)</u>
Profit before taxation	10	17,024	2,826	4,938	1,652
Taxation	11	<u>(2,833)</u>	<u>(1,882)</u>	<u>(1,178)</u>	<u>(1,029)</u>
Profit for the year/period		14,191	944	3,760	623
Other comprehensive expense					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising on translation of foreign operation		<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(3)</u>
Profit and total comprehensive income for the year/period attributable to the owners of the Company		<u>14,191</u>	<u>943</u>	<u>3,760</u>	<u>620</u>
Earnings per share					
Basic (HK cents)	12	<u>2.54</u>	<u>0.17</u>	<u>0.67</u>	<u>0.10</u>

STATEMENTS OF FINANCIAL POSITION

		The Group As at			The Company As at	
		June 30, 2016 NOTES	2017 HK\$'000	December 31, 2017 HK\$'000	June 30, 2017 HK\$'000	December 31, 2017 HK\$'000
Non-current assets						
Investment in subsidiaries	34	—	—	—	9,219	18,670
Plant and equipment	14	6,955	4,797	4,323	—	—
Deposits	18	460	560	628	—	—
		<u>7,415</u>	<u>5,357</u>	<u>4,951</u>	<u>9,219</u>	<u>18,670</u>
Current assets						
Inventories	16	2,721	2,171	2,473	—	—
Trade receivables	17	17,360	17,899	20,790	—	—
Other receivables, deposits and prepayments	18	1,391	4,154	5,094	2,584	4,032
Amount due from a subsidiary	32	—	—	—	3,000	21,049
Amount due from a related company	21	50	—	—	—	—
Bank balances	22	21,093	28,566	24,539	—	—
		<u>42,615</u>	<u>52,790</u>	<u>52,896</u>	<u>5,584</u>	<u>25,081</u>
Current liabilities						
Trade payables	19	—	43	5,458	—	—
Other payables, deposits received and accrued charges	23	3,048	5,040	6,403	1,922	1,888
Reinstatement provision	25	285	142	—	—	—
Amounts due to shareholders	20	9,601	3,924	18,049	3,641	18,049
Amount due to a related company	21	4,283	4,894	309	—	—
Amount due to a subsidiary	32	—	—	—	6,733	15,395
Tax payable		4,861	6,964	8,007	—	—
Obligations under finance leases						
— due within one year	24	211	148	146	—	—
		<u>22,289</u>	<u>21,155</u>	<u>38,372</u>	<u>12,296</u>	<u>35,332</u>
Net current assets (liabilities)		<u>20,326</u>	<u>31,635</u>	<u>14,524</u>	<u>(6,712)</u>	<u>(10,251)</u>
Total assets less current liabilities		<u>27,741</u>	<u>36,992</u>	<u>19,475</u>	<u>2,507</u>	<u>8,419</u>

		The Group		The Company	
		As at		As at	
		June 30,	December 31,	June 30,	December 31,
		2016	2017	2017	2017
		NOTES	HK\$'000	HK\$'000	HK\$'000
Non-current liabilities					
Obligations under finance leases					
— due after one year	24	246	98	24	—
Deferred tax liabilities	15	436	215	201	—
Reinstatement provision	25	222	399	399	—
		<u>904</u>	<u>712</u>	<u>—</u>	<u>—</u>
		<u>26,837</u>	<u>36,280</u>	<u>2,507</u>	<u>8,419</u>
Capital and reserves					
Issued share capital	26	10	21	21	21
Reserves		<u>26,827</u>	<u>36,259</u>	<u>2,486</u>	<u>8,398</u>
Equity attributable to owners of the Company		<u>26,837</u>	<u>36,280</u>	<u>2,507</u>	<u>8,419</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note i)	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At July 1, 2015	10	—	196	—	12,440	12,646
Profit and total comprehensive income for the year	—	—	—	—	14,191	14,191
At June 30, 2016	10	—	196	—	26,631	26,837
Profit for the year	—	—	—	—	944	944
Other comprehensive expense for the year	—	—	—	(1)	—	(1)
Total comprehensive (expense) income for the year	—	—	—	(1)	944	943
Transfer upon group reorganization of acquisition of BOSA HK (note 2(v))	(10)	—	10	—	—	—
Issuance of shares of the Company for acquisition of BOSA Investment (note 2(vi))	10	—	(10)	—	—	—
Issuance of shares of the Company upon capitalization of amounts due to shareholders (note 26)	10	5,490	—	—	—	5,500
Issuance of shares of the Company to Pre-IPO Investor (as defined in note 2)	1	2,999	—	—	—	3,000
At June 30, 2017	21	8,489	196	(1)	27,575	36,280
Profit for the period	—	—	—	—	623	623
Other comprehensive expense for the period	—	—	—	(3)	—	(3)
Total comprehensive (expense) income for the period	—	—	—	(3)	623	620
Dividends recognized as distribution (note 13)	—	—	—	—	(18,500)	(18,500)
Contribution from a shareholder (note ii)	—	—	451	—	—	451
At December 31, 2017	21	8,489	647	(4)	9,698	18,851
At July 1, 2016	10	—	196	—	26,631	26,837
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	3,760	3,760
At December 31, 2016 (unaudited)	10	—	196	—	30,391	30,597

Notes:

- (i) Other reserve at July 1, 2015 represents the balance in relation to the shareholder's contribution arising from share-based payment arrangements attributable to the owners of the Company. Details refer to note 2(vii).
- (ii) The Pre-IPO Investor made contribution to the Company of approximately HK\$451,000 by waiving the dividends as entitled.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
OPERATING ACTIVITIES				
Profit before taxation	17,024	2,826	4,938	1,652
Adjustments for:				
Depreciation of plant and equipment	3,371	3,765	1,852	1,492
Bank interest income	(3)	(5)	(2)	(3)
Finance costs	32	15	9	4
Loss on written-off of plant and equipment	—	1,555	19	—
Operating cash flows before movements in working capital	20,424	8,156	6,816	3,145
Decrease (increase) in inventories	2	550	218	(302)
Increase in trade receivables	(5,949)	(539)	(848)	(2,891)
Increase in other receivables, deposits and prepayments	(158)	(2,863)	(4,158)	(1,008)
Increase in trade payables	—	43	—	5,415
(Decrease) increase in other payables and accrued charges	(2,809)	1,992	1,300	883
Decrease in reinstatement provision	—	(695)	—	(142)
(Decrease) increase in amount due to a related company	(977)	611	914	(4,585)
NET CASH FROM OPERATING ACTIVITIES	10,533	7,255	4,242	515
INVESTING ACTIVITIES				
Bank interest received	3	5	2	3
Purchases of plant and equipment	(1,568)	(2,433)	(1,955)	(538)
Advances to a related company	(50)	—	—	—
Repayment from a related company	—	50	50	—
NET CASH USED IN INVESTING ACTIVITIES	(1,615)	(2,378)	(1,903)	(535)
FINANCING ACTIVITIES				
Interest paid	(32)	(15)	(9)	(4)
Repayment to shareholders	(1,011)	(1,149)	(160)	(3,924)
Advance from a shareholder	750	972	—	—
Proceed from issuance of shares	—	3,000	—	—
Repayments of obligations under finance leases	(243)	(211)	(104)	(76)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(536)	2,597	(273)	(4,004)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,382	7,474	2,066	(4,024)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	12,711	21,093	21,093	28,566
Effect of foreign exchange rate changes	—	(1)	—	(3)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances	21,093	28,566	23,159	24,539

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on October 24, 2016. The Company is an investment holding company and its subsidiaries are principally engaged in processing and connecting steel bars with couplers in Hong Kong. The address of the Company's registered office and the principal place of business is disclosed in the section headed "Corporate Information" in the Prospectus.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which confirm with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Before the completion of the reorganization, Kin Sun Creative Company Limited ("**Kin Sun**") a limited company incorporated in Hong Kong which is owned by Mr. Kwan Tek Sian ("**Mr. Kwan**"), Mr. Yang Tien Lee ("**Mr. Yang**"), Mr. Wang Wann Bao ("**Mr. Wang**") and Mr. Paulino Lim ("**Mr. P. Lim**"), hold equity interest of BOSA Technology (Hong Kong) Limited ("**BOSA HK**"), the operating subsidiary, amounting to 71%, 11%, 11% and 7%, respectively.

In preparation of the listing of the Company's shares on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**"), the companies comprising the Group underwent a group reorganization ("**Reorganization**") as described below.

- (i) On July 8, 2016, BOSA Investment Limited ("**BOSA Investment**") was incorporated in the British Virgin Island ("**BVI**") as a limited liability company with an authorized share capital of 50,000 ordinary shares with a par value of United States dollar ("**US\$**") 1 each. On the same day, 7,100 shares, 1,100 shares, 1,100 shares and 700 shares of BOSA Investment were issued and allotted to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively.
- (ii) On July 12, 2016, BOSA Technology Worldwide Limited ("**BOSA Worldwide**") was incorporated in BVI as a limited liability company with an authorized share capital of 50,000 ordinary shares with a par value of US\$1 each. On the same day, one share in BOSA Worldwide was issued, allotted, credited as fully paid, to BOSA Investment. BOSA Worldwide became the wholly-owned subsidiary of BOSA Investment since then.
- (iii) On October 24, 2016, the Company was incorporated in the Cayman Islands as a limited liability company with an authorized share capital HK\$100,000 divided into 100,000 shares of HK\$1.00 each. On the same day, one share was issued and allotted to Mr. P. Lim.
- (iv) On November 10, 2016, BOSA Technology (R&D) Limited ("**BOSA R&D**") was incorporated in BVI as a limited liability company with an authorized share capital of 50,000 ordinary shares with a par value of US\$1 each. On the same day, one share in BOSA R&D was issued, allotted and credited as fully paid, to BOSA Investment. BOSA R&D became the wholly-owned subsidiary of BOSA Investment since then.
- (v) On May 26, 2017, each of the shareholders of BOSA HK transferred all of its or his shares in BOSA HK to BOSA Worldwide as follows:
 - a. Kin Sun transferred 7,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid the 7,100 shares in BOSA Investment issued to Kin Sun;
 - b. Mr. Yang transferred 1,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid the 1,100 shares in BOSA Investment issued to Mr. Yang;
 - c. Mr. Wang transferred 1,100 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully-paid the 1,100 shares in BOSA Investment issued to Mr. Wang; and

- d. Mr. P. Lim transferred 700 shares in BOSA HK to BOSA Worldwide, in consideration for BOSA Investment to credit as fully paid the 700 shares in BOSA Investment issued to Mr. P. Lim.

Upon completion of the transfers, BOSA HK became a wholly-owned subsidiary of BOSA Worldwide.

- (vi) On May 26, 2017, each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim and the Company entered into a sale and purchase agreement, pursuant to which the Company acquired the entire issued share capital of BOSA Investment held by Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in consideration of the issue of 7,100, 1,100, 1,100 and 699 shares of the Company to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively. Upon completion of share swap, BOSA Investment became the wholly-owned subsidiary of the Company and Kin Sun, Mr. Yang, Mr. Wang, and Mr. P. Lim have equity interest of the Company amounting to 71%, 11%, 11% and 7%, respectively.
- (vii) During the year ended June 30, 2013, Kin Sun granted options to Mr. Lim Su I ("**Mr. K. Lim**") and Ms. Chiu Yin Mei ("**Ms. Chiu**"), the employees of BOSA HK, to purchase 12.5% and 7% of the issued share capital of BOSA HK at a consideration of HK\$687,500 and HK\$385,000, respectively, from Kin Sun. On May 26, 2017, Mr. K. Lim and Ms. Chiu exercised their options in full. In view of the Reorganization, Kin Sun, Mr. K. Lim and Ms. Chiu agreed that the shares of the Company is transferred from Kin Sun instead of the shares of BOSA HK on May 26, 2017.

Upon completion of the exercise of these options, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim and Ms. Chiu hold equity interest of the Company amounting to 51.5%, 11%, 11%, 7%, 12.5% and 7%, respectively.

- (viii) On May 26, 2017, Synergy Resources International Limited ("**Pre-IPO Investor**"), incorporated in the BVI and an independent third party, subscribed for 500 new shares of the Company for a cash consideration of HK\$3,000,000. Upon completion of this step, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Pre-IPO Investor hold equity interest of the Company amounting to 50.24%, 10.73%, 10.73%, 6.83%, 12.20%, 6.83% and 2.44%, respectively.

Pursuant to the Reorganization detailed above, the Company has become the holding company of the companies now comprising the Group since May 26, 2017 by interspersing the Company, BOSA Investment and BOSA Worldwide between shareholders and BOSA HK. The Group comprising the Company and its subsidiaries resulting from the Reorganization is regarded as a continuing entity, accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at June 30, 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the group entities, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. ADOPTION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs, which are effective for the accounting period beginning on July 1, 2017 throughout the Track Record Period.

New and revised HKFRSs in issue but not yet effective

At the date of this report, the following new and revised HKFRSs have been issued which are not yet effective:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ³
HKFRS 17	Insurance contracts ⁴
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts ¹
Amendments to HKFRS 9	Prepayment features with negative compensation ³
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
Amendments to HKAS 19	Plan amendment, curtailment or settlement ³
Amendments to HKAS 28	Long-term interests in associates and joint ventures ³
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014–2016 cycle ¹
Amendments to HKAS 40	Transfers of investment property ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle ³
HK(IFRIC) - Interpretation 22	Foreign currency transactions and advance consideration ¹
HK(IFRIC) - Interpretation 23	Uncertainty over income tax treatments ³

¹ Effective for annual periods beginning on or after January 1, 2018.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after January 1, 2019.

⁴ Effective for annual periods beginning on or after January 1, 2021.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss; and
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under Hong Kong Accounting Standard (“HKAS”) 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Based on the Group's financial instruments and risk management policies as at December 31, 2017, the management of the Group anticipates the following potential impact on initial application of HKFRS 9:

Classification and measurement:

All financial assets are held with a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, except for the financial assets that are subject to expected credit loss measurement, the financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the management of the Group anticipates that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and contract assets under HKFRS 15 "Revenue from contracts with customers" that subject to the impairment provisions upon application of HKFRS 9 by the Group.

The impairment requirements are applied retrospectively by adjusting the opening retained profits at July 1, 2018, with no restatement to prior periods. The management of the Group does not intend to restate comparative information for the application of HKFRS 9 when preparing the consolidated financial statements of the Group for the year ending June 30, 2019. The management of the Group intends to apply HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 ie. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at July 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at July 1, 2018.

The Group expects to apply the simplified approach to recognize lifetime expected credit loss for its trade receivables. Based on the assessment by the management of the Group, the application of the expected credit loss model is not likely to have material impact on the Group's future financial statements.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The management of the Group intends to apply the limited retrospective method with cumulative effect of initial application adjusted in the opening retained profits as at July 1, 2018. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group intends to elect to apply the standard retrospectively only to the contracts that are not completed at July 1, 2018 and has used the practical expedient for all content modifications that occurred before the date of initial recognition, the aggregate effect of all of the modifications here reflected at the date of initial application. The management of the Group has performed an assessment on the impact of the financial performance and position of the Group in the application of HKFRS 15 and anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the management of the Group does not anticipate the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods based on the existing business model of the Group as at December 31, 2017.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognized an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at December 31, 2017, the Group has non-cancellable operating lease commitments of HK\$4,456,000 as disclosed in note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. However, the directors of the Company do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except for above, the management of the Group anticipates that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes 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 Historical Financial Information has been prepared on the historical cost basis. 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 this Historical Financial Information 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 within the scope of HKAS 17 "Leases", 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.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates 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 statements 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.

Investments in subsidiaries

Investments in subsidiaries are stated at cost and deemed cost of contribution less any identified impairment loss.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for service provided in the normal course of business and net of discounts.

Revenue is recognized when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Service income is recognized 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.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized 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 each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognized 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 recognized in profit or loss.

Impairment loss on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

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.

Financial instruments

Financial assets and financial liabilities are recognized on the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, deposits, amounts due from a subsidiary and a related company and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity 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.

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

The Group's financial liabilities including other payables, deposits received and accrued charges and amounts due to a subsidiary, shareholders and a related company are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") as defined contribution plan are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

Liabilities recognized 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 recognized in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income 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 each reporting period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 assets and liabilities are not recognized if the temporary difference arises from goodwill or 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment is only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss.

Research expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognized 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 the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each 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).

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 recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each 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 on the settlement of monetary items, and on the retranslation of monetary items are recognized in profit or loss in the period in which they arise.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, 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 recognized 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.

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

Allowances for bad and doubtful debts

The allowance for bad and doubtful debts of the Group is estimated based on the evaluation of collectability and ageing analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

No allowance for bad and doubtful debts are recognized during the Track Record Period. The carrying amount of trade receivables is HK\$17,360,000, HK\$17,899,000 and HK\$20,790,000 as at June 30, 2016 and 2017 and December 31, 2017, respectively.

6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for the services provided and net of discount during the Track Record Period. The Group's operations is solely derived from processing and connecting steel bars with couplers in Hong Kong during the Track Record Period. 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 4. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services provided and the Group's plant and equipment are all located in Hong Kong by physical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Track Record Period is as follows:

	Year ended June 30		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Customer A	14,595	7,372	3,506	2,563
Customer B	7,494	N/A*	N/A*	N/A [#]
Customer C	6,033	N/A*	N/A*	N/A*
Customer D	N/A*	5,285	N/A*	2,809
Customer E	N/A*	N/A*	N/A*	4,306
Customer F	N/A*	N/A*	N/A*	3,613
Customer G	N/A*	N/A*	2,611	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

[#] No revenue attributable from the relevant customer.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS**(a) Directors' and chief executive's emoluments**

Mr. P. Lim, Mr. K. Lim and Mr. Kwan were appointed as the directors of the Company on August 18, 2017. Mr. P. Lim and Mr. K. Lim are siblings. The emoluments paid or payable to the directors and chief executive of Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period were as follows:

	Mr. P. Lim HK\$'000	Mr. K. Lim HK\$'000	Mr. Kwan HK\$'000	Total HK\$'000
Year ended June 30, 2016				
Other emoluments				
Salaries and other benefits	511	758	—	1,269
Performance related bonus (<i>Note</i>)	564	1,147	—	1,711
Retirement benefit scheme contributions	18	18	—	36
Total emoluments	1,093	1,923	—	3,016
Year ended June 30, 2017				
Other emoluments				
Salaries and other benefits	519	778	—	1,297
Performance related bonus (<i>Note</i>)	573	1,127	—	1,700
Retirement benefit scheme contributions	18	18	—	36
Total emoluments	1,110	1,923	—	3,033

	Mr. P. Lim HK\$'000	Mr. K. Lim HK\$'000	Mr. Kwan HK\$'000	Total HK\$'000
Six months ended December 31, 2016				
(unaudited)				
Other emoluments				
Salaries and other benefits	240	360	—	600
Performance related bonus (<i>Note</i>)	281	570	—	851
Retirement benefit scheme contributions	<u>9</u>	<u>9</u>	<u>—</u>	<u>18</u>
Total emoluments	<u>530</u>	<u>939</u>	<u>—</u>	<u>1,469</u>
Six months ended December 31, 2017				
Other emoluments				
Salaries and other benefits	276	414	—	690
Performance related bonus (<i>Note</i>)	235	479	—	714
Retirement benefit scheme contributions	<u>9</u>	<u>9</u>	<u>—</u>	<u>18</u>
Total emoluments	<u>520</u>	<u>902</u>	<u>—</u>	<u>1,422</u>

Note: The discretionary bonus is determined by reference to their duties and responsibilities within the Group and the Group's performance.

Mr. K. Lim acts as the chief executive of the Group.

The emoluments stated above were mainly for their services in connection with their role as directors of the Company and subsidiary undertaking.

During the Track Record Period, no remuneration was 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. None of the directors of the Company has waived any remuneration during the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals included Mr. P. Lim and Mr. K. Lim whose emoluments are included in the disclosures in (a) above during the Track Record Period. The emoluments of the remaining three individuals during the Track Record Period, respectively were as follows:

	Year ended June 30,		Six months ended	
	2016	2017	December 31,	
	HK\$'000	HK\$'000	2016	2017
			HK\$'000	HK\$'000
			(unaudited)	
Salaries and other benefits	1,100	1,144	486	700
Performance related bonus	192	247	106	77
Retirement benefit scheme contributions	<u>23</u>	<u>45</u>	<u>26</u>	<u>27</u>
	<u>1,315</u>	<u>1,436</u>	<u>618</u>	<u>804</u>

Their emoluments were within the following bands:

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i> (unaudited)	<i>Number of employees</i>
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i>
Other income				
Handling charge	436	771	639	434
Insurance compensation	—	304	122	—
Bank interest income	3	5	2	3
Others	<u>10</u>	<u>58</u>	<u>10</u>	<u>62</u>
	<u>449</u>	<u>1,138</u>	<u>773</u>	<u>499</u>
Other gains and losses				
Net exchange gains (losses)	1,039	(169)	148	(489)
Loss on written-off of plant and equipment	<u>—</u>	<u>(1,555)</u>	<u>(19)</u>	<u>—</u>
	<u>1,039</u>	<u>(1,724)</u>	<u>129</u>	<u>(489)</u>

9. FINANCE COSTS

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i>
Interest on obligations under finance leases	<u>32</u>	<u>15</u>	<u>9</u>	<u>4</u>

10. PROFIT BEFORE TAXATION

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Profit before taxation has been arrived at after charging:				
Auditor's remuneration	50	50	25	25
Cost of inventories recognized an expense	13,068	12,503	6,556	6,666
Depreciation of plant and equipment	3,371	3,765	1,852	1,492
Directors' remuneration (note 7)	3,016	3,033	1,469	1,422
Other staff costs				
Salaries and other benefits	9,101	8,865	4,321	4,916
Retirement benefits scheme contributions	375	375	193	192
Total staff costs	12,492	12,273	5,983	6,530
Research expenses	306	279	120	138
Minimum lease payments under operating leases in respect of land and buildings	2,415	3,461	1,783	1,495
Write-down of inventories (included in cost of sales)	491	114	—	—

11. TAXATION

	Year ended June 30,		Six months ended December 31,	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Hong Kong Profits Tax:				
Current tax	3,110	2,103	1,178	1,043
Deferred tax credit (note 15)	(277)	(221)	—	(14)
	2,833	1,882	1,178	1,029

BOSA HK had not notified the Hong Kong Inland Revenue Department ("IRD") on time in respect of its assessable profits for each of the years of assessment 2014/2015, 2015/2016 and 2016/2017. Instead, such notifications were only made in March 2017 that BOSA HK had derived assessable profits since 2014. Following the notification, the IRD issued tax return for year of assessment 2014/2015, 2015/2016 and 2016/2017 to BOSA HK which was completed and submitted to the IRD within the time frame as stipulated in the respective tax return from the IRD. The IRD has issued statement of loss for the year of assessment 2014/2015 and assessment demanding final tax for the years of assessment 2015/2016 and 2016/2017 subsequent to Track Record Period. Up to the date of this report, the IRD has not issued any penalty notice to the Group in respect of the late notification of chargeability for the relevant years as mentioned above.

The Group has made full tax provision based on its estimated assessable profit in the submitted tax returns. The directors of the Company have also considered possible penalty that may be imposed by the IRD on the Group in relation to each reporting periods, if any, arising from the late notification of chargeability for the years of assessment 2014/2015, 2015/2016 and 2016/2017 by BOSA HK. After seeking professional advice, it has come to the understanding of the directors of the Company that the possible penalty, if any, is likely to be at the level of 10% to 20% of the amount of tax undercharged, that is, HK\$797,000 in aggregate, and such penalty is recognized in profit or loss during the year ended June 30, 2017 and included in other payables as of June 30, 2017 and December 31, 2017.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Track Record Period.

The taxation for the Track Record Period can be reconciled to the profit before taxation as follows:

	Year ended June 30,		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Profit before taxation	<u>17,024</u>	<u>2,826</u>	<u>4,938</u>	<u>1,652</u>
Taxation at Hong Kong Profits Tax rate of 16.5%	2,809	466	815	273
Tax effect of expense not deductible for tax purpose	25	1,425	363	756
Tax effect of income not taxable for tax purpose	(1)	(1)	—	—
Others	<u>—</u>	<u>(8)</u>	<u>—</u>	<u>—</u>
Taxation for the year/period	<u>2,833</u>	<u>1,882</u>	<u>1,178</u>	<u>1,029</u>

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Year ended June 30,		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Earnings:				
Earnings for the purpose of basic earnings per share (Profit for the year/period attributable to owners of the Company)	<u>14,191</u>	<u>944</u>	<u>3,760</u>	<u>623</u>
	'000	'000	'000	'000
Number of shares:				
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>558,537</u>	<u>562,626</u>	<u>558,537</u>	<u>600,000</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganization and the capitalization issue as described in Appendix IV to the Prospectus had been effective on July 1, 2015, taking into account which shares issued for consideration as well as retrospectively adjusting bonus element in issue of new shares where it is applicable and the share subdivision which is completed on June 19, 2018 as stated in note 37(2)(i).

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

13. DIVIDEND

On September 15, 2017, the Company declared an interim dividend of HK\$18,500,000 (approximately HK\$902 per share) to shareholders of the Company.

14. PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At July 1, 2015	944	57	394	11,955	295	13,645
Additions	<u>760</u>	<u>—</u>	<u>165</u>	<u>785</u>	<u>551</u>	<u>2,261</u>
At June 30, 2016	1,704	57	559	12,740	846	15,906
Additions	2,321	35	15	791	—	3,162
Written-off	<u>(3,136)</u>	<u>(3)</u>	<u>(241)</u>	<u>—</u>	<u>—</u>	<u>(3,380)</u>
At June 30, 2017	889	89	333	13,531	846	15,688
Additions	<u>463</u>	<u>7</u>	<u>8</u>	<u>478</u>	<u>62</u>	<u>1,018</u>
At December 31, 2017	<u>1,352</u>	<u>96</u>	<u>341</u>	<u>14,009</u>	<u>908</u>	<u>16,706</u>
DEPRECIATION						
At July 1, 2015	540	30	211	4,658	141	5,580
Provided for the year	<u>483</u>	<u>18</u>	<u>174</u>	<u>2,484</u>	<u>212</u>	<u>3,371</u>
At June 30, 2016	1,023	48	385	7,142	353	8,951
Provided for the year	786	12	101	2,655	211	3,765
Eliminated on written-off	<u>(1,644)</u>	<u>(3)</u>	<u>(178)</u>	<u>—</u>	<u>—</u>	<u>(1,825)</u>
At June 30, 2017	165	57	308	9,797	564	10,891
Provided for the period	<u>193</u>	<u>7</u>	<u>8</u>	<u>1,206</u>	<u>78</u>	<u>1,492</u>
At December 31, 2017	<u>358</u>	<u>64</u>	<u>316</u>	<u>11,003</u>	<u>642</u>	<u>12,383</u>
CARRYING AMOUNTS						
At June 30, 2016	<u>681</u>	<u>9</u>	<u>174</u>	<u>5,598</u>	<u>493</u>	<u>6,955</u>
At June 30, 2017	<u>724</u>	<u>32</u>	<u>25</u>	<u>3,734</u>	<u>282</u>	<u>4,797</u>
At December 31, 2017	<u>994</u>	<u>32</u>	<u>25</u>	<u>3,006</u>	<u>266</u>	<u>4,323</u>

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

As at June 30, 2016 and 2017 and December 31, 2017, the carrying amounts of motor vehicles included amounts of approximately HK\$493,000, HK\$282,000 and HK\$266,000 in respect of assets held under finance leases respectively.

15. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognized and movements thereon during the Track Record Period:

	Accelerated tax allowance HK\$'000
At July 1, 2015	(713)
Credit to profit or loss for the year	<u>277</u>
At June 30, 2016	(436)
Credit to profit or loss for the year	<u>221</u>
At June 30, 2017	(215)
Credit to profit or loss for the period	<u>14</u>
At December 31, 2017	<u><u>(201)</u></u>

16. INVENTORIES

	As at June 30, 2016 HK\$'000	As at 2017 HK\$'000	December 31, 2017 HK\$'000
Couplers at cost	<u>2,721</u>	<u>2,171</u>	<u>2,473</u>

17. TRADE RECEIVABLES

The Group's credit terms of 15–30 days is granted to customers. An ageing analysis of the trade receivables presented based on the invoice date, which is approximate the dates of rendering the services, at the end of each reporting period.

	As at June 30, 2016 HK\$'000	As at 2017 HK\$'000	December 31, 2017 HK\$'000
0–30 days	5,518	5,186	5,105
31–60 days	4,443	3,924	5,351
61–90 days	2,731	2,698	3,323
Over 90 days	<u>4,668</u>	<u>6,091</u>	<u>7,011</u>
	<u><u>17,360</u></u>	<u><u>17,899</u></u>	<u><u>20,790</u></u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good credit quality.

As at June 30, 2016 and 2017 and December 31, 2017, included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$12,758,000, HK\$12,908,000 and HK\$16,370,000, respectively, which are past due at the end of each reporting period for which the Group has not provided for impairment loss as there was settlement subsequent to the end of each reporting period or there was continuous settlements by respective customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 76 days, 93 days and 82 days as at June 30, 2016 and 2017 and December 31, 2017, respectively.

Ageing analysis of trade receivables which are past due but not impaired

	As at		
	June 30,	December 31,	
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
0–30 days	916	195	685
31–60 days	4,443	3,924	5,351
61–90 days	2,731	2,698	3,323
Over 90 days	4,668	6,091	7,011
Total	<u>12,758</u>	<u>12,908</u>	<u>16,370</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period. The trade receivables past due but not provided for as at the end of each reporting period were either subsequently settled or there was no historical default of payments by the respective customers. The management of the Group believes that no impairment is required.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at		
	June 30,	December 31,	
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Rental and utilities deposits	658	567	635
Prepayments	331	512	193
Retention receivables	862	862	862
Other receivables	—	189	—
Deferred and prepaid listing expenses	—	2,584	4,032
	<u>1,851</u>	<u>4,714</u>	<u>5,722</u>
Presented as non-current assets	460	560	628
Presented as current assets	<u>1,391</u>	<u>4,154</u>	<u>5,094</u>
Total	<u>1,851</u>	<u>4,714</u>	<u>5,722</u>

The Company

	As at		
	June 30,	December 31,	
	2017	2017	
	HK\$'000	HK\$'000	
Deferred and prepaid listing expenses	<u>2,584</u>	<u>4,032</u>	

19. TRADE PAYABLES

The credit period on purchase of inventories is 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at	
	June 30, 2016	December 31, 2017
	HK\$'000	HK\$'000
0–30 days	—	1,258
31–60 days	—	1,485
61–90 days	—	1,834
Over 90 days	—	881
	<u>—</u>	<u>5,458</u>

20. AMOUNTS DUE TO SHAREHOLDERS

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

Details of amounts due to shareholders are as follows:

	The Group			The Company	
	As at		December 31, 2017	As at	
	June 30, 2016	2017		June 30, 2017	December 31, 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Name					
Kin Sun	6,321	2,256	9,294	2,256	9,294
Mr. Yang	780	175	1,985	175	1,985
Mr. Wang	780	175	1,985	175	1,985
Mr. P. Lim	1,420	1,035	1,264	1,035	1,264
Ms. Chiu	—	—	1,264	—	1,264
Mr. K. Lim	300	283	2,257	—	2,257
	<u>9,601</u>	<u>3,924</u>	<u>18,049</u>	<u>3,641</u>	<u>18,049</u>

During the year ended June 30, 2017, the Group entered into a loan settlement agreement between Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in respect of settlement of the amounts due to shareholders of HK\$5,500,000 by issuing 10,000 shares of the Company at an issue price of HK\$550 per share of the Company.

On June 7, 2018, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Ms. Chiu and Mr. K. Lim, being shareholders of the Company, made contribution to the Company of aggregate amount of approximately HK\$5,000,000 by waiving the amounts due to shareholders. As represented by the directors of the Company, the remaining HK\$13,049,000 will be settled before Listing.

21. AMOUNT DUE FROM/TO RELATED COMPANIES

Amount due from a related company

The amount is non-trade nature, unsecured, interest-free and repayable on demand.

Details of amount due from a related company is as follows:

	Maximum amount outstanding during the six months ended					
	July 1, 2015 HK\$'000	As at June 30, 2016 HK\$'000	2017 HK\$'000	December 31, 2017 HK\$'000	year ended June 30, 2016 HK\$'000	2017 HK\$'000
Classic Global Limited	—	50	—	—	50	50

Classic Global Limited is wholly owned by Mr. Yang.

Amount due to a related company

Details of amount due to a related company, which are trade nature, are as follows:

Name	As at		December 31, 2017 HK\$'000
	June 30, 2016 HK\$'000	2017 HK\$'000	
BT Systems Limited (formerly known as BOSA Technology (Taiwan) Limited "BOSA (Taiwan)")	4,283	4,894	309

BOSA (Taiwan) is owned as to 36.0% by Mr. Yang, 14.0% by the spouse of Mr. Yang, 16.8% by Mr. Wang, 13.0% by the spouse of Mr. Wang and 20.2% by the son of Mr. Wang.

The credit period on purchases of couplers and consumable is 90 days. The following is an ageing analysis of amount due to a related company presented based on the invoice date at the end of each reporting period:

	As at		December 31, 2017 HK\$'000
	June 30, 2016 HK\$'000	2017 HK\$'000	
0–30 days	1,336	2,362	—
31–60 days	1,374	798	—
61–90 days	1,139	469	—
Over 90 days	434	1,265	309
	4,283	4,894	309

22. BANK BALANCES

Bank balances comprise bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate of 0.01% per annum.

23. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES**The Group**

	As at		
	As at June 30,	December 31,	
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Salaries payable	1,014	1,052	1,078
Provision for annual leaves	194	325	456
Accrued charges	742	2,445	2,549
Deposits received from customers	1,098	421	421
Payables for addition to plant and equipment	—	—	480
Other payables	—	797	1,419
	<u>3,048</u>	<u>5,040</u>	<u>6,403</u>

The Company

	As at	
	June 30,	December 31,
	2017	2017
	HK\$'000	HK\$'000
Accrued charges	<u>1,922</u>	<u>1,888</u>

24. OBLIGATIONS UNDER FINANCE LEASES

	As at	
	June 30,	December 31,
	2016	2017
	HK\$'000	HK\$'000
Analyzed for reporting purpose as:		
Current liabilities	211	148
Non-current liabilities	<u>246</u>	<u>98</u>
	<u>457</u>	<u>246</u>
	<u>457</u>	<u>170</u>

The Group's has leased certain of its motor vehicles under finance leases. The lease term was four years. Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranged from 1.98% to 3.50% per annum during the Track Record Period.

	Minimum lease payments			Present value of minimum lease payments		
	As at			As at		
	June 30, 2016 HK\$'000	2017 2017 HK\$'000	December 31, 2017 2017 HK\$'000	June 30, 2016 2016 HK\$'000	2017 2017 HK\$'000	December 31, 2017 2017 HK\$'000
Amount payable under finance leases						
Within one year	226	155	149	211	148	146
In more than one year but not more than two years	155	99	25	148	98	24
In more than two years but not more than five years	99	—	—	98	—	—
	480	254	174	457	246	170
Less: Future finance charges	(23)	(8)	(4)	N/A	N/A	N/A
Present value of lease obligations	457	246	170	457	246	170
Less: Amount due for settlement within one year (shown under current liabilities)				(211)	(148)	(146)
Amount due for settlement after one year				246	98	24

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

25. REINSTATEMENT PROVISION

	HK\$'000
At July 1, 2015	365
Additions	142
At June 30, 2016	507
Additions	729
Utilised	(695)
At June 30, 2017	541
Utilised	(142)
At December 31, 2017	399

	As at		
	June 30, 2016 HK\$'000	2017 HK\$'000	December 31, 2017 HK\$'000
Presented as non-current liabilities	222	399	399
Presented as current liabilities	<u>285</u>	<u>142</u>	<u>—</u>
Total	<u><u>507</u></u>	<u><u>541</u></u>	<u><u>399</u></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. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

26. SHARE CAPITAL

The share capital as at July 1, 2015 and June 30, 2016 represented the share capital of BOSA HK.

Share capital as at June 30, 2017 and December 31, 2017 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Number of shares	Amount	
		HK\$	HK\$'000
Ordinary shares of HK\$1.00 each			
Authorized:			
At October 24, 2016 (date of incorporation), June 30, 2017 and December 31, 2017	<u>100,000</u>	<u>100,000</u>	<u>100</u>
Issued and fully paid:			
At October 24, 2016 (date of incorporation)	1	1	—
Issuance of shares for acquisition of BOSA Investment	9,999	9,999	10
Issuance of shares upon capitalization of amounts due to shareholders	10,000	10,000	10
Issuance of shares to Pre-IPO Investor	<u>500</u>	<u>500</u>	<u>1</u>
At June 30, 2017 and December 31, 2017	<u><u>20,500</u></u>	<u><u>20,500</u></u>	<u><u>21</u></u>

The Company was incorporated in the Cayman Islands on October 24, 2016. The initial authorized share capital of the Company was HK\$100,000 divided into 100,000 ordinary shares with a par value of HK\$1.00 each. Upon incorporation, one share of the Company was issued to Mr. P. Lim. On May 26, 2017, 7,100, 1,100, 700 and 699 shares of the Company were allotted and issued to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively, for share swap as disclosed in note 2 (vi).

During the year ended June 30, 2017, the Group entered into a loan settlement agreement between Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in respect of settlement of the amounts due to shareholders of HK\$5,500,000 by issuing 10,000 shares of the Company at an issue price of HK\$550 per share of the Company.

On May 26, 2017, 500 shares of the Company were allocated and issued at cash consideration of HK\$3,000,000 to the Pre-IPO Investor as disclosed in note 2 (viii).

27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with its related parties during the Track Record Period:

	Year ended June 30,		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
BOSA (Taiwan):				
Purchase of couplers and consumable	15,631	14,267	6,678	499
Purchase of machinery	<u>785</u>	<u>791</u>	<u>727</u>	<u>—</u>
Kin Sun:				
Motor vehicle rental expenses	<u>108</u>	<u>58</u>	<u>29</u>	<u>—</u>

As represented by the directors of the Company, these related party transactions will be discontinued after Listing.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the years ended June 30, 2016 and 2017 were as follows:

	Year ended June 30,		Six months ended December 31,	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Short-term benefits	4,179	4,388	2,043	2,181
Post-employment benefits	<u>61</u>	<u>81</u>	<u>44</u>	<u>45</u>
	<u>4,240</u>	<u>4,469</u>	<u>2,087</u>	<u>2,226</u>

28. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. 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. Except for voluntary contribution, 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 schemes contributions arising from the MPF Scheme charged to the consolidated statements of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

29. MAJOR NON-CASH TRANSACTIONS

During the year ended June 30, 2016, the Group acquired a motor vehicle through finance lease at a consideration of HK\$551,000.

During the year ended June 30, 2017, the Group entered into a loan settlement agreement between Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim in respect of settlement of the amounts due to shareholders of HK\$5,500,000 by issuing 10,000 shares of the Company at an issue price of HK\$550 per share of the Company.

During the six months ended December 31, 2017, the dividends distributed to the shareholders were not yet settled and included in their current accounts.

30. OPERATING LEASE COMMITMENTS**The Group as lessee**

At the end of each reporting period, the Group had commitments for future minimum lease payments in respect of office and factory premises under non-cancellable operating leases which fall due as follows:

	As at		
	June 30, 2016	2017	December 31, 2017
	HK\$'000	HK\$'000	HK\$'000
Within one year	2,303	2,002	2,932
In the second to fifth years inclusive	<u>3,079</u>	<u>1,249</u>	<u>1,524</u>
	<u>5,382</u>	<u>3,251</u>	<u>4,456</u>

Leases are negotiated and monthly rentals are fixed for term of two to four years.

Certain lease agreements entered into between the landlord and the Group include a renewal option at the discretion of the Group for a further two years from the end of the existing lease without specifying rental to be charged. Accordingly, this is not included in the above commitment.

31. 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 owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt balance and equity balance. Equity balance consists of equity attributable to owners of the Company, comprising issued share capital, share premium, other reserve, translation reserve and retained profits.

The management of the Group reviews the capital structure on an on-going annual 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 of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group			The Company	
	As at			As at	
	June 30,		December 31,	June 30,	December 31,
	2016	2017	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets					
Loans and receivables (including cash and cash equivalents)	<u>39,365</u>	<u>47,516</u>	<u>46,191</u>	<u>3,000</u>	<u>21,049</u>
Financial liabilities					
Amortised cost	<u>16,061</u>	<u>13,576</u>	<u>29,763</u>	<u>12,296</u>	<u>35,332</u>

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables, amount due from a related company, bank balances, trade payable, other payables and accrued charges, amounts due to shareholders and a related company and obligations under finance leases. The Company's financial instruments include amounts due from/to a subsidiary and accrued charges. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk**Currency risk*

The Group's purchase of inventories through the related company is denominated in New Taiwan Dollar ("TWD"), a currency other than the functional currency of the group entities, during the year ended June 30, 2016 and 2017 and the six months ended December 31, 2017.

At the end of each reporting period, the carrying amounts of foreign currency denominated monetary liabilities recognized in the Historical Financial Information are as follows:

	TWD		
	As at		
	June 30,		December 31,
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Amount due to a related company	<u>4,283</u>	<u>4,894</u>	<u>309</u>

Sensitivity analysis

The following table details the Group's sensitivity analysis to a 10% increase and decrease in functional currency of the relevant group entities (i.e. HK\$) against TWD and all other variables were held constant. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in the post-tax profit for the year/period where HK\$ strengthening 10% against the TWD. For a 10% weakening of HK\$ against the TWD there would be an equal and opposite impact on the result for the year/period.

	Year ended June 30,		Six months ended
	2016	2017	December 31,
	HK\$'000	HK\$'000	2017
			HK\$'000
Increase in post-tax profit for the year/period			
TWD	<u>358</u>	<u>409</u>	<u>13</u>

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed interest bearing obligations under finance leases (see note 24) and non-interest bearing amounts due to shareholders, a director and a related company (see notes 20 and 21). The Group is also exposed to cash flow interest rate risk in relation to the Group's variable interest bearing bank balances.

The Group currently does not have interest rate hedging policy. However, 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 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 short maturity of the bank deposits, no sensitivity analysis is prepared at the end of each reporting period.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the statements of financial position at the end of each reporting period.

During the Track Record Period, the Group has concentration of credit risk with exposure limited to certain customers. Top five debtors comprised approximately 46.9%, 49.5% and 57.3% of the Group's trade receivables as at June 30, 2016 and 2017 and December 31, 2017 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. 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.

Also, the Group has concentration of credit risk on bank balances into two banks. The credit risk for bank balances is limited because bank balances are placed in banks with good reputations.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by 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.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year to 2 years HK\$'000	Over 2 years to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
The Group							
As at June 30, 2016							
Non-derivative financial liabilities							
Other payables, deposits received							
and accrued charges	N/A	1,756	421	—	—	2,177	2,177
Amounts due to shareholders	N/A	9,301	—	—	—	9,301	9,301
Amount due to a related company	N/A	4,283	—	—	—	4,283	4,283
Amount due to a director	N/A	300	—	—	—	300	300
Obligations under finance leases	2.25	57	169	155	99	480	457
		<u>15,697</u>	<u>590</u>	<u>155</u>	<u>99</u>	<u>16,541</u>	<u>16,518</u>
As at June 30, 2017							
Non-derivative financial liabilities							
Trade payables	N/A	43	—	—	—	43	43
Other payables, deposits received							
and accrued charges	N/A	4,715	—	—	—	4,715	4,715
Amounts due to shareholders	N/A	3,924	—	—	—	3,924	3,924
Amount due to a related company	N/A	4,894	—	—	—	4,894	4,894
Obligations under finance leases	2.02	44	111	99	—	254	246
		<u>13,620</u>	<u>111</u>	<u>99</u>	<u>—</u>	<u>13,830</u>	<u>13,822</u>

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year to 2 years HK\$'000	Over 2 years to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
As at December 31, 2017							
Non-derivative financial liabilities							
Trade payables	N/A	5,458	—	—	—	5,458	5,458
Other payables, deposits received and accrued charges	N/A	5,947	—	—	—	5,947	5,947
Amount due to a related company	N/A	309	—	—	—	309	309
Amounts due to shareholders	N/A	18,049	—	—	—	18,049	18,049
Obligations under finance leases	2.02	37	112	25	—	174	170
		<u>29,800</u>	<u>112</u>	<u>25</u>	<u>—</u>	<u>29,937</u>	<u>29,933</u>

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year to 2 years HK\$'000	Over 2 years to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
The Company							
As at June 30, 2017							
Non-derivative financial liabilities							
Accrued charges	N/A	1,922	—	—	—	1,922	1,922
Amounts due to shareholders	N/A	3,641	—	—	—	3,641	3,641
Amount due to a subsidiary	N/A	6,733	—	—	—	6,733	6,733
		<u>12,296</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,296</u>	<u>12,296</u>

As at December 31, 2017							
Non-derivative financial liabilities							
Accrued charges	N/A	1,888	—	—	—	1,888	1,888
Amounts due to shareholders	N/A	18,049	—	—	—	18,049	18,049
Amount due to a subsidiary	N/A	15,395	—	—	—	15,395	15,395
		<u>35,332</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,332</u>	<u>35,332</u>

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

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

32. AMOUNT DUE FROM/TO A SUBSIDIARY

The amounts are unsecured, interest-free and repayable on demand.

33. MOVEMENT ON GROUP'S 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 statements of cash flows as cash flows from financing activities.

	Amounts due to shareholders HK\$'000	Obligations under finance leases HK\$'000	Total HK\$'000
As at July 1, 2015	9,862	149	10,011
Financing cash flows (<i>note</i>)	(261)	(275)	(536)
Purchase of plant and equipment through finance lease (<i>note 29</i>)	—	551	551
Finance costs recognized	—	32	32
As at June 30, 2016	9,601	457	10,058
Financing cash flows (<i>note</i>)	(177)	(226)	(403)
Settlement of amounts due to shareholders through issuance of shares (<i>note 29</i>)	(5,500)	—	(5,500)
Finance costs recognized	—	15	15
As at June 30, 2017	3,924	246	4,170
Financing cash flows (<i>note</i>)	(3,924)	(80)	(4,004)
Finance costs recognized	—	4	4
Dividends distribution	18,049	—	18,049
As at December 31, 2017	18,049	170	18,219
As at July 1, 2016	9,601	457	10,058
Financing cash flows (<i>note</i>)	(160)	(113)	(273)
Finance costs recognized	—	9	9
As at December 31, 2016 (unaudited)	9,441	353	9,794

Note: The financing cash flows represented the advance from a director, payment of finance costs and repayments to shareholders and finance leases.

34. INTERESTS IN SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Company as at				Principal activities	Notes
				June 30, 2016	June 30, 2017	December 31, 2017	the date of this report		
Directly held:									
BOSA Investment	BVI July 8, 2016	Hong Kong	US\$10,000	—	100%	100%	100%	Investment holding	(a)
Indirectly held:									
BOSA Worldwide	BVI July 12, 2016	Hong Kong	US\$1	—	100%	100%	100%	Investment holding	(a)
BOSA HK	Hong Kong March 14, 2012	Hong Kong	HK\$10,000	100%	100%	100%	100%	Provision of mechanical splicing services to the reinforced concrete construction industry in Hong Kong	(b), (c)
BOSA R&D	BVI November 10, 2016	Hong Kong	US\$1	—	100%	100%	100%	Investment holding	(a)

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

Notes:

- (a) No audited financial statements of BOSA Investment, BOSA Worldwide and BOSA R&D have been prepared since its dates of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of BOSA HK for the year ended June 30, 2016 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Gordon Chan & Company Certified Public Accountants, a firm of certified public accountants registered in Hong Kong.
- (c) The statutory financial statements of BOSA HK for the year ended June 30, 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

35. RESERVES OF THE COMPANY

	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At October 24, 2016 (date of incorporation)	—	—	—	—
Transfer upon group reorganization of acquisition of BOSA Investment (note 2(vi))	—	68	—	68
Issuance of shares of the Company upon capitalization of amounts due to shareholders (note 29)	5,490	—	—	5,490
Issuance of shares of the Company to Pre-IPO Investors (note 2 (viii))	2,999	—	—	2,999
Loss and total comprehensive expense for the period	—	—	(6,071)	(6,071)
At June 30, 2017	8,489	68	(6,071)	2,486
Profit and total comprehensive income for the period	—	—	23,961	23,961
Dividends recognized as distribution (note 13)	—	—	(18,500)	(18,500)
Contribution from a shareholder	—	451	—	451
At December 31, 2017	8,489	519	(610)	8,398

36. CONTINGENT LIABILITIES

Subsequent to the end of the Track Record Period, BOSA HK is involved in a litigation related to claims of defamation and malicious falsehood against BOSA HK for alleging that plaintiff's coupler system infringes the patent of BOSA R&D.

The directors of the Company were of the opinion that the legal claim is still in preliminary stage and the final outcome is unable to be determined at this stage based on legal advice to the Group. Accordingly, no provision is required to be made in the Historical Financial Information.

37. SUBSEQUENT EVENTS

Saved as disclosed in the report, subsequent to the end of the Track Record Period, the following significant events took place:

- (1) On June 7, 2018, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Ms. Chiu and Mr. K. Lim, being shareholders of the Company, made contribution to the Company of aggregate amount of approximately HK\$5,000,000 by waiving the amounts due to shareholders.
- (2) On June 19, 2018, written resolutions of the shareholders of the Company was passed to approve the matters set out in the section headed "Statutory and General Information — 3. Written resolutions of our Shareholders passed on June 19, 2018" in Appendix IV to the Prospectus. It was resolved, among other things:
 - (i) each issued and unissued share of par value of HK\$1.00 each in the share capital of the Company was divided into 10,000 shares of par value HK\$0.0001 each (the "Subdivision"). After the Subdivision, our Company's issued share capital was HK\$20,500 divided into 205,000,000 shares of par value HK\$0.0001 each.
 - (ii) the authorized share capital of our Company was increased from HK\$100,000 divided into 1,000,000,000 shares of par value HK\$0.0001 each to HK\$1,000,000 divided into 10,000,000,000 shares of par value HK\$0.0001 each by the creation of 9,000,000,000 additional shares of HK\$0.0001 each.
 - (iii) conditional upon the share premium account of the Company being credited with the proceeds of the share offering, an amount of approximately HK\$39,500 standing to the credit of the Company's share premium account will be capitalized by applying such sum to pay up in full at par a total of 395,000,000 shares for the allotment and issuance as fully paid up shares to shareholders of the Company on a pro rata basis.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the two years ended June 30, 2017 and the six months ended December 31, 2017 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, the Company's Reporting Accountants (the "Accountants' Report"), as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group as if the Share Offer had taken place on December 31, 2017.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at December 31, 2017 or any future date following the Share Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2017 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at December 31, 2017 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at December 31, 2017 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at December 31, 2017 per Share HK\$ (Note 3)
Based on Offer Price of HK\$0.40 per Share	<u>18,851</u>	<u>66,366</u>	<u>85,217</u>	<u>0.107</u>
Based on Offer Price of HK\$0.30 per Share	<u>18,851</u>	<u>46,366</u>	<u>65,217</u>	<u>0.082</u>

Notes:

- (1) The audited consolidated net tangible assets is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 200,000,000 Offer Shares at Offer Price of lower limit and upper limit of HK\$0.30 and HK\$0.40 per Offer Share, respectively, after taking into account the estimated underwriting fees and other related expenses to be incurred by the Group subsequent to January 1, 2018. The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option, the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company per Share is arrived at on the basis that 800,000,000 Shares were in issue assuming that the Capitalization Issue and the Share Offer had been completed on December 31, 2017 and does not take into account of any Shares which may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option, the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.
- (4) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2017 to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2017. Assuming that the contribution from shareholders of approximately HK\$5,000,000 by waiving amounts due to shareholders as at June 7, 2018 had been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share would have been HK\$0.088 and HK\$0.113 at the Offer Price of HK\$0.30 and HK\$0.40, respectively, which is calculated based on 800,000,000 Shares in issue immediately following the completion of the Share Offer and Capitalization Issue.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of BOSA Technology Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of BOSA Technology Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted consolidated net tangible assets as at December 31, 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated June 28, 2018 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offer of shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Share Offer**”) on the Group's financial position as at December 31, 2017 as if the Share Offer had taken place at December 31, 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended June 30, 2017 and the six months ended December 31, 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 28, 2018

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 24, 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on June 19, 2018. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by

proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed 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 so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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 has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other

special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or

owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its

subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorized corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorized officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up, the surplus assets remaining after payment to all creditor shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on October 24, 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and

- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from March 14, 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the

dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on October 24, 2016. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 15, 2017 and establishes a principal place of business in Hong Kong at Office 2302, 23rd Floor, No. 9 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong. Mr. P. Lim and Mr. Ng Chit Sing have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. Our Company has registered its Chinese name 人和科技控股有限公司 with the Registrar of Companies of the Cayman Islands.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in “Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law” to this prospectus.

2. Changes in the authorized and issued share capital of our Company

- (a) As at the date of incorporation, our Company had an authorized share capital of HK\$100,000 divided into 100,000 Shares of HK\$1.00 each. On the same day, one Share was allotted and issued credited as fully paid to Reid Services Limited, the initial subscriber, and such one Share was subsequently transferred to Mr. P. Lim on the same day.
- (b) On May 26, 2017, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim transferred their entire shareholding in BOSA Investment to our Company in consideration of a total of 9,999 Shares being allotted and issued to Kin Sun (7,100 Shares), Mr. Yang (1,100 Shares), Mr. Wang (1,100 Shares) and Mr. P. Lim (699 Shares) (the “**Share Allotment**”). Pursuant to the Share Allotment, the issued share capital of our Company was HK\$10,000 divided into 10,000 Shares of par value HK\$1.00 each.
- (c) On May 26, 2017, in consideration of capitalization of an amount of HK\$3,905,000, HK\$605,000, HK\$605,000 and HK\$385,000 owing by BOSA HK to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, a total of 10,000 Shares in our Company were allotted and issued to Kin Sun (7,100 Shares), Mr. Yang (1,100 Shares), Mr. Wang (1,100 Shares) and Mr. P. Lim (700 Shares) (the “**Loan Capitalization Issue**”). Pursuant to the Loan Capitalization Issue, the issued share capital of our Company was HK\$20,000 divided into 20,000 Shares of par value HK\$1.00 each.
- (d) On May 26, 2017, Mr. K. Lim and Ms. Chiu exercised their share options in our Company and acquired 2,500 Shares and 1,400 Shares of par value HK\$1.00 each for a consideration of HK\$687,500 and HK\$385,000 respectively from Kin Sun.

- (e) On May 26, 2017, Synergy Resources subscribed for 500 Shares at a total consideration of HK\$3,000,000. Pursuant to the subscription, the issued share capital of our Company was HK\$20,500 divided into 20,500 Shares of par value HK\$1.00 each.
- (f) Pursuant to the written shareholders' resolution passed by our Shareholders on June 19, 2018, each issued and unissued Share of par value of HK\$1.00 each in the share capital of our Company was divided into 10,000 Shares of par value HK\$0.0001 each (the **"Subdivision"**). As a result of the Subdivision, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Synergy Resources held 103,000,000 Shares, 22,000,000 Shares, 22,000,000 Shares, 14,000,000 Shares, 25,000,000 Shares, 14,000,000 Shares and 5,000,000 Shares, respectively.
- (g) Pursuant to the written shareholders' resolution passed by our Shareholders on June 19, 2018, the authorized share capital of our Company was increased from HK\$100,000 divided into 1,000,000,000 Shares of par value HK\$0.0001 each to HK\$1,000,000 divided into 10,000,000,000 Shares of par value HK\$0.0001 each by the creation of 9,000,000,000 additional Shares of HK\$0.0001 each (the **"Increase in Authorized Share Capital"**).
- (h) Pursuant to the written shareholders' resolution passed by our Shareholders on June 19, 2018, conditional upon the share premium account of our Company being credited with the proceeds of the Share Offer, an amount of HK\$39,500 standing to the credit of our Company's share premium account will be capitalized by applying such sum to pay up in full at par a total of 395,000,000 Shares for the allotment and issuance as fully paid up Shares to Kin Sun (198,463,415 Shares), Mr. Yang (42,390,244 Shares), Mr. Wang (42,390,244 Shares), Mr. P. Lim (26,975,610 Shares), Mr. K. Lim (48,170,732 Shares), Ms. Chiu (26,975,610 Shares) and Synergy Resources (9,634,146 Shares) respectively on a pro rata basis (the **"Capitalization Issue"**).
- (i) Immediately following completion of the Capitalization Issue and the Share Offer (without taking into account the Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and any exercise of options granted and/or to be granted under the Share Option Scheme) the issued share capital of our Company will be HK\$80,000 divided into 800,000,000 Shares of par value HK\$0.0001 each, all fully paid or credited as fully paid, and 9,200,000,000 Shares will remain unissued.
- (j) Other than pursuant to the general mandate to issue Shares referred to in the section headed "A. Further information about the Company — 3. Written resolutions of our Shareholders passed on June 19, 2018" in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (k) Save as disclosed above, there has been no alteration in our Company's share capital since its incorporation.

3. Written resolutions of our Shareholders passed on June 19, 2018

On June 19, 2018, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles;
- (b) the Subdivision was approved;
- (c) the Increase in Authorized Share Capital was approved;
- (d) conditional on the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme) and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:
 - (i) the Share Offer (subject to the Offer Size Adjustment Option) was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;
 - (ii) the Offer Size Adjustment Option was approved and our Directors were authorized to allot and issue the Shares which may be required to be issued if the Offer Size Adjustment Option is exercised;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “D. Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorized, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
 - (iv) conditional on the share premium account of our Company being credited with proceeds of the Share Offer, the Capitalization Issue was approved, and our Directors were authorized to allot and issue 395,000,000 Shares pursuant to the Capitalization Issue, each Shares allotted and issued pursuant to the Capitalization Issue shall rank pari passu in all respects with the then existing issued Shares.
- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Memorandum and the Articles or pursuant to a

specific authority granted by our Shareholders in general meeting or pursuant to the Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, with an aggregate nominal value not exceeding (1) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer (excluding any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme) and (2) the number of Shares repurchased under the authority granted to our Directors as referred to in paragraph (f) below, such mandate to remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked, varied or renewed by an ordinary resolution of our Shareholders in general meeting; and
- (f) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer (excluding any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme) (the “**Repurchase Mandate**”), such mandate to remain in effect until the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

4. Corporate reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization to rationalise the corporate structure of our Group and our Company became the holding company of our Group. The Reorganization involved the following major steps:

- (a) Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 24, 2016. Upon incorporation, one Share was allotted and issued to an initial subscriber, credited as fully paid. On the same day, such Share was transferred to Mr. P. Lim.
- (b) On July 8, 2016, BOSA Investment was incorporated in the BVI as a private limited liability company which is authorized to issue a maximum of 50,000 ordinary shares of par value US\$1.00 each. On the same day, 7,100 shares, 1,100 shares, 1,100 shares and 700 shares in BOSA Investment were allotted and issued, credited as fully paid, to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim.
- (c) On July 12, 2016, BOSA Worldwide was incorporated in the BVI as a private limited liability company which is authorized to issue a maximum of 50,000 ordinary shares of par value US\$1.00 each. On the same day, one share in BOSA Worldwide was allotted and issued, credited as fully paid, to BOSA Investment. Accordingly, BOSA Worldwide became a wholly-owned subsidiary of BOSA Investment.
- (d) On November 10, 2016, BOSA (R&D) was incorporated in the BVI as a private limited liability company which is authorized to issue a maximum of 50,000 shares of par value US\$1.00 each. On the same day, one share in BOSA (R&D) was allotted and issued, credited as fully-paid, to BOSA Investment. Accordingly, BOSA (R&D) became a wholly-owned subsidiary of BOSA Investment.
- (e) On May 26, 2017, in consideration of crediting as fully paid of 10,000 shares, in total, in BOSA Investment held by Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim transferred each of their 7,100 shares, 1,100 shares, 1,100 shares and 700 shares in BOSA HK to BOSA Worldwide. After the share transfer, BOSA HK became a wholly-owned subsidiary of BOSA Worldwide.
- (f) On May 26, 2017, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim transferred their entire shareholding in BOSA Investment to our Company in consideration of a total of 9,999 Shares being allotted and issued to Kin Sun (7,100 Shares), Mr. Yang (1,100 Shares), Mr. Wang (1,100 Shares) and Mr. P. Lim (699 Shares). Immediately after the Share Allotment, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim held 71.0% (7,100 Shares), 11.0% (1,100 Shares), 11.0% (1,100 Shares) and 7.0% (700 Shares) of our Company respectively, and our Company became the holding company of our Group.
- (g) On May 26, 2017, in consideration of capitalization of an amount of HK\$3,905,000, HK\$605,000, HK\$605,000 and HK\$385,000 owing by BOSA HK to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, a total of 10,000 Shares in our Company were allotted and issued to Kin Sun (7,100 Shares), Mr. Yang (1,100 Shares), Mr. Wang (1,100 Shares) and Mr. P. Lim (700 Shares). Immediately after the Loan Capitalization

Issue, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim held 71% (14,200 Shares), 11% (2,200 Shares), 11% (2,200 Shares) and 7% (1,400 Shares) of our Company respectively.

- (h) On May 26, 2017, Mr. K. Lim and Ms. Chiu exercised their share options in our Company, and acquired 2,500 Shares and 1,400 Shares for a consideration of HK\$687,500 and HK\$385,000 respectively from Kin Sun. Immediately after the exercise of the share options, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim and Ms. Chiu held 51.5% (10,300 Shares), 11.0% (2,200 Shares), 11.0% (2,200 Shares), 7.0% (1,400 Shares), 12.5% (2,500 Shares) and 7.0% (1,400 Shares) of our Company respectively.
- (i) On May 26, 2017, Synergy Resources subscribed for 500 Shares at a total consideration of HK\$3,000,000. Immediately after the subscription, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Synergy Resources held 50.3% (10,300 Shares), 10.7% (2,200 Shares), 10.7% (2,200 Shares), 6.8% (1,400 Shares), 12.2% (2,500 Shares), 6.8% (1,400 Shares) and 2.5% (500 Shares) of our Company respectively.
- (j) By a written shareholders' resolution passed by our Shareholders on June 19, 2018, each Share of par value HK\$1.00 each was subdivided into 10,000 Shares of par value HK\$0.0001 each (the "**Subdivision**"). As a result of the Subdivision and as at the Latest Practicable Date, Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim, Mr. K. Lim, Ms. Chiu and Synergy Resources held 103,000,000 Shares, 22,000,000 Shares, 22,000,000 Shares, 14,000,000 Shares, 25,000,000 Shares, 14,000,000 Shares and 5,000,000 Shares, respectively.
- (k) By a written shareholders' resolution passed by our Shareholders on June 19, 2018, the authorized share capital of our Company was increased from HK\$100,000 divided into 1,000,000,000 Shares of par value of HK\$0.0001 each to HK\$1,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.0001 each by the creation of an additional of 9,000,000,000 Shares of HK\$0.0001 each.
- (l) By a written shareholders' resolution passed by our Shareholders on June 19, 2018, conditional upon the share premium account of the Company being credited with the proceeds of the Share Offer, an amount of HK\$39,500 standing to the credit of our Company's share premium account will be capitalized by applying such sum to pay up in full at par a total of 395,000,000 Shares for the allotment and issuance as fully paid up Shares to Kin Sun (198,463,415 Shares), Mr. Yang (42,930,244 Shares), Mr. Wang (42,930,244 Shares), Mr. P. Lim (26,975,000 Shares), Mr. K. Lim (48,170,732 Shares), Ms. Chiu (26,975,610 Shares) and Synergy Resources (9,634,146 Shares) respectively on a pro rata basis.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in “A. Further information about the Company — 4. Corporate reorganization” in this appendix and in the section headed “History, Reorganization and Group Structure” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

(a) *BOSA HK*

BOSA HK was incorporated in Hong Kong on March 14, 2012. The authorized share capital of BOSA HK was, upon incorporation, HK\$10,000 divided into 10,000 shares. The one initial subscriber share was allotted and issued, credited as fully paid, to Kin Sun on the date of incorporation at a consideration of HK\$1.00. On December 6, 2012, 7,099, 1,100, 1,100 and 700 shares were allotted and issued to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim respectively, representing 71.0%, 11.0%, 11.0% and 7.0% of the then total issued share capital of BOSA HK.

On May 26, 2017, in consideration of crediting as fully paid of 10,000 shares, in total, in BOSA Investment held by Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim transferred each of their 7,100 shares, 1,100 shares, 1,100 shares and 700 shares in BOSA HK to BOSA Worldwide. After the share transfer, BOSA HK became a wholly-owned subsidiary of BOSA Worldwide, which in turn is an indirect wholly-owned subsidiary of our Company.

(b) *BOSA Worldwide*

BOSA Worldwide was incorporated in the BVI on July 12, 2016. The authorized share capital of BOSA Worldwide was, upon incorporation, US\$50,000 divided into 50,000 shares of par value US\$1.00 each. The one initial subscriber share was allotted and issued to, credited as fully paid, BOSA Investment. Accordingly, BOSA Worldwide became a wholly-owned subsidiary of BOSA Investment, which in turn is a direct wholly-owned subsidiary of our Company. Since the incorporation of BOSA Worldwide, there has been no further change in the share capital or shareholding of BOSA Worldwide.

(c) *BOSA Investment*

BOSA Investment was incorporated in the BVI on July 8, 2016. The authorized share capital of BOSA Investment was, upon incorporation, US\$50,000 divided into 50,000 shares of par value US\$1.00 each. On the date of incorporation, 7,100 shares, 1,100 shares, 1,100 shares and 700 shares in BOSA Investment were allotted and issued, not credited as fully paid, to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim.

On May 26, 2017, Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim transferred their entire shareholding in BOSA Investment to our Company. Accordingly, BOSA Investment became the direct wholly-owned subsidiary of our Company.

(d) BOSA (R&D)

BOSA (R&D) was incorporated in the BVI on November 10, 2016. The authorized share capital of BOSA (R&D) was, upon incorporation, US\$50,000 divided into 50,000 shares of par value US\$1.00 each. On the date of incorporation, one initial subscriber share in BOSA (R&D) was allotted and issued, credited as fully-paid, to BOSA Investment. Accordingly, BOSA (R&D) became a wholly-owned subsidiary of BOSA Investment, which in return is a direct wholly-owned subsidiary of our Company.

6. Repurchase of Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of Shares by our Company.

The GEM Listing Rules permit companies which primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(a) Shareholders' approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction. As mentioned in the section headed "3. Written Resolutions of our Shareholders passed on June 19, 2018", our Directors were granted the Repurchase Mandate on June 19, 2018, through which they were authorized to exercise all powers of our Company to repurchase Shares on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer (excluding any Shares to be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme), and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Source of funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorized by the Articles and subject to the Companies Law, out of capital.

(d) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company shall not purchase shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase, whether on GEM or otherwise (other than an issue of securities pursuant to exercise of warrants, share options or similar instruments requiring the issue to issue securities, which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if that repurchase would result in the number of securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(e) Status of Repurchased Shares

All repurchased Shares (whether on GEM or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Companies Law, unless, prior to the purchase, the directors of the Company resolve to hold the shares by the Company as treasury shares, a company's repurchased shares will be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(f) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day (whether on GEM or otherwise). In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(g) Core Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a "core connected person" (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them, and a core connected person shall not knowingly sell Shares to our Company on GEM.

(h) Exercise of the Repurchase Mandate

On the basis of 800,000,000 Shares in issue immediately after completion of the Capitalization Issue and the Share Offer, our Directors would be authorized under the Repurchase Mandate to repurchase up to 80,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(i) General

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to our Company or any of its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to in force in the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the Listing pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.


Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person has notified our Company that he has a present intention to sell Shares to our Company or any of its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:




- (a) the loan settlement agreement dated May 26, 2017 entered into among Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim (collectively, the “**Lenders**”) and our Company pursuant to which our Company, on behalf of BOSA HK, settled an aggregate sum of HK\$5,500,000 (the “**Sum**”) out of the loans in the amount of HK\$9,141,468 provided by the Lenders to BOSA HK, and capitalized the Sum by allotting and issuing 7,100, 1,100, 1,100 and 700 shares of HK\$1.00 each in our Company to each of Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim, respectively;
- (b) the loan repayment agreement dated May 26, 2017 entered into among Kin Sun, Mr. P. Lim, Mr. Yang, Mr. Wang and our Company pursuant to which our Company agreed to repay, on behalf of BOSA HK, HK\$2,256,468, HK\$1,035,000, HK\$175,000 and HK\$175,000 to Kin Sun, Mr. P. Lim, Mr. Yang and Mr. Wang, respectively, on or before the Listing Date;
- (c) the agreement for subscription of shares in the capital of our Company dated May 26, 2017 entered into between our Company and Synergy Resources pursuant to which Synergy Resources subscribed for 500 Shares of HK\$1.00 each in our Company, representing approximately 2.44% of the issued share capital of our Company upon closing on May 26, 2017, for an aggregate consideration of HK\$3,000,000;
- (d) the shareholders’ agreement in relation to our Company dated May 26, 2017 entered into by and among Kin Sun, Mr. P. Lim, Mr. Wang, Mr. Yang, Mr. K. Lim, Ms. Chiu, Synergy Resources and our Company;
- (e) the sale and purchase agreement dated May 26, 2017 entered into among Kin Sun, Mr. Yang, Mr. Wang, Mr. P. Lim and our Company pursuant to which, in consideration of allotment and issuance of 7,100, 1,100, 1,100 and 699 ordinary shares of HK\$1.00 each in our Company to Kin Sun, Mr. Yang, Mr. Wang and Mr. P. Lim (collectively, the “**Vendors**”), respectively, the Vendors agreed to transfer 10,000 ordinary shares, representing 100% of the issued share capital, of BOSA Investment, to our Company;
- (f) the patent assignment dated May 26, 2017 entered into among Mr. Kwan, Ms. Wang Yu Ju (王玉茹) and BOSA (R&D) pursuant to which Mr. Kwan and Ms. Wang Yu Ju agreed to assign the PRC patent relating to steel bar structure and steel bar structure forming equipment (application no.: CN201120351976.5; grant/patent no.: CN202299127U) and Hong Kong patent relating to reinforcement bar structure and the forming equipment (application no.: 12107513.9, grant/patent no.: HK1168984) to BOSA (R&D) for a consideration of one hundred Hong Kong dollars (HK\$100.00);

- (g) the patent assignment dated May 26, 2017 entered into between Mr. K. Lim and BOSA (R&D) pursuant to which Mr. K. Lim agreed to assign the Taiwan patent relating to coupler (publication no.: 201416525; patent no.: I502117) and the U.S. patent relating to coupler (publication no.: US 2014/015678 A1, patent no.: US9,181,967 B2) to BOSA (R&D) for a consideration of one hundred Hong Kong dollars (HK\$100.00);
- (h) the trade mark assignment dated May 26, 2017 entered into between Kin Sun and BOSA (R&D) pursuant to which Kin Sun agreed to assign the trademarks  (registration no.: 302172889) and **Servispllice** (registration no.: 302197396) to BOSA (R&D) for a consideration of one hundred Hong Kong dollars (HK\$100.00);
- (i) the patent assignment dated September 15, 2017 entered into among Mr. Yang, Mr. K. Lim and BOSA (R&D) pursuant to which Mr. Yang and Mr. K. Lim agreed to assign the Taiwan patent relating to cold forging machine (application no.: 104217019; grant/patent no.: M517649) and the PRC patent relating to cold forging takes shape quick-wittedly (application no.: CN201520868686.6; grant/patent no.: CN205165689U) to BOSA (R&D) for a consideration of one hundred Hong Kong dollars (HK\$100.00);
- (j) the patent assignment dated September 15, 2017 entered into between Mr. K. Lim and BOSA (R&D) pursuant to which Mr. K. Lim agreed to assign the PRC patent relating to connect improvement structure (application no.: CN201620755617.9; grant/patent no.: CN205977941U) and the Hong Kong patent relating to modified joint structure (application no.: 16109794.1; grant/patent no.: HK1222764) to BOSA (R&D) for a consideration of one hundred Hong Kong dollars (HK\$100.00);
- (k) the CS Deed of Non-Competition;
- (l) the Yang Deed of Non-Competition;
- (m) the Deed of Indemnity; and
- (n) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademark

As at the Latest Practicable Date, our Group had the following trademarks which we believe are material to our Group's business:

No.	Description	Trade Mark Number	Class number	Original owner	Place of registration	Term	Effective date of assignment
1	Trade Mark (Seispllice) 	302172889	6	Kin Sun, our Controlling Shareholder	Hong Kong	10 years from February 27, 2012	May 26, 2017
2	Trade Mark (Servispllice) 	302197396	6	Kin Sun, our Controlling Shareholder	Hong Kong	10 years from March 21, 2012	May 26, 2017
3	BOSA 	303987046	6, 40	BOSA (R&D)	Hong Kong	10 years from December 8, 2016	N/A

(b) Patent

As at the Latest Practicable Date, our Group had the following patents which we believe are material to our Group's business:

No.	Description	Application/patent number	Original owner(s)	Place of registration	Term	Effective date of assignment
1	Short-term Patent (Reinforcement bar structure and the forming equipment)	HK1168984	Mr. Kwan, Chairman of our Board, non-executive Director and our Controlling Shareholder, and Ms. Wang Yu-Ju (spouse of Mr. Wang)	Hong Kong	8 years from August 1, 2012	May 26, 2017
2	Patent (Coupler)	US9,181,967 B2	Mr. K. Lim, our executive Director and Chief Executive Officer	United States	20 years from June 21, 2013	May 26, 2017
3	Patent (Steel bar structure and steel bar structure forming equipment)	CN201120351976.5	Mr. Kwan, Chairman of our Board, non-executive Director and our Controlling Shareholder, and Ms. Wang Yu-Ju (spouse of Mr. Wang)	PRC	10 years from September 16, 2011	Aug 30, 2017
4	Patent (Coupler)	I502117	Mr. K. Lim, our executive Director and Chief Executive Officer	Taiwan	20 years from October 24, 2012	May 26, 2017
5	Patent (Cold forging machine)	M517649	Mr. K. Lim, our executive Director and Chief Executive Officer, and Mr. Yang, our technical manager	Taiwan	10 years from October 23, 2015	May 26, 2017
6	Patent (Cold forging machine)	CN201520868686.6	Mr. K. Lim, our executive Director and Chief Executive Officer, and Mr. Yang, our technical manager	PRC	10 years from November 3, 2015	Sept 29, 2017
7	Patent (Connect improvement structure)	CN201620755617.9	Mr. K. Lim, our executive Director and Chief Executive Officer	PRC	10 years from July 18, 2016	Oct 12, 2017
8	Short-term Patent (Modified joint structure)	HK1222764	Mr. K. Lim, our executive Director and Chief Executive Officer	Hong Kong	8 years from August 16, 2016	May 26, 2017

(c) Domain name(s)

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain name	Expiry date
www.bosa-tech.com	June 8, 2021
www.bosa-technology.com	June 8, 2021

Information contained in the above websites do not form part of this prospectus. Save as disclosed above, there is no other trade or service mark, patent, and other intellectual or industrial property rights which is material to the business of our Group.

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**1. Disclosure of Interests****(a) *Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and our associated corporations***

Immediately following completion of the Capitalization Issue and the Share Offer (without taking account any Shares to be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on GEM, would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required 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 relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name of Director	Nature of interest	Number of Shares	Percentage of shareholding (without taking into account of any Shares which may be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of share options which may be granted under the Share Option Scheme)
Mr. Kwan	Interest in a controlled corporation	301,463,415	37.7%
Mr. K. Lim ¹	Beneficial owner	73,170,732	9.2%
Mr. P. Lim ¹	Beneficial owner	40,975,610	5.1%

Note:

1. Mr. K. Lim and Mr. P. Lim are siblings.

(ii) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Number of Shares	Percentage of shareholding in the associated corporation
Mr. Kwan	Kin Sun	10,000	100%

(b) Interests of substantial Shareholders in the Shares and underlying Shares

So far as is known to our Directors and taking no account any Shares which may be issued pursuant to options which may be granted under the Share Option Scheme, the following persons will, immediately following completion of the Capitalization Issue and the Share Offer (without taking account any Shares to be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries:

Name	Capacity in which interests are held	Number of Shares	Percentage of shareholding in our Company without taking account of any Shares which may be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of share options which may be granted under the Share Option Scheme)
Kin Sun	Beneficial owner	301,463,415	37.7%
Mr. Kwan ¹	Interest in a controlled corporation	301,463,415	37.7%
Mr. K. Lim ²	Beneficial owner	73,170,732	9.2%
Mr. Yang	Beneficial owner	64,390,244	8.0%
Mr. Wang	Beneficial owner	64,390,244	8.0%
Mr. P. Lim ²	Beneficial owner	40,975,610	5.1%
Ms. Chiu ³	Beneficial owner	40,975,610	5.1%
Ms. Ha Jasmine Nim Chi ⁴	Interest of spouse	301,463,415	37.7%
Ms. Chan Ching ⁵	Interest of spouse	73,170,732	9.2%
Mr. Liu Li Wen ⁶	Interest of spouse	64,390,244	8.0%
Mr. Wang Yu-Ju ⁷	Interest of spouse	64,390,244	8.0%
Ms. Ng Pei Ying ⁸	Interest of spouse	40,975,610	5.1%

Notes:

1. Mr. Kwan beneficially owns 100% of the entire issued shares of Kin Sun. Therefore, Mr. Kwan is deemed, or taken to be, interested in 301,463,415 Shares held by Kin Sun for the purposes of the SFO.
2. Mr. K. Lim and Mr. P. Lim are siblings.
3. Ms. Chiu is our administration manager. Please refer to the section headed “Directors and Senior Management — Senior management” in this prospectus for details relating to her background and experience.
4. Ms. Ha Jasmine Nim Chi, spouse of Mr. Kwan, is deemed, or taken to be, interested in 301,463,415 Shares in which Mr. Kwan is interested for the purposes of the SFO.
5. Ms. Chan Ching, spouse of Mr. K. Lim, is deemed, or taken to be, interested in 73,170,732 Shares in which Mr. K. Lim is interested for the purposes of the SFO.
6. Ms. Liu Li Wen, spouse of Mr. Yang, 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, is deemed, or taken to be interested in 64,390,244 Shares in which Mr. Wang is interested for the purposes of the SFO.
8. Ms. Ng Pei Ying, spouse of Mr. P. Lim, is deemed, or taken to be, interested in 40,975,610 Shares in which Mr. P. Lim is interested for the purposes of the SFO.

2. Particulars of service agreements*Executive Directors*

Each of our executive Directors has entered into a service contract with our Company under which he/she agreed to act as an executive Director for an initial term of three years with effect from the Listing Date. Either party thereto has the right to give not less than three months’ written notice to terminate the said contract.

Non-executive Director

Our non-executive Director has been appointed by our Company for an initial term of three years commencing from the Listing Date. Either the Company or non-executive Director has the right to give not less than three months’ written notice to terminate the appointment.

Independent non-executive Directors

Each of our independent non-executive Directors has been appointed by our Company for an initial term of three years commencing from the Listing Date. Either our Company or independent non-executive Director has the right to give not less than three months’ written notice to terminate the appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

The aggregate amount of emoluments (including salaries fees, salaries, performance related bonus and retirement benefit scheme benefits) paid by our Group to our Directors in respect of the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 were approximately HK\$3.0 million, HK\$3.0 million and HK\$1.4 million, respectively.

The current basic annual salaries (excluding bonus and pension) of our executive Directors are as follows:

Name of director	Basic annual salary
Mr. K. Lim	HK\$943,800
Mr. P. Lim	HK\$629,200

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary bonus or benefits, contributions to retirement benefit schemes and pension and other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	HK\$
Mr. K. Lim	943,800
Mr. P. Lim	629,200
Non-executive Director	HK\$
Mr. Kwan	1
Independent non-executive Directors	HK\$
Mr. Chan Chi Keung Alan	240,000
Mr. Ng Ming Hon	240,000
Ms. Chu Wei Ning	240,000

Under the arrangement currently proposed, we estimate the total compensation (excluding any commission, payment pursuant to any discretionary bonus or benefits, contributions to retirement benefit schemes, pension and other fringe benefits), to be paid or accrued to our Directors for the year ending June 30, 2019 to be approximately HK\$2.3 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017 (i) as an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which our Director has waived or agreed to waive any emoluments for the years ended June 30, 2016 and 2017 and the six months ended December 31, 2017.

After the Listing, our Company's remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, time devoted to our Group and performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

4. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting — Total commission, fee and expenses" in this prospectus, and in the section headed "E. Other Information — 3. Sole sponsor" in this appendix, none of our Directors or the experts named in the section headed "E. Other information — 9. Qualifications of experts" in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 27 to the Accountant's Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

- (a) Save as disclosed in the sections headed "Substantial Shareholders" in this prospectus and "C. Further information about substantial Shareholders and Directors — 1. Disclosure of interests — (b) Interests of substantial Shareholders in the Shares and underlying Shares" in this appendix, and taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandate as referred to in the section headed "A. Further information about the Company" in this appendix, and taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalization Issue and the Share Offer (without taking account of any Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and upon exercise of shares options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly

interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

- (b) Save as disclosed in the section headed “C. Further information about substantial Shareholders and Directors — 1. Disclosure of interests — (a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and our associated corporations” in this appendix, and taking no account of any Shares to be issued pursuant to exercise of the Offer Size Adjustment Option and upon exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on GEM.
- (c) None of the Directors nor the experts named in the section headed “E. Other information — 9. Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (d) None of the Directors or the experts named in the section headed “E. Other information — 9. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.
- (e) None of the Directors or the experts named in the section headed “E. Other information — 9. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.
- (f) So far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted pursuant to the written resolutions of our Shareholders passed on June 19, 2018 and the written resolutions of our Directors passed on June 19, 2018:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or reward for Eligible Participants (defined below) for their contribution or potential contribution to the Company and/or any of its Subsidiaries.

(b) Participants of the Share Option Scheme and the basis of determining the eligibility of the participants

Our Board may, subject to and in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, at its discretion, grant options to 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, who in the absolute discretion of our Board has contributed or will contribute to our Group (collectively “**Eligible Participants**”).

(c) Status of the Share Option Scheme*(i) Conditions of the Share Option Scheme*

The Share Option Scheme shall take effect subject to and conditional upon: (i) the passing of the necessary resolutions to approve and adopt the Share Option Scheme by our Shareholders and our Board; (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional (including, if relevant, following the waiver(s) of any conditions by the Sole Sponsor) (acting for and on behalf of the Underwriter) and not being terminated in accordance with their terms or otherwise; (iii) the GEM Listing Committee approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of options under the Share Option Scheme; and (iv) the commencement of dealing in the shares on GEM (the “**Conditions**”).

(ii) Life of the Share Option Scheme

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) (the “**Scheme Period**”), after which time no further option will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(d) Grant of options*(i) Making of offer*

If our Board determines to offer an option to an Eligible Participant, our Board shall forward to the relevant Eligible Participant an offer document in such form as our Board may from time to time determine which requires (or, alternatively, documents accompanying the offer document which requires) (the “**Offer Document**”) the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme (including any operational rules made under the Share Option Scheme). The offer shall remain open for acceptance for a period of not more than 14 days from the date on which it is made (the “**Offer Date**”) provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of the Share Option Scheme. Unless otherwise determined by our Board and stated in the Offer Document, there shall be no general performance target for the vesting or exercise of options.

(ii) Acceptance of an offer

An option shall be deemed to have been granted to (subject to certain restrictions in the Share Option Scheme), and accepted by, the Eligible Participant (the “**Grantee**”) and to have taken effect upon the issue of an option certificate after the duplicate Offer Document comprising acceptance of the option duly signed by the Grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance set out in subparagraph (i) above. The remittance is not in any circumstances refundable and shall be deemed as part payment of the exercise price. Once accepted, the option is granted as from the date on which it was offered to the relevant Grantee.

(iii) Restrictions on time of grant

- (1) No grant of options shall be made after any inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, no option shall be granted during the period of one month immediately preceding the earlier of:
 - (i) the date of our Board meeting as shall have been notified to the Stock Exchange for the approval of our Company’s results for any year, half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules or quarterly or other interim period (whether or not required under the GEM Listing Rules),

and ending on the actual date of the results announcement for such year, half year, quarterly or interim period (as the case may be). The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

- (2) For so long as the shares are listed on GEM, no Options may be granted to a Director on any day on which financial results of the Company are published and:
 - (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(iv) Grant to connected persons

Any grant of options to a connected person must be approved by all the independent non-executive Directors (excluding any independent non-executive director who is also a proposed Grantee of the options, the vote of such independent non-executive director shall not be counted for the purposes of approving the grant).

(v) Grant to substantial shareholders and independent non-executive directors

Without prejudice to sub-paragraph (iv) above, any grant of options to a substantial shareholder or an independent non-executive Director of our Company or any of their respective associates shall be subject to, in addition to the approval of the independent non-executive Directors of our Company, the issue of a circular by our Company to its Shareholders and the approval of our Shareholders of our Company in general meeting if the shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the Offer Date:

- (1) would represent in aggregate more than 0.1 per cent, or such other percentage as may from time to time be provided under the GEM Listing Rules, of the Shares in issue on the Offer Date; and
- (2) would have an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, in excess of HK\$5,000,000 (or such other amount as shall be permissible under the GEM Listing Rules from time to time).

(vi) *Proceedings in general meeting to approve the grant of option*

At the general meeting to approve the proposed grant of options under sub-paragraph (v) above, all connected persons of our Company must abstain from voting. At such general meeting, the vote to approve the grant of such options must be taken on a poll in accordance with the Articles and the relevant provisions of the GEM Listing Rules.

(vii) *Performance target*

Our Board has the discretion to require a particular Grantee to achieve certain performance targets specified at the time of grant before any option granted under the Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Share Option Scheme and our Board currently has no intention to set any specific performance targets on the exercise of any options granted or to be granted under the Share Option Scheme.

(e) Exercise price

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Exercise Price**”) shall, subject to any adjustment pursuant to paragraph (g) below, be a price determined by our Board but in any event shall be at least the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the Offer Date;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share;

except that for the purposes of calculating the Exercise Price under sub-paragraph (ii) above for an option offered within five Business Days of the Listing Date, the price at which the Shares are to be offered for subscription pursuant to the Share Offer shall be used as the closing price for any Business Day falling within the period before the Listing Date.

(f) Maximum number of Shares available for subscription

(i) *Scheme Limit*

Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue immediately upon completion of the Listing (“**Scheme Limit**”) which is expected to be 80,000,000 Shares (assuming the over-allotment option is not exercised). For the purpose of calculating the Scheme Limit, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted.

(ii) Renewal of Scheme Limit

Our Company may seek approval by our Shareholders in general meeting for renewing the Scheme Limit provided that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of our Company under the Scheme Limit as renewed must not exceed 10% of the total number of Shares in issue as at the date of the shareholders' approval. Options previously granted under the Share Option Scheme, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted for the purpose of calculating the limit as renewed.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph (ii), a circular containing the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules must be sent to our Shareholders.

(iii) Grant of Options beyond Scheme Limit

Our Company may seek separate approval by our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the options in excess of the Scheme Limit are granted only to Eligible Participants who are specifically identified before such approval is sought.

For the purpose of seeking the approval of our Shareholders under this sub-paragraph (iii), our Company must send a circular to our Shareholders containing a generic description of the specified Grantees who may be granted such options, the number and terms of the options to be granted, the purpose of granting such options to the Grantees with an explanation as to how the terms of options serve such purpose and the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer as required under Rule 23.02(4) of the GEM Listing Rules.

(iv) Maximum number of Shares issued pursuant to Options

Notwithstanding anything to the contrary in the Share Option Scheme, the maximum limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed such number of Shares as shall represent 30% of the Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

(v) Grantee's maximum holding

Unless approved by our Shareholders in general meeting in the manner prescribed in the GEM Listing Rules, our Board shall not grant options to any Grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his options during any 12 month period up to the Offer Date exceeding 1% of the total Shares then in issue.

Where any further grant of options to a Grantee, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Grantee (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such Grantee and his close associates (or associates if the Grantee is a connected person) abstaining from voting. Our Company must send a circular to our Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted and options previously granted to such Grantee and the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules. The number and terms (including the Exercise Price) of the options to be granted to such Participant must be fixed before the Shareholders' approval. The date of the meeting of our Board for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Exercise Price.

(vi) Adjustment

The number of Shares subject to the options and to the Share Option Scheme shall be adjusted in such manner as our Company's independent financial adviser shall certify to our Board to be appropriate, fair and reasonable in accordance with paragraph (g) below but in any event shall not result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the other schemes exceeding 30 per cent.

(g) Capital restructuring

(i) Adjustment of options

In the event of any capitalization issue, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation of Shares, or reduction of capital of our Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of our Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (1) the number of Shares subject to any outstanding option;
- (2) the Exercise Price; and/or
- (3) the number of Shares subject to the Share Option Scheme;

as the approved independent financial adviser shall at the request of our Company or any Grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all the issuers relating to share option schemes) as that

to which the Grantee was previously entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate Exercise Price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event, but not so that the effect would be to enable any Share to be issued to a Grantee at less than its nominal value, provided that no adjustment to the Exercise Price and number of Shares should be made to the advantage of the Eligible Participants without specific prior approval of our Shareholders.

(ii) Independent financial advisor confirmation

On any capital reorganization other than a capitalization issue, independent financial adviser shall certify in writing to our Board that the adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes and/or such other requirement prescribed under the GEM Listing Rules from time to time.

(h) Cancellation of options

Any cancellation of options granted but not exercised must be approved in writing by the Grantees of the relevant options. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (i). Where our Company cancels options, the grant of new options to the same Grantee may only be made under the Share Option Scheme within the limits set out in paragraph (f).

(i) Assignment of options

An option is personal to the Grantee and shall not be transferable or assignable. No Grantee shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt to do so (except that the Grantee may nominate a nominee, in whose name the Shares issued pursuant to the Share Option Scheme may be registered).

(j) Rights attached to the Shares

The Shares to be allotted upon exercise of an option will be subject to all the provisions of our Articles and will rank pari passu with the fully paid Shares in issue on the date of issue. Accordingly, the Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the Registration Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which is before the Registration Date.

A Share issued upon the exercise of an option shall not carry any voting rights until the registration of the Grantee or his nominee as the holder of the Share on the register of members of our Company.

Shares issued on the exercise of an option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(k) Exercise of options*(i) General*

There is no general requirement that an option must be held for any minimum period before it can be exercised. The period during which an option may be exercised in accordance with the terms of the Share Option Scheme (“**Option Period**”) shall be the period of time to be notified by our Board to each Grantee, which our Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the date upon which the vesting period as described in the respective Grantee’s Offer Document commences.

(ii) Rights on a takeover

In the event of a general offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use its best endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the option granted to them, our Shareholders. If such offer becomes or is declared unconditional, the Grantee (or his legal representative(s)) shall be entitled to exercise the option (to the extent not already exercised) to its full extent at any time within 14 days following the date on which the offer becomes or is declared unconditional.

(iii) Rights on a voluntary winding up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each of our Shareholders give notice to all Grantees. Upon receipt of such notice, each Grantee (or where permitted, his or her legal personal representative(s)) shall be entitled to exercise all or any of the option at any time not later than two (2) business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given. Upon receipt of such notice together with the remittance by our Company, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid.

(iv) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and our Shareholders and/or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice (together with a notice of the existence of the provisions of this paragraph) to all the Grantees on the same day as it gives notice of the meeting to its shareholders and/or

creditors to consider the compromise or arrangement. Upon receipt of the notice, the Grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to twelve (12) noon (Hong Kong time) on the Business Day immediately preceding the date of meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there is more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective all options shall, to the extent that they have not been exercised lapse and determine. Our Board shall endeavor to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

(l) Lapse of options

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of the periods referred to in sub-paragraphs k(ii) to (iv) above;
- (3) the date of the commencement of the winding-up of our Company in respect of the situation contemplated in sub-paragraph k(iii);
- (4) the date the scheme or compromise referred to in sub-paragraph k(iv) above becomes effective;
- (5) the date that is thirty (30) days after the date on which a Grantee is terminated by our Company and/or any of its subsidiaries by reasons other than termination of employment on grounds under sub-paragraphs (6) and (7) below;
- (6) the date on which our Board or board of the relevant member of our Group resolves that a Grantee ceases to be an Eligible Participant by reason of his resignation on dismissal, or by reason of the termination of his relationship with our Company and/or any of its subsidiaries on any one or more of the following grounds:
 - (a) that he has been guilty of serious misconduct; or
 - (b) that he has been convicted of a criminal offense involving his integrity or honesty;

- (7) the date on which our Board resolves that a Grantee ceases to be qualified as an Eligible Participant on any other grounds on which an employer would be entitled to unilaterally terminate his employment or service at common law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant subsidiaries;
- (8) the date on which a Grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (h) above;
- (9) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer Document, if any.

(m) Amendment of the Share Option Scheme

(i) Amendments requiring Board approval

Any amendment to the Share Option Scheme other than those set out in sub-paragraph (ii) below must be approved by the majority of our Board.

(ii) Amendments requiring shareholder approval

Subject to sub-paragraph (iii), the following matters require the prior sanction of a resolution of our Shareholders in general meeting:

- (1) any change to the provisions relating to:
 - (i) the purpose, duration and control of the Share Option Scheme;
 - (ii) the definitions of "Grantee", "Option Period", "Eligible Participant" and "Expiry date" contained in the Share Option Scheme; and
 - (iii) the provisions relating the Scheme Period, the basis of eligibility for options, the making of offer, the contents of Offer Document, the acceptance of an option, the Exercise Price, the granting of options to connected persons, substantial shareholders and independent non-executive directors, the exercise of options, the lapse of options, the maximum number of shares available for subscription, cancellation of options, reorganization of capital structure and termination of the Share Option Scheme; which operates to the advantage of Eligible Participants or Grantees;
- (2) any amendment to the terms and conditions of the Share Option Scheme which are of a material nature except where such amendment takes effect automatically under the existing terms of the Share Option Scheme; and
- (3) any amendment to the terms of options granted except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

(iii) *Amendments requiring the super majority consent from the Grantees*

Notwithstanding any approval obtained pursuant to sub-paragraph (ii) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted prior to such amendment except with the consent or sanction in writing of such number of Grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date or the sanction of a special resolution, except where such amendment takes effect automatically under the existing terms of the Share Option Scheme.

(n) Termination

Our Company may at any time terminate the operation of the Share Option Scheme by resolution of our Board or resolution of our shareholders in general meeting and in such event no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of the options (to the extent not already exercised) granted prior to the termination or otherwise or may be required in accordance with the provisions of the Share Option Scheme. All options granted prior to the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

As at the Latest Practicable Date, no option has been granted by our Company under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Mr. Kwan and Kin Sun (collectively, the “**Indemnifiers**”) have, under a Deed of Indemnity referred to in paragraph (I) of the section headed “B. Further information about the business — 1. Summary of material contracts” in this appendix, given joint and several indemnities to our Company for ourselves and as trustee for our subsidiaries in connection with, amongst other things, taxation resulting from profits or gains earned, accrued or received, and any penalty imposed due to non-compliance with any applicable laws, rules and regulations by our Group on or before the date the Share Offer becomes unconditional.

Tax indemnities

Under the deed of indemnity, amongst others, our Controlling Shareholders will jointly and severally indemnify our Company and each of the members of our Group against:

- (a) any taxation falling on our Group relating to any estate duty in any part of the world on or before the date on which the Share Offer becomes unconditional and dealings in Shares of our Company first commence on the Stock Exchange (the “**Effective Date**”);
- (b) any taxation falling on our Group resulting from or by reference to, inter alia, any income received on or before the Effective Date;

- (c) all reasonable costs which our Group may properly incur in taxation claim against our Group; and
- (d) any taxation arising out of any additional assessments by any fiscal authorities in relation to the tax years beginning April 1, 2012 and ending on the Effective Date;

The indemnity will not cover any taxation claim, to the extent that, *inter alia*:

- (a) full provision or allowance has been made for such taxation in the audited accounts of our Group up to December 31, 2017;
- (b) subject to (a) above, such taxation arises as a result of any retrospective change in law or increase in tax rates coming into force after the Effective Date;
- (c) the liability for such taxation that is caused by the act or omission of, or transaction voluntarily effected by our Group in the ordinary course of business;
- (d) any provision or reserve made for such taxation in the audited accounts of our Group up to December 31, 2017, which is finally established to be an over-provision or an excessive reserve.

Non-compliance with and/or breach of laws, rules and regulations

Our Controlling Shareholders will jointly and severally indemnify our Company and each of the members of our Group, *inter alia*, against any claims, actions, losses, liabilities and costs incurred by our Group as a result of any non-compliance with the applicable laws, rules and regulations by our Group on or before the Effective Date.

The above indemnity does not apply to a liability arising out of any retrospective change in the law coming into force after the Effective Date.

Outstanding and potential litigation

Our Controlling Shareholders will jointly and severally indemnify our Company and each of the members of our Group, *inter alia*, against any losses, liabilities, costs, damages and fees incurred by our Group as a result of any outstanding and potential litigations, including criminal litigations, and claims against our Group on or before the Effective Date.

The above indemnity does not apply to a liability arising out of any retrospective change in the law coming into force after the Effective Date.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

Our Directors confirmed that save as disclosed in the section headed “Business — Litigation and potential claims” in this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the Capitalization Issue and the exercise of the options which may be granted under the Share Option Scheme (representing 10% of the Shares in issue on the Listing Date).

The Sole Sponsor has confirmed to the Stock Exchange that they are independent from our Company and satisfy Rule 6A.07 of the GEM Listing Rules.

Neither the Sole Sponsor nor any of its close associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of sole sponsorship, financial advisory and documentation fee paid and to be paid to the Sole Sponsor for acting as the Sole Sponsor of the Share Offer;
- (b) certain close associates of the Sole Sponsor whose usual and ordinary courses of business involve trading of and dealing in securities may derive commissions from the trading of and dealing in securities of our Company or provide margin financing in connection thereto or purchase or sell securities of our Company or hold securities of our Company for investment purposes after its Listing on GEM; and
- (c) by way of compliance advisory fee to be paid to Kingsway Capital Limited as our Company’s compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

Sole Sponsor’s fees

The fee payable by our Company to the Sole Sponsor to act as sponsor in relation to the Listing is HK\$4.5 million, and the Sole Sponsor will be reimbursed for their expenses properly incurred in connection with the Share Offer.

Save as disclosed in the section headed “Underwriting” in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years preceding the date of this prospectus.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Kingsway Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$33,450 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

7. Financial Adviser

Our Company has not retained any financial adviser in connection with the Listing.

8. Selling shareholder

Our Company has no selling shareholder in connection with the Listing.

9. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion, letter or advice (as the case may be) which is contained in this prospectus:

Name	Qualifications
Kingsway Capital Limited	A licensed corporation to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Appleby	Legal advisors of our Company as to the Cayman Islands Law
KEland Surveying, Planning and GIS Co. Limited	Authorized land surveyors
Ms. Queenie W. S. Ng	Barrister-at-law of Hong Kong

Name	Qualifications
Mr. Douglas Clark	Barrister-at-law of Hong Kong
Frost & Sullivan International Limited	Industry consultant

10. Consents of experts

Each of the experts named in the sub-section headed “E. Other information — 9. Qualifications of experts” in this appendix has given and has not withdrawn its/her/his respective written consents to the issue of this prospectus, with the inclusion of its/her/his letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or references to its/her/his name included herein in the form and context in which they respectively appear.

None of the experts named in the sub-section headed “E. Other information — 9. Qualifications of experts” in this appendix has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by our Company’s principal share registrar, Eterra Trust (Cayman) Limited and a branch register of members of our Company in Hong Kong will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

13. No material adverse change

Save as disclosed in the section headed “Financial Information — Recent developments — No material adverse change” in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or our subsidiaries since December 31, 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date.

14. Taxation of holders of Shares**(a) Hong Kong****(i) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty was abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on February 11, 2006. The estate of a person who died before February 11, 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including July 15, 2005 to February 11, 2006 with the principal value exceeding HK\$7.5 million shall be a nominal amount of HK\$100. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of shares whose death occurs on or after February 11, 2006.

(b) The Cayman Islands

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from March 14, 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intended holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

15. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
 - (i) saved as disclosed in the sections headed “History, Reorganization and Group Structure” in this prospectus and “— A. Further information about the Company — 2. Changes in the authorized and issued share capital of our Company”, “— 4. Corporate reorganization” and “— 5. Changes in share capital of subsidiaries” in this appendix, no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed or intended to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
 - (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any shares or debenture of our Company or any of its subsidiaries.
- (b) No founders, management or deferred shares or any debentures of our Company have been issued or agreed to be issued.

- (c) No share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.
- (d) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.
- (e) None of the experts named in the sub-section headed “E. Other information — 9. Qualifications of experts” in this appendix:
 - (i) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares;
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares; or
 - (iii) has received any commission, discount, agency fee, brokerage or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group.
- (f) Our Company and our subsidiaries do not have any debt securities issued or outstanding, or authorized or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date.
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) There is no arrangement under which future dividends have been waived.
- (i) Our Group has no outstanding convertible debt securities.
- (j) The English text of this prospectus shall prevail over the Chinese text.

16. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The copies of documents attached to this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (ii) copies of the written consents referred to in the section headed “Statutory and General Information — E. Other information — 9. Qualifications of experts” in Appendix IV of this prospectus; and (iii) copies of the materials contracts referred to in the section headed “Statutory and General Information — B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Dorsey & Whitney at Suite 3008, One Pacific Place, 88 Queensway, Admiralty, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of our Company;
- (b) the audited consolidated financial statements of our Group for the two years ended June 30, 2016 and 2017 and the six months ended December 31, 2017;
- (c) the service contracts and appointment letters referred to in the section headed “Directors and Senior Management — Compensation of Directors and management” in this prospectus;
- (d) the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus prepared by Deloitte Touche Tohmatsu;
- (e) the assurance report on compilation of unaudited pro forma financial information issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (f) the expert advice issued by KELand Surveying, Planning and GIS Co. Limited in relation to Fanling workshop on Lot Nos. 1467 and 1468 in D.D. 77, North, New Territories dated August 15, 2017;
- (g) the expert advice issued by KELand Surveying, Planning and GIS Co. Limited in relation to Ping Che workshop on Lot No. 884 AB and Short Term Tenancy No. 1293 in D.D. 77, Ping Che, New Territories dated January 23, 2017;
- (h) the expert advice issued by KELand Surveying, Planning and GIS Co. Limited in relation to Yuen Long workshop on Lot Nos. 381 RP (Part), 382 RP (Part), 383 RP (Part), 384, 385, 386 (Part), 389 RP (Part), 390 RP (Part), 391 RP (Part), 449 (Part), 451 (Part) and 452 (Part) in D.D. 119, Yuen Long, New Territories dated November 23, 2016;
- (i) the letter of advice dated June 28, 2018 issued by Appleby summarising certain aspects of Cayman Companies Law as referred to in Appendix III to this prospectus;

- (j) the material contracts referred to in the section headed “Statutory and General Information — B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (k) the written consents referred to in the section headed “E. Other information — 9. Qualifications of experts” in Appendix IV to this prospectus;
- (l) the Cayman Islands Companies Law;
- (m) the rules of the Share Option Scheme referred to in the section headed “D. Share Option Scheme” in Appendix IV to this prospectus;
- (n) the counsel’s opinion dated June 28, 2018 issued by Ms. Queenie W.S. Ng, Barrister-at-law of Hong Kong, in respect of certain non-compliance of our Group and recent Shatin-to-Central Link incident;
- (o) the counsel’s opinion dated June 28, 2018 issued by Mr. Douglas Clark, Barrister-at-law of Hong Kong, in respect of the Hong Kong patent of our Group; and
- (p) the Frost & Sullivan Report.

BOSA TECHNOLOGY HOLDINGS LIMITED
人和科技控股有限公司