WT GROUP HOLDINGS LIMITED
WT 集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8422

ANNUAL REPORT **2017/2018**

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

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

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

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

This report is prepared in English language and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

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Corporate Information

BOARD OF DIRECTORS
Executive Directors:
Mr. Yip Shiu Ching *(Chairman)*
Mr. Kung Cheung Fai Patrick
Mr. Kam Kin Bun

Independent Non-executive Directors:
Mr. Leung Chi Hung
Ms. Wong Lai Na
Ms. Hung Siu Woon Pauline

AUDIT COMMITTEE
Mr. Leung Chi Hung *(Chairman)*
Ms. Wong Lai Na
Ms. Hung Siu Woon Pauline

REMUNERATION COMMITTEE
Ms. Wong Lai Na *(Chairman)*
Mr. Leung Chi Hung
Ms. Hung Siu Woon Pauline

NOMINATION COMMITTEE
Ms. Hung Siu Woon Pauline *(Chairman)*
Mr. Leung Chi Hung
Ms. Wong Lai Na

COMPLIANCE OFFICER
Mr. Yip Shiu Ching

COMPANY SECRETARY
Mr. Lei Wai Hoi, *CPA*

AUTHORISED REPRESENTATIVES
Mr. Yip Shiu Ching
Mr. Lei Wai Hoi

REGISTERED OFFICE
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Flat A, 6/F, Evernew Commercial Centre
33 Pine Street, Tai Kok Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPLIANCE ADVISER
Titan Financial Services Limited

LEGAL ADVISERS TO THE COMPANY
D. S. Cheung & Co.

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

AUDITORS
PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE
8422

COMPANY'S WEBSITE
http://www.wtgholdings.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of WT Group Holdings Limited (the "Company"), I am pleased to present our audited consolidated financial results of the Company and its subsidiaries (collectively, referred as to the "Group"), for the year ended 30 June 2018.

The Group was successfully listed on GEM of the Stock Exchange (the "Listing") on 28 December 2017 (the "Listing Date") . We were pleased to witness this important milestone of the Group. The Listing did not only enhance our capital base, but also enhanced our corporate image and reputation. By leveraging these advantages, the Group expects to further expand the market share and the Group's manpower for sustainable growth.

OVERVIEW

We had already experienced a challenge year. Due to the slowdown of the progress of certain projects and the decrease of gross profit during the year ended 30 June 2018 compared to the corresponding year of 2017, the financial results of the Group for the year ended 30 June 2018 declined compared to the corresponding year of 2017.

Revenue of the Group decreased from approximately HK$75.4 million for the year ended 30 June 2017 to approximately HK$45.0 million for the year ended 30 June 2018. Gross profit of the Group decreased from approximately HK$22.7 million for the year ended 30 June 2017 to approximately HK$7.8 million for the year ended 30 June 2018. Profit and total comprehensive income for the year attributable to owners of the Company reversed from approximately HK$9.5 million for the year ended 30 June 2017 to loss of approximately HK$9.6 million for the year ended 30 June 2018. Excluding the non-recurring Listing expenses, loss and total comprehensive loss for the year attributable to owners of the Company amounted to approximately HK$0.4 million for the year ended 30 June 2018 (2017: profit and total comprehensive income approximately HK$15.5 million).

PROSPECT

Looking forward, the Group expects the business environment continues to be challenging and competitive. Despite the opportunities in the construction industry in Hong Kong, competition is very keen and securing a construction contract becomes more difficult than before. We are of the view that with our proven track record in the market, experienced and professional management team, established relationships with the customers and suppliers as well as our commitment to maintaining high safety and working standard, the Group is well-positioned to capture business opportunities in the market.

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to our business partners, customers and shareholders of the Company (the "Shareholders"). I would also like to thank our management team and staff for their commitment and contribution. With the effort of our staff of all levels, I am confident that the Group will be able to create more values for our customers and investors.

WT Group Holdings Limited
Yip Shiu Ching
Chairman and Executive Director

Hong Kong, 24 September 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group principally engaged in the provision of specialised works and general building works as a main contractor in Hong Kong, through Wai Tat Foundation & Engineering Limited ("Wai Tat"), our key operating subsidiary. The Group undertakes specialised works which include (i) foundation and site formation works; (ii) demolition works; and (iii) ground investigation field works. The Group also undertakes general building works including superstructure building works, slope maintenance works, hoarding works, alternation and addition works and other miscellaneous construction works.

For the year ended 30 June 2018, the Group recorded a net loss of approximately HK$9.6 million as compared to net profit of approximately HK$9.5 million for the corresponding year in 2017. The reversal of the Group's net profit to net loss for the year ended 30 June 2018 was mainly attributable to the non-recurring Listing expenses of approximately HK$9.2 million incurred and the decrease of gross profit during the year ended 30 June 2018 compared to the corresponding year in 2017. Setting that aside, the Group's normalised net loss (which is adjusted for the non-recurring Listing expenses) for the year ended 30 June 2018 would be approximately HK$0.4 million. Such normalised net loss was primarily due to (i) the decrease in revenue resulting from the slowdown of progress of certain projects due to the change of design and change of working schedules as requested by the relevant customers; (ii) the decrease in gross profit attributable to the projects mix that we carried out during the year ended 30 June 2018 which had generated a lower gross profit than those projects carried out during the year ended 30 June 2017; (iii) the provision of the liquidated damage for a project completed during the year ended 30 June 2018; and (iv) the increase in administrative expenses in relation to staff cost, audit fees and professional fees charged by an accounting firm for consultancy services. As at the date of this report, the Group has finalised the revised design and working schedules with the relevant customers.

FUTURE PROSPECTS

The upcoming fiscal year may not be easy for the Group. Despite the increase in residential and commercial real estate developments as well as investment in infrastructure in Hong Kong, competition is very keen and securing a construction contract becomes more difficult than before. With the experienced and professional management team, established relationship with the customers and suppliers as well as our commitment to maintaining high safety and working standard, the Directors are of the view that the Group is well-positioned to capture further business opportunities by focusing on the foundation and site formation works and superstructure building works projects in Hong Kong. The Group will continue to pursue its business objectives and strategies: (i) expanding the market share and compete for more foundation and site formation projects, and superstructure building works projects; (ii) further strengthening our manpower; and (iii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency.

Bearing in mind the associated risk and in consideration to maximise the returns to its shareholders, the Directors may also consider other investment opportunities to broaden the base of return of the Group. As at the date of this report, the Group has not identified any investment opportunities.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the years ended 30 June 2017 and 2018, our Group generated total revenue of approximately HK$75.4 million and HK$45.0 million, respectively. The decrease in revenue was mainly attributable to the slowdown of progress of certain projects due to the change of design and change of working schedules as requested by the relevant customers.

Gross profit

For the years ended 30 June 2017 and 2018, the Group recorded gross profit of approximately HK$22.7 million and HK$7.8 million, respectively and the gross profit margin of the Group was approximately 30.2% and 17.4% for the respective years. Decline in gross profit was primarily attributable to the projects mix that we carried out during the year ended 30 June 2018 which had generated a lower gross profit than those projects carried out during the year ended 30 June 2017 and the provision of the liquidated damage for a project completed during the year ended 30 June 2018.

Administrative expenses

Our administrative expenses mainly consist of the non-recurring Listing expenses, employee benefits expenses including director's emoluments, audit fees and professional fees charged by an accounting firm for consultancy services. Our administrative expenses amounted to approximately HK$10.8 million and HK$17.8 million for the year ended 30 June 2017 and 2018, respectively. The increase in administrative expenses was mainly attributable to the effect of the non-recurring Listing expenses, the increase in staff costs and audit fee, as well as the professional fee charged by an accounting firm for consultancy services, as compared to the corresponding year in 2017.

Income tax expense/credit

Income tax expense for the year ended 30 June 2017 and income tax credit for the year ended 30 June 2018 of the Group amounted to approximately HK$3.0 million and HK$0.1 million respectively. The reversal was mainly attributable to the decrease in gross profit and increase in the administrative expenses for the year ended 30 June 2018 as compared to the corresponding year in 2017.

Profit/loss and total comprehensive income/loss attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company for the year ended 30 June 2017 and loss and total comprehensive loss for the year ended 30 June 2018 amounted to approximately HK$9.5 million and HK$9.6 million respectively. Such reversal was primarily attributable to (i) the non-recurring Listing expenses incurred for the year ended 30 June 2018; (ii) the decrease in revenue resulting from the slowdown of progress of certain projects due to change of design and change of working schedules as requested by the relevant customers; (iii) the decrease of gross profit for the year ended 30 June 2018 ; and (iv) the increase in administrative expenses incurred by the Group for the year ended 30 June 2018 compared to the corresponding year in 2017. Excluding the non-recurring Listing expenses of approximately HK$9.2 million, normalised net loss for the year ended 30 June 2018 would be approximately HK$0.4 million compared to the normalised net profit of HK$15.5 million for the corresponding year in 2017.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 30 June 2018. As at 30 June 2018, the Group had bank balances and cash of approximately HK$30.0 million (as at 30 June 2017: approximately HK$14.3 million) and restricted cash balances of approximately HK$4.7 million (as at 30 June 2017: approximately HK$2.5 million). The current ratio as at 30 June 2018 was approximately 8.4 times (as at 30 June 2017: approximately 2.6 times). The Directors are of the view that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

The gearing ratio is calculated based on the total debt divided by total equity as at the respective reporting date. Total debt represents the obligations under the finance leases. As at 30 June 2018, the Group recorded gearing ratio of approximately 0.7% (as at 30 June 2017: approximately 2.6%)

CHARGE OVER THE GROUP'S ASSETS

As at 30 June 2018, the Group pledged its deposits in an insurance company of approximately HK$4.7 million (as at 30 June 2017: approximately HK$2.5 million) as collateral for performance bonds.

As at 30 June 2018, the Group pledged the leased motor vehicles of approximately HK$0.5 million (as at 30 June 2017: approximately HK$1.0 million) as collateral to the obligations under finance leases.

Save as disclosed above, the Group does not have any other charges on its assets.

FOREIGN EXCHANGE EXPOSURE

For the year ended 30 June 2018, most of the revenue-generating operations were transacted in Hong Kong dollars. There was no significant exposure to foreign exchange rate fluctuations. As such, the Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM of the Stock Exchange on 28 December 2017. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Group only comprises of ordinary shares.

As at 30 June 2018, the Company's issued share capital was HK$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK$0.01 each.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and Director's quarter. The Group's operating lease commitments amounted to approximately HK$0.4 million as at 30 June 2018 (as at 30 June 2017: approximately HK$0.7 million). As at 30 June 2018, the Group did not have any other capital commitment (as at 30 June 2017: nil).

Management Discussion and Analysis

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 5 to the consolidated financial statements of this report.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held as at 30 June 2018. The Group did not have material acquisition and disposal of subsidiaries and associated companies during the year ended 30 June 2018 save for those reorganisation activities as set out in the prospectus of the Company dated 13 December 2017 (the "Prospectus"). There was no other plan for material investments or capital assets as at 30 June 2018.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group has given guarantees on performance bonds issued by insurance companies of approximately HK$4.7 million in respect of two construction contracts of the Group in its ordinary course of business (as at 30 June 2017: approximately HK$4.9 million in respect of three construction contracts). The Group has contingent liabilities to indemnify the insurance companies for any claims from customers under the guarantee due to the failure of the Group's performance. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts. As at the date of this report, the Directors do not consider it is probable that any claim will be made against the Group.

Save as disclosed above, the Group has no other material contingent liabilities (as at 30 June 2017: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed a total of 19 employees (as at 30 June 2017: 14 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$10.4 million for the year ended 30 June 2018 (for the year ended 30 June 2017: approximately HK$7.1 million).

The Group remunerates the employees based on their position, qualifications and performance. On top of the basic salaries, bonuses may be paid with reference to the Group's performance as well as employee's performance. Various types of trainings are provided to the employees for the improvement of their standards and skills.

DIVIDENDS

The Directors do not recommend payment of final dividend for the year ended 30 June 2018.

PRINCIPAL RISKS

The business operations and results of the Group may be affected by various external and internal risk. Details of the risks and the respective risk management policies of the Group are shown in the Report of the Directors and note 3 to the consolidated financial statements in this annual report.

Management Discussion and Analysis

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 June 2018 is set out below:

Business objective as stated in the Prospectus	Business plan stated in the Prospectus	Actual business progress up to 30 June 2018
Continue to expand the market share and compete for more foundation and site formation projects and superstructure building works projects	Take out surety bonds for Project A and Project B	Bank balances of approximately HK$2.5 million (note a) and HK$1.8 million (note b) were reserved for the surety bond requirement of Project A and Project B respectively. Bank balances of approximately HK$1.1 million were reserved for the surety bond requirement of a new project in Central, Hong Kong (note c). Bank balances of approximately HK$3.2 million were reserved for the surety bond requirement of other potential new projects.
	Finance the upfront costs and working capital requirement at the early stage of Project A and Project B and other projects	Bank balances of approximately HK$2.5 million had been utilized to finance the upfront cost and working capital requirement of Project B. For Project A, we are still in the tender queries process and the respective proceeds have not been utilized. Considered the delay of the tendering result of Project A and the commencing of the new project in Central, Hong Kong in late July 2018 (note c), bank balances of approximately HK$2.2 million would be reserved to finance its upfront cost.
	Continue to identify suitable business opportunities and review the tendering strategies to compete for more foundation and site formation projects and superstructure building works projects	The Group was in the process of identifying suitable business opportunities.
Further strengthening the Group's manpower	Hire and employ one project manager, two assistant project managers, one assistant accountant and one site foreman and continue to assess the needs to recruit additional staff in view of the business development	The Group has recruited two senior engineers and one foreman to enhance our project implementation capabilities and one management trainee to support accounting functions therefore delayed the planned recruitment of one project manager, one assistant project manager and one assistant accountant stated in the Prospectus.
	Provide training to our existing and newly recruited staff and/or sponsor our staff to attend training courses on occupational health and safety	The Group has sponsored the staff to attend several training courses on occupational health and safety from the Listing Date to the year ended 30 June 2018.

Management Discussion and Analysis

USE OF PROCEEDS

Based on the offer price of HK$0.22 per Offer Share, the net proceeds from the Listing, after deducting the underwriting commission and other Listing related expenses, amounted to approximately HK$31.7 million. The Group intended to apply such net proceeds in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 30 June 2018, the planned application and actual utilisation of the net proceeds from the Listing is set out below:

Business plan as stated in the Prospectus	Net proceeds from the Share Offer HK$'million	Amount utilised up to 30 June 2018 HK$'million	Unutilised balance up to 30 June 2018 HK$'million
Taking out surety bond for Project A and Project B	8.6	–	8.6
Financing the upfront cost and working capital requirement at the early stage of Project A and Project B and other projects	16.4	2.5	13.9
Further strengthening the Group's manpower	4.1	0.3	3.8
General working capital	2.6	0.8	1.8
Total	31.7	3.6	28.1

As at 30 June 2018, the Group has not yet utilised the net proceeds of approximately HK$28.1 million.

Note:

(a) Project A is in the tender queries process. Bank balances of approximately HK$2.5 million were reserved for the surety bond requirement. Bank balances of approximately HK$6.3 million were reserved for financing upfront costs and working capital requirement at the early stage of the project after allocating approximately HK$2.2 million to the new project in Central mentioned in note c below.

(b) For project B, HK$6.1 million, representing approximately 10% of the notional contract value of the project, was reserved for the surety bond requirement. After negotiating with the insurance company, only HK$1.8 million of cash deposit was required for the bond sum of HK$6.1 million, which has been deposited by the Group in July 2018.

(c) The Group has signed a Letter of Acceptance for a project in Central, Hong Kong in July 2018 with the notional contract value of HK$21.7 million. Based on the latest quotation from the insurance company, HK$1.1 million is required to deposit for the surety bond of HK$2.2 million, representing approximately 10% of the notional contract value.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yip Shiu Ching ("Mr. Yip"), aged 53, is one of the founders of our Group. Mr. Yip was appointed as the chairman of the Board and executive Director on 18 July 2017. Mr. Yip is our project director and is primarily responsible for the general management and supervising day-to-day operation of our Group. Mr. Yip is also the compliance officer of our Group.

Mr. Yip has over 32 years of experience in the construction industry in Hong Kong. Mr. Yip was one of the founders and a director of Wah Tat Foundation & Engineering Limited from August 1998 to April 2002, a construction company in Hong Kong, and was responsible for general management of the company. Since February 2002, Mr. Yip has been a director of Wai Tat, our operating subsidiary. Mr. Yip was also a director of Wai Tat Geo-Engineering Limited prior to its dissolution in 2004.

Mr. Yip obtained a Higher Diploma in Structural Engineering from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) in November 1986 and completed a 30-hour part-time training course in demolition of buildings for supervisors/foremen organised by the Construction Industry Training Authority in February 2002.

Mr. Yip is the director of all subsidiaries of our Group.

Mr. Kung Cheung Fai Patrick ("Mr. Kung"), aged 66, is one of the founders of our Group, Mr. Kung has been appointed as the executive Director on 18 July 2017. Mr. Kung is our technical director and is responsible for overseeing project design and technical direction of projects of our Group.

Mr. Kung has over 42 years of experience in the construction industry in Hong Kong.

He obtained a Bachelor of Science in Engineering and a Master of Science in Engineering from the University of Hong Kong in November 1975 and November 1987, respectively. Mr. Kung also completed a 30-hour part-time training course in demolition of buildings for supervisors/foremen organised by the Construction Industry Training Authority in February 2002. Mr. Kung was admitted as a member of The Institution of Structural Engineers in June 1979, a member of The Institute of Civil Engineers in June 1980 and a Chartered Engineer of The Council of Engineering Institution in November 1979. Mr. Kung is currently a member of The Hong Kong Institution of Engineers, a registered Structural Engineer in Hong Kong, a registered authorised person in Hong Kong, a Registered Inspector in Hong Kong and a registered professional engineer in civil and structural engineering under the Engineers Registration Board.

Mr. Kung is the director of all subsidiaries of our Group.

Biographical Details of Directors and Senior Management

Mr. Kam Kin Bun ("Mr. Kam"), aged 61, was appointed as the executive Director on 18 July 2017. He is our project director primarily responsible for day-to-day management and tendering of our Group.

Mr. Kam has over 35 years of experience in the construction industry in Hong Kong. Mr. Kam was a founder and a director of Wah Tat Foundation & Engineering Limited, a construction company in Hong Kong, from August 1998 to April 2002. Since January 2004, Mr. Kam has been a director of Wai Tat, our operating subsidiary. Mr. Kam was also a director of Golden Win Holdings Limited prior to its dissolution in 2015.

Mr. Kam obtained a Diploma in Civil Engineering from the Hong Kong Baptist College (currently known as the Hong Kong Baptist University) in June 1982.

Mr. Kam is the director of all subsidiaries of our Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Chi Hung ("Mr. Leung"), aged 63, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee on 1 December 2017.

Mr. Leung has over 42 years of experience in the accounting profession in Hong Kong. Mr. Leung worked as an audit supervisor at Peat Marwick Mitchell & Co., currently known as KPMG, from September 1976 to September 1980. Mr. Leung was an audit manager of Arthur W. C. Mo & Co., an audit firm in Hong Kong, from October 1980 and was responsible for providing auditing services to clients. He was later admitted as a partner from April 1993 to March 2008. Mr. Leung has been the director of Philip Leung & Co. Limited, a company principally engaged in the provision of auditing services previously known as Arthur Mo & Co. Ltd. since January 2006, and is responsible for the overall management of the company.

Mr. Leung was admitted as an associate and a fellow of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in October 1986 and December 1993, respectively. Mr. Leung was also admitted as a fellow of The Chartered Association of Certified Accountants in October 1991. Mr. Leung was also admitted as a fellow of The Taxation Institute of Hong Kong in February 2000. Mr. Leung has been a Registered Financial Planner under the Society of Registered Financial Planners since October 2005. Mr. Leung is currently a practicing certified public accountant under the Hong Kong Institute of Certified Public Accountants and a Certified Tax Adviser under The Taxation Institute of Hong Kong.

Biographical Details of Directors and Senior Management

Ms. Wong Lai Na ("Ms. Wong"), aged 32, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee on 1 December 2017.

Ms. Wong has over nine years of experience in the accounting profession. Ms. Wong worked as an audit trainee in Anthony Chan & Co. CPA, an audit firm in Hong Kong from February 2009 to May 2010 responsible for audit works of various companies. She then worked as an audit supervisor in K S Yu & Co. CPA, an audit firm in Hong Kong from October 2010 to February 2014 responsible for the audit works of companies of various sizes. Ms. Wong has been a manager of Top Name Consultant Limited since March 2014, and is responsible for, among others, client management. Since March 2014, she has been an audit manager of Alan Chan & Company CPA, an audit firm in Hong Kong, and is responsible for book keeping and financial analysis.

Since July 2015, Ms. Wong has been the independent non-executive director of Celebrate International Holdings Limited (stock code: 8212), a company listed on the GEM of the Stock Exchange and principally carries on the business of money lending, property investment, securities investment and trading, food and beverage trading and the provision of health care services.

Ms. Wong obtained a Bachelor of Business Administration in Accounting from Jinan University in the PRC in January 2009.

Ms. Hung Siu Woon Pauline ("Ms. Hung"), aged 51, was appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee on 1 December 2017.

Since July 2017, Ms. Hung has been an independent non-executive director of Wealthy Way Group Limited (stock code: 3848), a company listed on the Main Board of the Stock Exchange and principally engaging in the business of providing financial leasing and advisory services in the PRC.

Ms. Hung obtained a Bachelor in Commerce from Murdoch University in Australia in December 1991 and a Master in Business Administration from the University of Western Sydney in Australia in April 2007. She also obtained an Advanced Diploma of Management Studies from Edwards International College in Australia in July 1990.

SENIOR MANAGEMENT

Mr. Lei Wai Hoi ("Mr. Lei"), aged 33, is the financial controller and company secretary of our Group. Mr. Lei joined our Group in July 2017 and is responsible for overseeing the overall financial management as well as corporate governance matters of our Group.

Mr. Lei has over eight years of experience in the accounting profession. Mr. Lei has been employed by PricewaterhouseCoopers Limited in Hong Kong from October 2009 to July 2017 with his last position as a manager. He was primarily responsible for the audit works of companies of various sizes.

Mr. Lei obtained a Bachelor in Business Administration in Accounting from the Hong Kong Baptist University in November 2009. Mr. Lei was admitted as a member of the Hong Kong Institute of Certified Public Accountants in January 2013.

Corporate Governance Report

INTRODUCTION

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present the first corporate governance report of the Company from the Listing Date to 30 June 2018 (the "Reporting Period").

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance. The Company believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for effective management, accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. Throughout the Reporting Period, to the best knowledge of the Board except for the deviation from code provision A.2.1 of CG Code, the Company has complied with all the applicable code provisions set out in the CG Code.

BOARD OF DIRECTORS

Responsibility

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

The Board is responsible for, among others, performing the corporate governance duties, which include:

(a) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to the Directors and employees; and

(e) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

Corporate Governance Report

Composition of the board

The composition of the Board as at this annual report is set out as follows:

Executive Directors
Mr. Yip Shiu Ching *(Chairman)* (appointed on 18 July 2017)
Mr. Kung Cheung Fai Patrick (appointed on 18 July 2017)
Mr. Kam Kin Bun (appointed on 18 July 2017)

Independent non-executive Directors
Mr. Leung Chi Hung (appointed on 1 December 2017)
Ms. Wong Lai Na (appointed on 1 December 2017)
Ms. Hung Siu Woon Pauline (appointed on 1 December 2017)

Biographical details of the Directors are set out in "Biographical Details of the Directors and Senior Management" on pages 10 to 12 of this annual report.

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Board consisted of three independent non-executive Directors ("INEDs") during the Reporting Period, with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise. During the Reporting Period and as of the date of this report, the number of INEDs represents more than one third of the Board as required under the GEM Listing Rules.

The INEDs play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as to ensure that the interests of all shareholders are taken into account. All INEDs possess appropriate academic, professional qualifications or related financial management experience. None of the INEDs held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

With various experience of both the executive Directors and the INEDs and having regard to the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

The Company has received from each of its INEDs the written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the INEDs to be independent in accordance to Rule 5.09 of the GEM Listing Rules.

Chairman and Chief Executive Officer

The principal of code provision A.2.1 of CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed the chief executive officer. However, the management of the Board and the day-to-day management of the business are primarily performed by Mr. Yip. The Group is of the view that there is a deviation from code provision A.2.1 of CG Code. In view of Mr. Yip has been operating and managing Wai Tat, our operating subsidiary, since 2002, the Board believes that it is in the best interest of our Group to have Mr. Yip taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from code provision A.2.1 of CG Code is appropriate in such circumstance. The Board believes that the balance of power and authority is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being INEDs. Except for the deviation from code provision A.2.1 of CG Code, the Company's corporate governance practices have complied with the CG Code.

Corporate Governance Report

Appointment and Re-election of Directors

Each of our executive Directors has entered into a service contract with the Company and signed letters of appointment with each of our INEDs on 1 December 2017. The service contracts with our executive Directors and the letter of appointment with each of our INEDs are for an initial term of three years and one year respectively commencing from the Listing Date. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our articles of association (the "Articles of Association") and the applicable GEM Listing Rules.

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

In accordance with the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Directors' Continuous Training and Professional Development

In compliance with code provision A.6.5 of CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors had attended a formal directors training session prior to the Listing of the Company. The training covered topics including the GEM Listing Rules, the CG Code and the disclosure of inside information.

The Group has also provided reading materials including the CG Code, the Inside Information Provision (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to all Directors to develop and refresh the Director's knowledge and skills.

The Group continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, so as to ensure that they are aware of their responsibilities and obligations as well as to maintain good corporate governance practices.

Director's Security Transactions

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the Reporting Period.

Corporate Governance Report

Board Diversity Policy

The Company has adopted a Board diversity policy in accordance with the requirement as set out in the CG Code, which is summarised as below:

The Board diversity policy of the Company specifies that in designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board members' appointment will be based on meritocracy, and candidates will be considered against appropriate criterias, having due regard for the benefits of diversity of the Board.

The Company discloses the composition of the Board in corporate governance report every year and the Nomination Committee oversees the implementation of the Board diversity policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Board Committees

Audit Committee

The Company established an audit committee on 1 December 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference of the audit committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The composition of the audit committee during the Reporting Period and up to the date of this report is as follows:

Mr. Leung Chi Hung *(Chairman)*
Ms. Hung Siu Woon Pauline
Ms. Wong Lai Na

All of the members of the audit committee are INEDs. None of them is a former partner of the Company's existing auditing firm. Mr. Leung Chi Hung, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

Since its establishment on 1 December 2017, the audit committee held three meetings during the Reporting Period. Details of the attendance of the members of the audit committee in the said meeting are set out under the sub-heading "Board Meetings" below.

Corporate Governance Report

The summary of work of the audit committee during the Reporting Period and up to the date of this report is as follows:

— To meet with the external auditors, reviewed and made recommendations for the Board's approval on the financial statement, quarterly reports and continuing connected transactions of the Group;

— To review and approved audit fee;

— To recommend the re-appointment of PricewaterhouseCoopers as auditors, subject to the Shareholders' approval at the annual general meeting;

— To review the non-competition undertaking by the Controlling Shareholders of the Company;

— To review the effectiveness of the Company's risk management and internal control systems; and

— To review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

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

Nomination Committee

The Company established the nomination committee on 1 December 2017 with written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The written terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of INEDs and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the nomination committee during the Reporting Period and up to the date of this report is as follows:

Ms. Hung Siu Woon Pauline *(Chairman)*
Mr. Leung Chi Hung
Ms. Wong Lai Na

Corporate Governance Report

The majority members of the nomination committee are INEDs. Since its establishment on 1 December 2017, the nomination committee held one meeting during the Reporting Period and up to the date of this report. Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading "Board Meetings" below.

The summary of work of the nomination committee during the Reporting Period and up to the date of this report is as follows:

— reviewed the existing Board's structure, size and composition; and

— made recommendations on the retiring Directors at the annual general meeting of the Company.

Remuneration Committee

The Company established the remuneration committee on 1 December 2017 with written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee during the Reporting Period and up to the date of this report is as follows:

Ms. Wong Lai Na *(Chairman)*
Ms. Hung Siu Woon Pauline
Mr. Leung Chi Hung

The majority members of the remuneration committee are INEDs. Since its establishment on 1 December 2017, the remuneration committee held one meeting during the Reporting Period and up to the date of this report.

Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Board Meetings" below.

The summary of work of the remuneration committee during the Reporting Period and up to the date of this report is as follows:

— To review and recommend to the Board on the Group's remuneration policy and strategy;

— To review and recommend to the Board on the remuneration packages of the executive Directors and senior management of the Company; and

— To review and recommend to the Board on the fees of INEDs.

Corporate Governance Report

Board Meetings

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

Here below are details of all Directors' attendance at the board meeting and board committee meetings held during the Reporting Period and up to the date of this report:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Executive Directors				
Mr. Yip Shiu Ching	3/3	3/3	1/1	1/1
Mr. Kung Cheung Fai Patrick	2/3	2/3	1/1	1/1
Mr. Kam Kin Bun	3/3	3/3	1/1	1/1
Independent non-executive Directors				
Mr. Leung Chi Hung	3/3	3/3	1/1	1/1
Ms. Hung Siu Woon Pauline	3/3	3/3	1/1	1/1
Ms. Wong Lai Na	3/3	3/3	1/1	1/1

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors understand and acknowledge their responsibility for ensuring that the Group's consolidated financial statements for each financial year are prepared to give a true and fair view of the state of affairs, the financial results and cash flows of the Group in accordance with the disclosure requirements of the Companies Ordinance and the applicable accounting standards.

In preparing the consolidated financial statements for the year ended 30 June 2018, the Board has adopted appropriate and consistent accounting policies and made prudent, fair and reasonable judgments and estimates. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 40 to 45 of this report.

Corporate Governance Report

INDEPENDENT AUDITORS' REMUNERATION

PricewaterhouseCoopers, the external auditor of the Company, provided audit-related services as the reporting accountant of the Company and other non-audit services in respect of the Company's Listing during the year ended 30 June 2018. The remuneration paid by the Group to PricewaterhouseCoopers for the audit-related and non-audit services in respect of the Company's Listing amounted to HK$2,700,000 (30 June 2017: HK$900,000) and HK$400,000 (30 June 2017: HK$nil), respectively. PricewaterhouseCoopers is appointed as the external auditor of the Company. The fee paid and payable in respect of audit services amounted to HK$900,000 for the year ended 30 June 2018.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising the Board on corporate governance matters.

The Company has appointed Mr. Lei Wai Hoi ("Mr. Lei") as its company secretary. For the year ended 30 June 2018, Mr. Lei undertook no less than 15 hours of relevant professional training to develop his skills and knowledge. The biographic of Mr. Lei is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

COMPLIANCE OFFICER

Mr. Yip is the compliance officer of our Company. The biographic of Mr. Yip is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interests and rights is to separate resolutions proposed at the shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 23 of the Articles of Association. Such requisition must state the objects of the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the company secretary at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has an adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued printed form and are available on the Stock Exchange's website and the Company's website;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management;

(v) the Company's branch share registrar and transfer office in Hong Kong serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

Since the Listing Date, there was no change to the Company's memorandum and Articles of Association.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems is conducted by the Board at least annually.

Corporate Governance Report

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established the risk management procedures which comprised the following steps:

— Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

— Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

— Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented and communicated to the Board and the management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function. During the Reporting Period, the Group has carried out an internal control review of the implemented system and procedures, including areas covering financial, operational and risk management functions. The Directors were satisfied that effective internal control and risk management measures as appropriate to the Group were implemented properly and that no significant areas of weaknesses came into attention. The Group also discussed and communicated the results and findings (if any) to the Company's audit committee and seek for their recommendations.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there had been no significant change in the Group's constitutional documents.

Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Company for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Island under the Cayman Companies Law on 11 July 2017. The principal activity of the Company is investment holding. The Group principally provide specialised works and general building works as a main contractor in Hong Kong, through Wai Tat, its key operating subsidiary. We undertake specialised works which include (i) foundation and site formation works; (ii) demolition works; and (iii) ground investigation field works. The Group also undertake general building works including superstructure building works, slope maintenance works, hoarding works, A&A works and other miscellaneous construction works. Details of the principal activities of its subsidiaries are set out in note 28 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year ended 30 June 2018 by operating segment is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis".

CORPORATE REORGANISATION AND SHARE OFFER

The Shares have been listed on GEM of the Stock Exchange by way of the Share Offer since 28 December 2017. In connection with the Listing, the companies comprising the Group underwent a reorganisation (the "Reorganisation"). Pursuant to the Reorganisation, the Company became the holding company of the Group on 24 November 2017. Further details of the Reorganisation are set out in note 1.2 to the consolidated financial statements in this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Discussion on the environmental policies and performance is contained in the "Environmental, Social and Governance Report" on pages 33 to 39 of this annual report. This discussion form part of the report of directors.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources have been allocated to ensure the on-going compliance with applicable laws and regulations. During the year ended 30 June 2018, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating.

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. Some of the major risks include:

(i) the Group's revenue relies on successful tenders or quotations of specialized works and general building works projects which are non-recurring in nature, and there is no guarantee that the customers will provide the Group with new business or that the Group will secure new customers;

(ii) the Group make estimation of our project costs in our tenders and quotations and any failure to accurately estimate the costs involved and/or delay in completion of any project may lead to cost overruns or even result in losses;

(iii) the Group rely on our subcontractors to perform a portion of the site works and unsatisfactory performance or unavailability of the Group's subcontractors may adversely affect our operations and profitability;

(iv) the Group are exposed to our customers' credit risks and the Group's liquidity position may be adversely affected if our customers fail to make payment on time or in full;

(v) the Group's performance depends on trends and developments in the construction industry in Hong Kong; and

(vi) the Group's performance depends on market conditions and the general economic and political conditions in Hong Kong.

RESULTS AND DIVIDENDS

The state of affairs of the Company at 30 June 2018 and the results of the Group for the year ended 30 June 2018 and the state of affairs of the Group at that date are set out in note 31 to the consolidated financial statement and on pages 46 to 48 of this annual report respectively. The Directors do not recommend the payment of a final dividend for the year ended 30 June 2018.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the past three financial years is set out on page 90. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital is set out in note 22 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, save as disclosed in this report the board is not aware of any significant events after the year ended 30 June 2018 that requires disclosure.

Report of the Directors

INDEPENDENCE ON CONFIRMATION

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

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 1 December 2017 (the "Share Option Scheme"). The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to the Prospectus and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and there was no share option outstanding as at 30 June 2018.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 31 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 30 June 2018 are set out in note 26 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that needed to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVES

As at 30 June 2018, the Company did not have any reserves available for distribution (2017: Nil). Details of the movement in reserve during the year are set out in note 31 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer accounted for 41.7% of the Group's total revenue (2017: 27.3%) while the Group's five largest customers in aggregate accounted for 93.6% of the Group's total revenue for the year ended 30 June 2018 (2017: 81.7%).

The Group's largest supplier accounted for 10.9% to the total purchases (2017: 18.4%) while the Group's five largest suppliers accounted for 38.3% of the Group's total purchases for the year ended 30 June 2018 (2017: 51.3%).

None of the Directors of the Company, or any of his close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers during the year ended 30 June 2018.

Report of the Directors

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS, EMPLOYEES AND SHAREHOLDERS

The success of the Group also depends on the support from the customers, suppliers, subcontractors, employees and Shareholders.

Customers

The Group provides specialised works and general building works to customers from both the public and private sectors in Hong Kong. The majority of our revenue was derived from projects for customers in the private sector. During the year ended 30 June 2018, the Group maintained good business relationships with our customers and communicated with them to better understand their needs and expectations.

Suppliers and Subcontractors

The Group generally orders the relevant construction materials and engages the relevant construction services on project-by-project basis with the suppliers and subcontractors.

Although the Group does not enter into any long-term supply agreements with our suppliers and subcontractors. Our Directors believe that we have maintained good business relationships with them in which we have maintained long relationship with the majority of our largest suppliers and subcontractors.

The Group maintains an internal list of approved subcontractors and suppliers which the list is reviewed and updated periodically. While engaging suppliers and subcontractors, the Group generally assesses of various factors including track record, pricing, product quality, market reputation, timeliness of delivery, financial conditions and after-sales services.

During the year ended 30 June 2018, the Group did not have any significant disputes with any of its top five suppliers and subcontractors.

Employees

The Group focuses on the talents of our employees as our most valuable asset. We strive to create a good workplace that our employees are motivated to work in. Our employees are treated fairly with respect and we reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives. The Group has maintained good relationship with our employees during the year ended 30 June 2018.

Shareholders

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

Report of the Directors

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors

Mr. Yip Shiu Ching (Chairman) (appointed on 18 July 2017)
Mr. Kung Cheung Fai Patrick (appointed on 18 July 2017)
Mr. Kam Kin Bun (appointed on 18 July 2017)

Independent non-executive Directors

Mr. Leung Chi Hung (appointed on 1 December 2017)
Ms. Hung Siu Woon Pauline (appointed on 1 December 2017)
Ms. Wong Lai Na (appointed on 1 December 2017)

In accordance with our Articles of Association, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Pursuant to the Articles of Association, Mr. Kam Kin Bun and Mr. Kung Cheung Fai Patrick will retire and, being eligible, offer themselves for re-election at the annual general meeting to be held on 31 October 2018.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force during the year ended 30 June 2018 since the Listing Date. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions against its Directors arising out of corporate activities.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 12 of this annual report.

Report of the Directors

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group are set out in note 9 to the consolidated financial statements.

The remuneration of the senior management of our Group excluding the INEDs for the year ended 30 June 2018 falls within the following band:

Remuneration Band	Number of Senior Management
Up to HK$1,000,000	1
HK$1,000,001 to up to HK$2,000,000	3
Above HK$2,000,000	0

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, profit performance of our Group and general market conditions.

Other than the payments to the Mandatory Provident Fund Scheme Ordinance, the Group has not operated any other retirement benefit schemes for its employees. Particulars of the retirement benefit schemes are set out in note 2.17 to the consolidated financial statements.

Our remuneration committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that the remuneration committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

MANAGEMENT CONTRACTS

As at 30 June 2018, the Company did not enter into or have any management and/or administration contracts in respect of the whole or any principal business of the Company.

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

Save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2018.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 30 June 2018 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors' Report) Regulation or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures

As at 30 June 2018, the interests and short positions of the Directors or chief executives of the Company in the Shares, the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity	Number of the Shares held/ interested in	Percentage of shareholding
Mr. Kung	Interest in controlled corporation *(Note)*	675,000,000	67.5%
Mr. Yip	Interest in controlled corporation *(Note)*	675,000,000	67.5%
Mr. Kam	Interest in controlled corporation *(Note)*	675,000,000	67.5%

Note:

Talent Gain Ventures Limited ("Talent Gain"), which beneficially owns 67.5% of the issued Shares of the Company, is owned as to 34% by Mr. Kung, 33% by Mr. Yip and 33% by Mr. Kam. Since Mr. Kung is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Talent Gain, Mr. Kung is deemed to be interested in the Shares in which Talent Gain is interested under the SFO. Further, pursuant to the Concert Party Deed, details of which are set out in the paragraph headed "History and Development — Concert Party Deed" of the Prospectus, immediately following completion of the public offer and the placing and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), Mr. Yip, Mr. Kam and Mr. Kung are acting in concert with one another and each of them is deemed to exercise or control the exercise of 67.5% of the voting power at general meetings of Talent Gain, and is therefore deemed to be interested in the Shares in which Talent Gain is interested under the SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors nor chief executives of the Company has registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Report of the Directors

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares or Underlying Shares

So far as the Directors are aware, as at 30 June 2018, the following persons (other than the Directors or chief executives of the Company) or corporations had interests or short positions in the shares or underlying shares of the Company which were required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Nature of interest	Number of the Shares held/ interested in	Percentage of total issued share capital of the Company
Talent Gain	Beneficial owner	675,000,000	67.5%
Ms. Szeto Sin Fun	Family interest *(Note 1)*	675,000,000	67.5%
Ms. Chiu Wai King	Family interest *(Note 2)*	675,000,000	67.5%
Ms. Chan Kit Yee	Family interest *(Note 3)*	675,000,000	67.5%

Notes:

1. Ms. Szeto Sin Fun is Mr. Kung's spouse and is deemed to be interested in the Shares in which Mr. Kung is interested under the SFO.

2. Ms. Chiu Wai King is Mr. Yip's spouse and is deemed to be interested in the Shares in which Mr. Yip is interested under the SFO.

3. Ms. Chan Kit Yee is Mr. Kam's spouse and is deemed to be interested in the Shares in which Mr. Kam is interested under the SFO.

Save as disclosed above, as at 30 June 2018, there was no person or corporation, other than the Directors and chief executives of the Company, had any interest or a short position in the shares or underlying shares of the Company which were required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Report of the Directors

COMPETING INTERESTS

The Directors are not aware of and had not received any written confirmation from any of our Directors nor controlling shareholders in respect of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group or any other conflicts of interest which any such person has or may have with the Group during the year ended 30 June 2018 and up to the date of this annual report.

Each of the controlling shareholders of the Company also gave certain non-competition undertakings under the deed of non-competition as set out in the paragraph headed "Relationship with our Controlling Shareholders — Non-Competition undertakings" in the Prospectus. Pursuant to which the controlling shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the controlling shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of our Group.

During the year, the Company has received an annual written confirmation from each controlling shareholders of the Company in respect of their associates in compliance with the deed of non-competition.

The independent non-executive Directors have also reviewed and were satisfied that each of the controlling shareholders of the Company had complied with the deed of non-competition for the year ended 30 June 2018.

INTEREST OF COMPLIANCE ADVISER

As at 30 June 2018, as notified by the Company's compliance adviser, Titan Financial Services Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in GEM Listing Rules) had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2018.

CORPORATE GOVERNANCE CODE

Details of the principle corporate governance practices as adopted by the Company are set out in the section headed. "Corporate Governance Report" on pages 13 to 22 of this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the year ended 30 June 2018.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules during the year ended 30 June 2018 and at any time up to the date of this report.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 26 October 2018 to Wednesday, 31 October 2018 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the annual general meeting of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited for registration not later than 4:00 p.m. on Thursday, 25 October 2018.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 30 June 2018 have been audited by PricewaterhouseCoopers. A resolution will be proposed at the forthcoming annual general meeting of the Company to reappoint PricewaterhouseCoopers as auditor of the Company.

On Behalf of the Board

WT Group Holdings Limited
Yip Shiu Ching
Chairman and Executive Director
Hong Kong, 24 September 2018

Environmental, Social and Governance Report

INTRODUCTION

The Group is pleased to present the first Environmental, Social and Governance Report (the "ESG Report") with the reporting period from 1 July 2017 to 30 June 2018. The Group contributes to sustainable development by delivering environmental, social and economic benefits to all stakeholders in a balanced way.

This ESG Report is presented in accordance with the environmental, social and reporting guidelines as set out in Appendix 20 to the GEM Listing Rules.

The Group is principally engaged in the provision of specialised works and general building works as a main contractor in Hong Kong, through Wai Tat, its key operating subsidiary. Each of the business departments of the Group has participated in preparing the ESG Report in order to identify the impacts of the Group on the environment and society, and to evaluate its importance to the Group's business and each stakeholder. This ESG Report covers the policies of the Group on material environmental, social and governance issues in relation to the Group's business and the compliance.

ENVIRONMENTAL ASPECT

The Group endeavours to minimise any adverse impact on the environment resulting from our business activities. The Group's operations on sites are subject to certain environmental requirements pursuant to the laws and regulations in Hong Kong such as Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong). The Group also endeavours to meet the requirements of certain industry's codes of practice such as the BEAM Plus New Buildings issued by the Hong Kong Green Building Council and the BEAM Society.

Apart from following the environmental protection policies required by the customers, the Group has also established the environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both the employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal. Specifically, the Group adopts the following measures to ensure proper management of environmental protection and compliance of environmental laws and regulations during the project execution:

— The Group prepares an environmental management plan for the public sector projects. An environmental management plan typically sets out the environmental protection measures such as noise reduction, air pollution control, water pollution control and waste management;

— The environmental officer of the Group is responsible for monitoring the ongoing compliance with the environmental management plan and providing advice to the executive Directors of the Group on environmental protection issues including noise abatement, air pollution control, water pollution control and waste management that are identified during daily inspection. The environmental officer is also responsible for providing environmental training for on-site workers which we also require our subcontractors to strictly comply with; and

— The Group is required to report to our customers on the effectiveness of the implementation of the environmental management plan on a monthly basis. Our environmental officer assists our environmental manager to compile monthly environmental reports for submission to customers.

Environmental, Social and Governance Report

Emissions

The Group has identified the following types of emissions in the ordinary course of the business.

Air Pollutant Emission

The major air pollutants generated from the construction work are the dust and gas from the machinery used in the construction site. To control the air pollution, the Group has reduced the dust emission by applying water sprays and using canvas in our construction site and has ensured the compliance of the emission standard prescribed under Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong).

Water Pollution

In order to effectively manage water pollution, prior to commencement of construction works, the project managers identify wastewater discharge points in advance and then install adequate discharge pipeline and sedimentation tanks for discharging sewage properly.

Hazardous Waste

The Group believes that our business does not generate any material amount of hazardous waste during our construction processes.

Non-hazardous Waste

Due to the business nature of our Group, certain construction waste is generated in our construction process. The construction waste is disposed of at landfills regularly to avoid excessive accumulation causing nuisance to the neighbourhood. The Group also promotes waste recycling by putting adequate facilities in place to facilitate collection and segregation of wastes.

Use of Resources

The main resources used by the Group in the construction process are electricity, water, diesel and petrol. In order to be an environmentally responsible corporation, the Group has implemented environmental management policy and internal principles to minimise the wastage and avoid excessive usage of the resources. In addition, the Group uses renewable and recyclable materials when applicable.

The Environment and Natural Resources

The Group is highly concerned about the impacts of its business on the environment and natural resources. In addition to compliance with the relevant environmental regulations and international standards for conducting appropriate protection of the natural environment, the Group has also incorporated the concept of environmental protection into internal management and project implementation process. Following are some measures of the Group to achieve environmental protection:

— Office power saving: Recommendation to turn off lights, air-conditioning and computer when not in use.

— Paper saving: Use of email and other computer system for document review purposes, reduction in printing and use of recycled paper.

Environmental, Social and Governance Report

— Reduction of the usage of bottled water: Encourage employees of the Group to monitor water usage and recommendation to use reusable cups to reduce the use of plastic bottles.

— Noise control: Project managers to ensure the compliance of the Noise Control Ordinance of Hong Kong and site working hours restricted from 8:00 a.m. to 6:00 p.m.

In summary, the Group has not identified any non-compliance with the applicable local rules and regulations relating to environmental aspect and we have obtained ISO14001:2015 in respect of our environmental management system.

SOCIAL ASPECT

Employment and Labour Practices

Employment

The Group is committed to creating an environment with diversity and equal opportunity. All eligible job applications, internal transfers and promotions are regardless of factors such as gender, marital status, disability, age, race, family status, sexual orientation, nationality and religion, so as to ensure equal opportunities and fair treatment for all employees and job applicants.

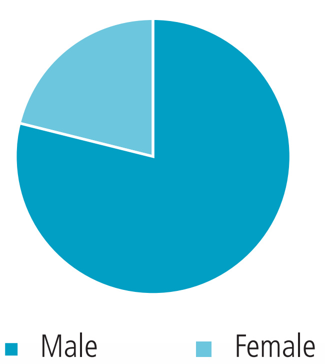
The Group remunerates the employees based on their position, qualifications and performance. On top of the basic salaries, bonuses may be paid with reference to the Group's performance as well as employee's performance. Various types of trainings are provided to the employees for the improvement of their standards and skills. The Group also assesses the available human resources on a continuous basis and will determine whether additional personnel is required to cope with the business development.

The Group's employment policy is structured to comply with the local laws and regulations such as Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282) and Minimum Wage Ordinance (Cap. 608). The Group also targets to provide a friendly, comfortable and decent working environment and career growth opportunities to our staff.

During the year ended 30 June 2018, the Group has not identified any non-compliance or breach of legislation relating to employment aspect.

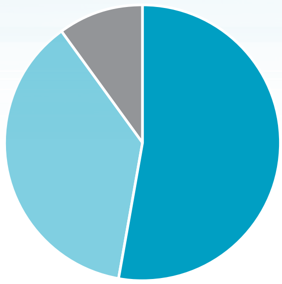
As at 30 June 2018, the Group had 19 employees and all of them are based in Hong Kong. Below are certain key charts in relation to our employment aspects.

2018 Employee distribution by gender



Environmental, Social and Governance Report

2018 Employee distribution by age



Health and Safety

The Group places emphasis on occupational health and work safety during the delivery of our services as it is our concern not to put our employees, our subcontractors and the general public in hazards. The Group has implemented an occupational health and safety measures as required by relevant occupational health and safety laws, rules and regulations under the supervision of the executive Directors.

Due to the nature of works in the construction industry, workers at the sites are prone to safety hazards. In order to provide a safe and healthy working environment for the employees and subcontractors and to ensure compliance with the applicable laws and regulations in Hong Kong, the Group implements the safety control policy at the commencement and during the implementation period of each project.

The safety control policy is documented in writing and supplemented with instructions, training and demonstrations. The Group requires strict implementation of and adherence to the safety control policy. The Group will continue to put adequate resources and effort to uphold and improve the safety management in order to reduce the risks related to safety issues.

The safety control policy adopted and used during the year ended 30 June 2018 sets out work safety measures to prevent common accidents which could happen at sites. Some details of the safety plan are set out below:

— Our site safety committee, consisting the external safety officer, safety supervisor, project manager and foremen, shall visit our sites regularly to assist our executive Directors to (i) establish, approve and ensure implementation of the safety plan and review the safety plan on an annual basis; (ii) arrange meetings to review the effectiveness of safety measures taken; (iii) discuss and countersign the monthly reports submitted by the safety officer; (iv) carry out surveys and inspections to ensure that all relevant laws are being observed; (v) arrange safety trainings and talks for all levels of employees and promote awareness of accident prevention; and (vi) ensure that all newcomers to the construction sites are aware of their safety obligations;

— All workers are required to hold a valid construction industry safety training certificate and construction workers registration card before they enter the site;

Environmental, Social and Governance Report

— All new site personnel will undergo initial induction training, including core topics such as safety policy, safety knowledge and practice, safety for fire and lifting, personal protective equipment, emergency, and accident reporting. Workers will receive toolbox talks conducted by our safety supervisor and/or external safety officer; and

— We conduct safety walk by our safety supervisor, external safety officer, site foreman and the relevant subcontractor's representatives to assess general compliance with safety requirements from time to time.

For projects that we act as a main contractor, when there is an accident at our works site, we follow the general procedures as below to ensure proper recording and handling of work injuries:

— *Fact finding and follow-up actions*
Our external safety officer and/or safety supervisor will investigate the accident by visiting the accident scene, examining the equipment and/or material involved and taking statements from the injured worker, witness(es) of the accident and other personnel in relation to the project.

Remedial actions will be taken by our project management team to remove imminent danger and to prevent occurrence of similar accidents in the future. Our external safety officer will also carry out follow-up inspection to ensure that remedial works are implemented.

— *Reporting*
Our project manager and/or external safety officer and/or safety supervisor will prepare a work injury report and submit it to the Labour Department within the period as specified under the relevant laws and regulations.

Our administrative department will report to the insurance company and, where the claim is significant, consult external legal adviser (if necessary).

— *Settlement or litigation*
Settlement of any claim will be handled by the insurance company. If the insurance company and the injured person (or their respective representatives) do not agree on the settlement amount, the matter may be litigated.

The Group have taken out insurance in compliance with applicable laws and regulations with a view to providing sufficient coverage for any work-related injuries for employees.

During the year ended 30 June 2018, our Group has not encountered any fatal construction accident on construction sites and we did not identify any non-compliance to the relevant laws, rules and regulations relating to safety and health. Our Directors are of the view that our safety management system is adequate and we have obtained OHSAS18001:2007 in respect of our safety and health management system.

Development and Training

The Group believes that continuous education and training is important to maintain our service quality, so we use our best effort to train and retain appropriate and suitable personnel to serve our Group. New employees are required to receive training to familiarise themselves with the applicable rules and regulations and the requirements of their jobs before they start their work. The Group also encourages relevant personnel to attend training courses to keep them up to date with the latest developments and best practices in the industry to enhance their work performance. The Group assesses the available human resources on a continuous basis and will determine whether additional personnel is required to cope with the Group's business development.

Environmental, Social and Governance Report

Every newly appointed Director has received comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Company held a training for all Directors and senior management to provide them with knowledge on the duties and responsibilities of the Directors and senior management before the Listing.

Labour Standards

The Group strictly complies with the relevant requirements of the labour laws. All job applicants must conform to the age requirement specified by local laws. The Group forbids the recruitment of child and forced labours, for which a procedure of selection and recruitment is adopted. The Group also takes practicable steps to comply the labour laws:

— Our human resources and administrative officers inspect and take copy of the original of the worker's Hong Kong identity card and/or other documentary evidence showing that he/she is lawfully employable in Hong Kong;

— Our subcontractors are required to hire only persons who are lawfully employable to work on site and to prevent any illegal worker to enter the site; and

— Our foremen are responsible for inspecting the personal identification document of each worker and shall refuse any person who does not possess proper personal identification document from entering the site.

During the year ended 30 June 2018, the Group has not identified any non-compliance of child and forced labour-related laws and regulations.

Supply Chain Management

The Group purchases construction materials and other miscellaneous goods for the construction sites from suppliers and engages subcontractors to perform the construction works. Supply chain management is a key component in the quality control system of the Group so we implement strict controls on it to ensure its effectiveness and efficiency.

The Group maintains an internal list of approved subcontractors and suppliers which is updated on a continuous basis. While engaging a subcontractor, the Company generally selects the most suitable subcontractor from the approved list based on its relevant skill sets and experience, availability and fee quotations. With regard to construction materials, unless our customers require us to order from designated suppliers, we generally procure materials from the list of our internally approved suppliers which we have maintained satisfactory business relationship and the products provided are with good quality. The Group generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on a few suppliers and subcontractors.

During the year ended 30 June 2018, we had no material shortage of the construction materials and we did not experience any material shortage or delay in the supply of materials or services to our subcontractors. The Group has also obtained ISO9001:2015 in respect of our quality control on daily operation.

Environmental, Social and Governance Report

Product Responsibility

Project quality control

The Group believes that the quality of our work and reputation are crucial to winning future tenders and securing future business opportunities. As such, we place strong emphasis on quality control of our work to ensure that our work meets with or exceeds the required standards.

The project management team holds regular meetings with our customers and our subcontractors to review the progress of the projects and to resolve any problems which may arise. Daily progress reports, contractor reports and site photos are submitted to our customers during such meetings, if required. Upon completion of our work, various tests will be performed to confirm that the specified standards have been met and practical completion certificate will be issued by the architect.

During the Reporting Period, the Group had met the requirements of our customers and complied with all relevant laws and regulations applicable to works. The Group has also obtained ISO9001:2015 in respect of the Group's quality control.

Data privacy

The Group emphasizes the importance of data privacy. It strives to protect the privacy of its customers, business partners and staff in the collection, processing and use of their business or personal data. The Group strictly follows the data protection laws and regulations of Hong Kong.

During the year ended 30 June 2018, the Group has not identified any issues on data privacy.

Anti-corruption

The Group believes that honesty, integrity and fairness are of vital importance to its business operations. All employees are required to comply with the Company's code of conduct which stipulated the Group's internal anti-bribery and corruption guidelines. The Group has also established whistle-blowing policy for the employees to report any misconduct. Effective internal controls at different business processes have also been implemented by the Group to prevent and detect fraudulent activities.

During the year ended 30 June 2018, the Group has not identified any material non-compliance of corruption and anti-money laundering-related laws and regulations.

Community Investment

The Group emphasizes the importance of corporate social responsibilities. Apart from commercial activities, the Group encourages its management and staff to participate in community services to contribute to the society. In the meantime, it also motivates staff to actively participate in public welfare activities such as charitable donations and volunteer visits to contribute to the society in multiple aspects.

Independent Auditor's Report

To the Shareholders of WT Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of WT Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 89, which comprise:

- the consolidated statement of financial position as at 30 June 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows:

- Accounting for construction contracts — estimated costs and profit recognition
- Impairment of trade and retention receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contracts — estimated costs and profit recognition Refer to note 2.19 summary of significant accounting policies and note 6 to the consolidated financial statements. For the year ended 30 June 2018, the Group's entire gross profit of HK$7,821,000 was derived from construction works. Management estimates the total contract value and budgeted costs at the commencement of the contracts. The recognition of costs and profit on construction contracts for each period is based on the stage of completion of contract activities by reference to work performed at balance sheet date as a percentage of the total contract value. Recognition of costs and profit on contracts requires significant judgement and estimates of budgeted gross profit as well as the expected recovery of costs arising from additional work performed throughout the contract periods. Costs and profit recognition requires significant time and resources to audit due to the magnitude as well as the judgement and estimates involved.	Our procedures in relation to management's accounting for percentage of completion of construction work, estimated costs and profit recognition of construction contracts included: • We understood, evaluated and tested the key controls on a sample basis over the project costs budgeting process. • We compared the budgeted gross profit margin to historical performance of completed projects on a sample basis and assessed the quality of management budgetary process. • We inspected material construction contracts of the Group for agreed contract sum and variations, if any. • We assessed the competence, capabilities and objectivity of external architects and quantity surveyors. • We traced the stage of completion of ongoing contracts at the year end to the corresponding external architects' and quantity surveyors' certificates; and tested the revenue recognition for the current year based on percentage of completion of the projects, and the calculations of contract costs and gross profits. • We examined management's budgeted costs for each ongoing project, such as costs of materials, subcontracting fees and labour costs, etc. and traced the budgeted costs to supporting documents including price quotation, recent invoices from similar projects and rate of labour costs. • We compared actual costs incurred up to the balance sheet date to the budgeted costs for each ongoing project and obtained explanation from management for any material variation. We also tested the costs incurred by tracing to supporting documents including invoices and summary of direct labour costs.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter (Continued)	How our audit addressed the Key Audit Matter
	• We discussed with the relevant project managers to understand the status of the ongoing projects, any variations of contracts and claims, and any fluctuations in margins and changes in budget as well as the expected recovery of variations. We also inspected the correspondence with customers and subcontractors, on a sample basis, for corroboration of their explanations. We found the judgement and estimates adopted by management in determining the estimated costs and profit recognition of construction contracts to be supportable by available evidence.
Impairment of trade receivables Refer to note 2.8 summary of significant accounting policies and note 15 to the consolidated financial statements. As at 30 June 2018, trade receivables from a customer of approximately HK$11,824,000 have been past due for over 120 days up to the financial reporting date. In June 2018, a repayment schedule has been submitted by the customer who proposed to settle these trade receivables in full before July 2019 by instalments. Up to the date of this report, the customer settled approximately HK$500,000 of these balances. No provision for impairment has been made as for these trade receivable. Management applied judgment in determining the appropriate provision for impairment of these trade receivables. Provisions are determined based upon a detailed analysis with reference to the customer's credit history, subsequent settlement after the year end date, and latest operational and financial circumstances of the customer. As a result of the assessment, management considered that no provision for impairment was required for these trade receivables as at 30 June 2018. We focused on this area due to the magnitude of these trade receivables and the estimation and judgement involved in determining the recoverable amounts of these receivables.	Our procedures in relation to management's assessment on recoverability of these trade receivables included: • We understood, evaluated and validated the key controls on credit procedures performed by management, including the procedures on periodic review on aged receivables and assessment on recoverability of trade receivables. • We tested the accuracy of ageing profile on these trade receivables by checking to the underlying invoices. • We tested subsequent settlement of these trade receivables against bank receipts and compared the payment date against those set out in the repayment schedule proposed by the customer. • We circulated confirmation to confirm the balance due from this customer. We also enquired directly with the customer and the customer's project director to understand the status of the relevant construction projects, confirming that there is no amount in dispute and the existence of the proposed repayment schedule. • We obtained management's assessment on the recoverability of these trade receivables. We corroborated and validated management's assessment based on the historical settlement pattern, correspondence with the customer and evidence from external sources including the relevant public search results relating to the operational and financial circumstances of the customer. Based on the procedures performed, we found the judgement and estimates adopted by management in determining the recoverable amounts of these trade receivables to be supportable by available evidence.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay Gabriel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 September 2018

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	6	**44,995**	75,370
Cost of sales	8	**(37,174)**	(52,625)
Gross profit		**7,821**	22,745
Other income	6	**262**	558
Other gain	7	**–**	12
Administrative expenses	8	**(17,752)**	(10,831)
Operating (loss)/profit		**(9,669)**	12,484
Finance income	10	**58**	–
Finance costs	10	**(31)**	(33)
Finance income/(costs), net	10	**27**	(33)
(Loss)/profit before income tax		**(9,642)**	12,451
Income tax credit/(expense)	11	**79**	(2,984)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company		**(9,563)**	9,467
(Loss)/earnings per share (expressed in HK cents per share)			
Basic and diluted	12	**(1.1)**	1.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property and equipment	13	1,101	1,316
Deposits and prepayments	16	88	429
		1,189	1,745
Current assets			
Trade and retention receivables	15	35,305	33,702
Deposits, prepayments and other receivables	16	2,739	2,877
Amounts due from customers for contract works	18	4,965	1,073
Restricted cash	17	4,652	2,507
Cash and cash equivalents	17	30,045	14,328
		77,706	54,487
Total assets		78,895	56,232
EQUITY			
Share capital	22	10,000	–
Share premium	22	36,855	–
Other reserves	23	10,100	10,100
Retained earnings		12,247	24,810
Total equity		69,202	34,910
LIABILITIES			
Non-current liability			
Obligations under finance leases	21	334	576
Deferred income tax liabilities	25	66	–
		400	576

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 HK$'000	2017 HK$'000
Current liabilities			
Trade and retention payables	*19*	**2,493**	8,114
Accruals and other payables	*20*	**4,268**	4,042
Amounts due to customers for contract works	*18*	**1,489**	6,456
Obligations under finance leases	*21*	**143**	327
Current income tax liabilities		**900**	1,807
		9,293	20,746
Total liabilities		**9,693**	21,322
Total equity and liabilities		**78,895**	56,232

The consolidated financial statements on pages 46 to 89 were approved for issue by the Board of Directors on 24 September 2018 and were signed on its behalf.

Mr. KUNG Cheung Fai, Patrick
Director

Mr. YIP Shiu Ching
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Attributable to owners of the Company				
	Share capital HK$'000 *(Note 22)*	**Share premium** HK$'000 *(Note 22)*	**Other reserves** HK$'000 *(Note 23)*	**Retained earnings** HK$'000	**Total** HK$'000
At 1 July 2016	–	–	100	21,043	21,143
Comprehensive income:					
Profit and total comprehensive income for the year	–	–	–	9,467	9,467
Transactions with owners in their capacity as owners:					
Issuance of ordinary shares by a company now comprising the Group *(Note 1.2)*	–	–	10,000	–	10,000
Dividends *(Note 24)*	–	–	–	(5,700)	(5,700)
At 30 June 2017	–	–	10,100	24,810	34,910
At 1 July 2017	**–**		**10,100**	**24,810**	**34,910**
Comprehensive loss:					
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(9,563)**	**(9,563)**
Transactions with owners in their capacity as owners:					
Issuance of Shares and effects of the Reorganisation *(Note 1.2)*	**–**	**–**	**–**	**–**	**–**
Capitalisation of Shares *(Note 22)*	**7,500**	**(7,500)**	**–**	**–**	**–**
Issue of new Shares upon Share Offer *(Note 22)*	**2,500**	**52,500**	**–**	**–**	**55,000**
Listing expenses charged to share premium	**–**	**(8,145)**	**–**	**–**	**(8,145)**
Dividends *(Note 24)*	**–**	**–**	**–**	**(3,000)**	**(3,000)**
At 30 June 2018	**10,000**	**36,855**	**10,100**	**12,247**	**69,202**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash used in operations	*27(a)*	**(27,835)**	(1,189)
Income tax paid		**(762)**	(3,775)
Net cash used in operating activities		**(28,597)**	(4,964)
Cash flows from investing activities			
Purchases of property and equipment		**(134)**	(340)
Proceeds from disposals of property and equipment	*27(b)*	**–**	12
Net cash used in investing activities		**(134)**	(328)
Cash flows from financing activities			
Proceeds from issuance of Shares		**55,000**	–
Proceeds from issuance of ordinary shares by a company now comprising the Group		**–**	10,000
Repayments of finance lease liabilities		**(426)**	(345)
Interest paid		**(31)**	(33)
Dividends paid		**(3,000)**	(5,700)
Listing expenses paid		**(7,095)**	(1,050)
Net cash generated from financing activities		**44,448**	2,872
Increase/(decrease) in cash and cash equivalents		**15,717**	(2,420)
Cash and cash equivalents at beginning of the year		**14,328**	16,748
Cash and cash equivalents at end of the year		**30,045**	14,328

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 11 July 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands and its principal place of business in Hong Kong is Flat A, 6/F, Evernew Commercial Centre, 33 Pine Street, Tai Kok Tsui, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Talent Gain Ventures Limited ("Talent Gain"), a company incorporated in the British Virgin Islands ("BVI").

The Company is an investment holding company. The Company and its subsidiaries comprising the group (together the "Group") are principally engaged in the business of specialised works and general building works in Hong Kong (the "Listing Business").

The shares of the Company (the "Shares") were listed on GEM of the Stock Exchange (the "Listing") by way of placing and public offer (the "Share Offer") on 28 December 2017 (the "Listing Date").

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousands (HK$'000), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Wai Tat Foundation & Engineering Limited ("Wai Tat" or the "Operating Company"). Before the completion of the Reorganisation, the Operating Company was controlled by Mr. Kung, Mr. Yip and Mr. Kam (collectively, the "Controlling Shareholders") who owned 34%, 33% and 33%, respectively, of the shareholdings of the Operating Company.

In preparation for the listing of the shares of the Company on GEM of the Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation which principally involved the following steps.

(a) On 22 May 2017, Vision Perfect Ventures Limited ("Vision Perfect") was incorporated in the British Virgin Islands ("BVI"). On 6 June 2017, 34 shares, 33 shares and 33 shares were allotted and issued to Mr. Kung, Mr. Yip and Mr. Kam, respectively, all credited as fully paid at par value of US$1. As a result, Vision Perfect was owned as to 34% by Mr. Kung, as to 33% to Mr. Yip and as to 33% by Mr. Kam.

(b) On 6 June 2017, Mr. Kung, Mr. Yip and Mr. Kam transferred 34,000 shares, 33,000 shares and 33,000 shares in the Operating Company to Vision Perfect and as consideration of such share transfers, Vision Perfect issued and allotted an aggregate of 800 shares, credited as fully paid, as to 272 shares to Mr. Kung, as to 264 shares to Mr. Yip and as to 264 shares to Mr. Kam. Since then, the Operating Company became a wholly-owned subsidiary of Vision Perfect which was owned as to 34% by Mr. Kung, as to 33% to Mr. Yip and as to 33% by Mr. Kam.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

(c) On 9 June 2017, pursuant to a subscription agreement entered into between Excel Jumbo Limited ("Excel Jumbo"), an independent third party, and Vision Perfect, Vision Perfect allotted and issued, and Excel Jumbo subscribed for, 100 new shares in Vision Perfect, all credited as fully paid, at a consideration of HK$10,000,000 (the "Subscription"). Upon completion of the Subscription, Vision Perfect was owned as to 30.6% by Mr. Kung, as to 29.7% by Mr. Yip, as to 29.7% by Mr. Kam and as to 10% by Excel Jumbo.

(d) On 1 June 2017, Talent Gain was incorporated in the BV1. On 11 July 2017, 34 shares, 33 shares and 33 shares were allotted and issued to Mr. Kung, Mr. Yip and Mr. Kam respectively, all credited as fully paid at par value of US$1. As a result, Talent Gain was owned as to 34% by Mr. Kung, as to 33% to Mr. Yip and as to 33% by Mr. Kam.

(e) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 July 2017. The authorised share capital on the date of incorporation of the Company was HK$380,000 consisting of 38,000,000 Shares with a par value of HK$0.01 each. On the date of incorporation, one Share fully paid at par was allotted and issued to the initial subscriber according to the Memorandum and Articles of Association of the Company, which was transferred to Talent Gain on the same day.

(f) On 24 November 2017, the Company acquired 900 shares in Vision Perfect Ventures Limited ("Vision Perfect") from Mr. Kung, Mr. Yip and Mr. Kam, respectively and in consideration of such share transfers, the Company allotted and issued an aggregate of 899 Shares, credited as fully paid, to Talent Gain. On the same day, the Company acquired 100 shares in Vision Perfect from Excel Jumbo Limited ("Excel Jumbo"), and in consideration of such share transfer, the Company allotted and issued 100 Shares, credited as fully paid, to Excel Jumbo.

(g) On 1 December 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by creation of additional 4,962,000,000 Shares.

(h) Pursuant to the resolutions passed by the then shareholders of the Company (the "Shareholders") on 1 December 2017, subject to the share premium account of the Company being credited as a result of the Share Offer or otherwise having sufficient balance, the Directors allotted and issued a total of 749,999,000 shares credited as fully paid at par to the holders of Shares on the register of members of the Company as at 1 December 2017 (or to their respective nominees) in proportion to their shareholdings in the Company by way of capitalisation of the sum of HK$7,499,990 standing to the credit of the share premium account of the Company.

(i) Upon the completion of the Listing, 250,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.22 per share for a total consideration, net of Share issuing expenses, of HK$46,855,000.

Upon completion of the Reorganisation, the Company became the holding company of other companies now comprising the Group.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION
(Continued)

1.3 Basic of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted by the Operating Company. Pursuant to the Reorganisation, the Listing Business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the consolidated financial statements is prepared in accordance with HKFRS 10, Consolidated Financial Statements, issued by the HKICPA, using the carrying values of the Business under the Controlling Shareholders for all the years presented, or since the respective dates of incorporation/establishment of the subsidiaries within the Group, or since the date when the subsidiaries within the Group first came under the control of the Controlling Shareholders, whichever is later.

Intercompany transactions, balances, unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Amended standards adopted by the group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 July 2017:

- Disclosure Initiative — Amendments to HKAS 7,
- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to HKAS 12, and
- Disclosure of Interest in Other Entities — Amendments to HKFRS 12.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 27(c).

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments to standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on or after 1 July 2017 and have not been early adopted:

		Effective for the accounting period beginning on or after
Annual Improvements 2014–2016 Cycle	Improvements to HKFRSs in relation to HKAS 28 "Investments in Associates and Joint Ventures"	1 January 2018
HKAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HKFRS 1 (Amendment)	First Time Adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9 *(Note i)*	Financial Instruments	1 January 2018
HKFRS 15 *(Note ii)*	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments) *(Note ii)*	Clarifications to HKFRS 15	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements 2015–2017 Cycle	Improvements to HKFRSs	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16 *(Note iii)*	Leases	1 January 2019
HKFRS 17	Insurance Contract	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments to standards and interpretations not yet adopted *(Continued)*

Management is in the process of making an assessment on the impact of these new standards, amendments to standards and interpretations. Other than HKFRS 9, HKFRS 15 and HKFRS 16 which may have an impact on the Group's consolidated financial statements, the directors of the Group do not anticipate that the application of the other new standards, amendments to standards and interpretations will have material impact on the results and financial position of the Group.

(i) HKFRS 9 "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The Group has performed assessment of the potential impact of the application of the new model for the recognition of impairment losses. The implementation of the new ECL model is not expected to result in any significant impact on the Group's financial results and position except that it may result in an earlier recognition of credit losses.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

HKFRS 9 must be applied for financial year commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives will not be restated.

(ii) HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18, Revenue, HKAS 11, Construction contracts and HK(IFRIC)-Interpretation 13, Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments to standards and interpretations not yet adopted *(Continued)*

(ii) HKFRS 15 "Revenue from contracts with customers" (Continued)

The core principle of HKFRS 15 is that an entity should recognise 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 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: Recognise revenue when (or as) the entity satisfies a performance obligation.

The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has evaluated the impact of adopting HKFRS 15 on the Group's financial statements. Based on the assessment, the new standard will likely have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. HKFRS 15 includes contract cost guidance that could result in a change in the measurement and recognition of contract costs as compared to the accounting policy currently adopted by the Group. Under HKFRS 15, the Group is required to identify separate performance obligations in recognising the amount of revenue and recognise the amount of cost related to satisfied performance obligations and fulfilment costs. The Group will no longer be able to defer costs if the performance obligation qualifies for over-time recognition unless such costs qualify for capitalisation based on either the costs to obtain or costs to fulfill the contract guidance. Costs incurred in satisfying a performance obligation are charged to expense as incurred. Since the Group will continue to use output method to measure progress, which is other than cost-to-cost method, this will likely result in uneven margins in individual reporting periods over the life of the contract.

The Group intends to adopt the standard for all uncompleted contracts as at 1 July 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in the retained earnings as of 1 July 2018 and that comparatives will not be restated.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments to standards and interpretations not yet adopted *(Continued)*

(iii) HKFRS16 "Leases"

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on statement of financial position for lessees. The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.21 with the Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, set out in Note 29. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the statement of financial position. Instead, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, the operating lease expenses will decrease, while depreciation and amortisation and the interest expense will increase. HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019, and management expects the impacts on the Group's financial results and position upon the adoption of HKFRS 16 are not material. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 June 2018 are approximately HK$447,000 (2017: HK$717,000).

2.2 Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM").

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gain.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Properly and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Motor vehicles classified as finance lease commences depreciation from the time when the assets become available for its intended use. Depreciation of property and equipment is calculated using the straight line method to allocate their cost to their residual values over its estimated useful lives, as follows:

Furniture and equipment	20%
Motor vehicles under finance leases	20% or over the lease term, whichever is shorter

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gain" in the consolidated statement of comprehensive income.

2.7 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See Note 14 for details about each type of financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of trade and retention receivables, amounts due from customers for contract works, deposits and other receivables, restricted cash and cash and cash equivalents.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of financial assets *(Continued)*

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 15.

2.11 Trade and other receivables

Trade and retention receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.8 for further information about the Group's accounting for trade and other receivables and Note 2.10 for a description of the Group's impairment policies.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the credit term. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period (or in the normal operating cycle of the business if longer). They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Finance costs

Finance costs are recognised in consolidated statement of comprehensive income in the period in which they are incurred.

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits

(i) Pension obligations

The Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income up to a maximum of HK$1,500 per employee per month. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other postretirement benefits of its employees in Hong Kong.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(ii) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time to leave.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Construction contract

A construction contract is defined by HKAS 11, "Construction contracts", as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.21 Leases

Leases of plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow and fair value interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

As at 30 June 2018, the Group operates solely in Hong Kong and there was no significant exposure to foreign exchange risk.

As at 30 June 2017, the Group was exposed to foreign exchange risk with respect to Taiwan Dollar ("TWD") denominated transactions arising from engagement with a subcontractor. If TWD has strengthened/weakened by 5% with all other variables held constant, the post-tax profit for the year would have been approximately HK$143,000 lower/higher, mainly as a result of foreign exchange loss on revaluation of TWD denominated trade payables.

(ii) Credit risk

The Group is exposed to credit risk in relation to its trade and retention receivables, amounts due from customers for contract works, deposits and other receivables, restricted cash, and cash and cash equivalents. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

It is the Group's policy that all customers who wish to have credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group is exposed to concentration of credit risk as at 30 June 2018 on trade and retention receivables from the Group's top five debtors amounting to approximately HK$34,297,000 (2017: HK$32,799,000) and accounted for 97% (2017: 97%). To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade and retention receivable to ensure that adequate impairment provision is made for the irrecoverable amounts.

The credit risk on restricted cash and cash and cash equivalents are limited because cash are placed in banks and insurance companies with sound credit ratings.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from finance lease liabilities and cash and cash equivalents. Finance lease liabilities obtained at fixed rates expose the Group to fair value interest rate risk and cash at banks expose the Group to cash flow interest rate risk.

However, the interest expense derived therefrom is relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 30 June 2018				
— Obligations under finance leases	**161**	**161**	**189**	**511**
— Accruals and other payables	**3,578**	**–**	**–**	**3,578**
— Trade and retention payables	**2,493**	**–**	**–**	**2,493**
	6,232	**161**	**189**	**6,582**
As at 30 June 2017				
— Obligations under finance leases	358	261	351	970
— Accruals and other payables	3,893	–	–	3,893
— Trade and retention payables	8,114	–	–	8,114
	12,365	261	351	12,977

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-asset ratio, the ratio is calculated as total debts divided by total assets. Total debts represent finance lease liabilities.

	2018 **HK$'000**	2017 HK$'000
Total debts	**477**	903
Total assets	**78,895**	56,232
Debt-to-asset-ratio	**0.6%**	1.6%

3.3 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and retention receivables, amounts due from customers for contract works, deposits and other receivables, restricted cash and cash and cash equivalents, and current financial liabilities, including trade and retention payables, accruals and other payables, and finance lease liabilities, approximate their fair values as at the reporting date due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values. The carrying value of non-current finance lease liabilities is assumed to approximate its fair value as the amount bears interest at commercial rate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

The Group recognised its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimate of the contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract in progress. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

(b) Impairment of trade and retention receivables

Management reviews regularly the recoverable amount of each individual trade and retention receivables to ensure that adequate impairment is made for the balances. Management assesses the recoverable amount of each individual receivable whether there is objective evidence that the receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions. Management reassesses the provision at the end of each reporting period.

5 SEGMENT INFORMATION

The CODM has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of specialised works and general building works in Hong Kong. Information reported to CODM for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION *(Continued)*

The Group is domiciled in Hong Kong and revenue are all derived from external customers in Hong Kong for the year (2017: same). During the year, revenue from 3 (2017: 4) customers individually contributed over 10% of the Group's revenue. The revenue from each of these customers during the year are summarised below:

	2018 **HK$'000**	2017 HK$'000
Customer A	**N/A** [a]	12,064
Customer B	**18,772**	20,596
Customer C	**N/A** [a]	15,994
Customer D	**5,941**	8,578
Customer E	**11,580**	N/A [a]

Note:

(a) The corresponding customers did not contribute over 10% of the total revenue of the Group for the specific year.

6 REVENUE AND OTHER INCOME

Revenue and other income recognised during the years are as follows:

	2018 **HK$'000**	2017 HK$'000
Revenue:		
Contract revenue	**44,995**	75,370
Other income:		
Compensation income received from a customer	**–**	400
Sundry income	**262**	158
	262	558

7 OTHER GAIN

	2018 **HK$'000**	2017 HK$'000
Gain on disposals of property and equipment	**–**	12

Notes to the Consolidated Financial Statements

8 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	2018 HK$'000	2017 HK$'000
Construction costs recognised in cost of sales *(Note a)*	**37,174**	52,625
Employee benefits expenses, including directors' emoluments *(Note b)*	**4,660**	2,855
Depreciation *(Note 13)*	**349**	353
Listing expenses	**9,176**	6,006
Legal and professional fees	**1,641**	222
Auditors' remuneration		
— Audit services	**900**	86
— Non-audit services	**–**	210
Operating lease charges in respect of the Group's office	**265**	258
Motor vehicle expenses	**380**	372
Utility expenses	**73**	101
Others	**308**	368
Total cost of sales and administrative expenses	**54,926**	63,456

Notes:

(a) Construction contracts costs included costs of construction materials, staff costs (refer to note (b) below), subcontracting charges, insurance and transportation.

(b)

	2018 HK$'000	2017 HK$'000
Wages, salaries, bonuses and other benefits	**10,144**	6,934
Pension costs — defined contribution plans	**245**	201
Less: amount included in construction contracts costs or capitalised in work-in-progress	**(5,729)**	(4,280)
	4,660	2,855

Notes to the Consolidated Financial Statements

8 EXPENSES BY NATURE *(Continued)*

Notes: (Continued)

(c) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group include 3 directors for the year (2017: 3), whose remuneration are reflected in the analysis presented in Note 9(a) below.

The remuneration paid to the remaining 2 (2017: 2) individuals are as follows:

	2018 HK$'000	2017 HK$'000
Wages, salaries, bonuses and other benefits	1,559	1,163
Pension costs — defined contribution plans	36	36
	1,595	1,199

The emoluments of these individuals fell within the band of nil–HK$1,000,000 during the year.

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any for the five highest paid individuals during the year.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors of the Company paid and payable by the Group for the year are set out below:

For the year ended 30 June 2018:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind *(Note)* HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:						
Mr. Kung Cheung Fai Patrick	–	1,107	99	–	3	1,209
Mr. Yip Shiu Ching (Chairman)	–	1,107	99	–	18	1,224
Mr. Kam Kin Bun	–	815	99	292	18	1,224
Independent non-executive directors:						
Mr. Leung Chi Hung	90	–	–	–	–	90
Ms. Hung Siu Woon Pauline	90	–	–	–	–	90
Ms. Wong Lai Na	90	–	–	–	–	90
	270	3,029	297	292	39	3,927

Notes to the Consolidated Financial Statements

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 30 June 2017:

Name	Fees	Salary	Discretionary bonuses	Allowances and benefits in kind *(Note)*	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:						
Mr. Kung Cheung Fai Patrick	–	1,030	–	–	18	1,048
Mr. Yip Shiu Ching (Chairman)	–	1,030	–	–	18	1,048
Mr. Kam Kin Bun	–	738	–	292	18	1,048
	–	2,798	–	292	54	3,144

Note: The allowances and benefits in kind represent the operating lease charge paid for a director's quarter.

The remuneration shown above represents remuneration received from the Group by the executive directors in their capacity as employees to the Operating Company and no directors waived any emolument during the year.

No emoluments were paid by the Company or the Operating Company to the directors as an inducement to join the Company or the Operating Company, or as compensation for loss of office during the year.

Mr. Leung Chi Hung, Ms. Wong Lai Na and Ms. Hung Siu Woon Pauline were appointed as the Company's independent non-executive directors on 1 December 2017. During the year ended 30 June 2017, the independent non-executive directors had not been appointed and had not received any remuneration.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2017: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2017: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year, the Group did not pay consideration to any third parties for making available directors' services (2017: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2017: Nil).

Notes to the Consolidated Financial Statements

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 26, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly; subsisted at the end of the year or at any time during the year (2017: Nil).

10 FINANCE INCOME/(COSTS), NET

	2018 HK$'000	2017 HK$'000
Finance Income		
Bank interest income	58	–
Finance costs on:		
— Finance lease liabilities	(31)	(33)
	27	(33)

11 INCOME TAX (CREDIT)/EXPENSE

No Hong Kong profits tax has been provided as the Group did not have assessable profit for the year (2017: Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the year).

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (2017: Nil).

The amount of income tax (credit)/expense charged to the consolidated statement of comprehensive income represents:

	2018 HK$'000	2017 HK$'000
Current income tax		
— Hong Kong profits tax	–	2,984
Deferred income tax *(Note 25)*	66	–
Over provision in prior year	(145)	–
Income tax (credit)/expense	(79)	2,984

Notes to the Consolidated Financial Statements

11 INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the group entities as follows:

	2018 HK$'000	2017 HK$'000
(Loss)/profit before income tax	**(9,642)**	12,451
Tax calculated at a tax rate of 16.5%	**(1,590)**	2,054
Expenses not deductible for tax purposes	**1,666**	1,000
Income not subject to tax	**(10)**	(50)
Over provision in prior year	**(145)**	–
Tax concession	**–**	(20)
Income tax (credit)/expense	**(79)**	2,984

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the additional 749,999,000 Shares issued pursuant to the capitalisation issue in respect of the Listing were treated as if they had been in issue since 1 July 2016.

	2018	2017
(Loss)/profit attributable to owners of the Company (in HK$'000)	**(9,563)**	9,467
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**876,712,329**	750,000,000
(Loss)/earnings per share (HK cents per share)	**(1.1)**	1.3

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share due to the absence of dilutive potential ordinary shares during the respective year.

Notes to the Consolidated Financial Statements

13 PROPERTY AND EQUIPMENT

	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 July 2016			
Cost	418	1,634	2,052
Accumulated depreciation	(366)	(1,127)	(1,493)
Net book amount	52	507	559
Year ended 30 June 2017			
Opening net book amount	52	507	559
Additions	340	770	1,110
Disposals *(Note 27(b))*	–	–	–
Depreciation	(54)	(299)	(353)
Closing net book amount	338	978	1,316
At 30 June 2017			
Cost	404	1,834	2,238
Accumulated depreciation	(66)	(856)	(922)
Net book amount	338	978	1,316
Year ended 30 June 2018			
Opening net book amount	**338**	**978**	**1,316**
Additions	**134**	**–**	**134**
Depreciation	**(97)**	**(252)**	**(349)**
Closing net book amount	**375**	**726**	**1,101**
At 30 June 2018			
Cost	**538**	**1,834**	**2,372**
Accumulated depreciation	**(163)**	**(1,108)**	**(1,271)**
Net book amount	**375**	**726**	**1,101**

Depreciation expense of approximately HK$349,000 (2017: HK$353,000) for the year has been recorded in administrative expenses.

Notes to the Consolidated Financial Statements

13 PROPERTY AND EQUIPMENT *(Continued)*

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	2018 HK$'000	2017 HK$'000
Cost-capitalised finance leases	770	1,834
Accumulated depreciation	(240)	(856)
Net book amount	530	978

The Group leases various motor vehicles under finance lease arrangements. As at 30 June 2018, the lease terms ranged from 4.5 to 5 years (2017: 3.5 to 5 years) and ownership of assets lie within the Group.

14 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include the following:

	2018 HK$'000	2017 HK$'000
Financial assets:		
Loans and receivables:		
Trade and retention receivables	35,305	33,702
Amounts due from customers for contract works	4,965	1,073
Deposits and other receivables	326	356
Restricted cash	4,652	2,507
Cash and cash equivalents	30,045	14,328
	75,293	51,966
Financial liabilities:		
Financial liabilities at amortised cost:		
Trade and retention payables	2,493	8,114
Accruals and other payables	3,578	3,893
Obligations under finance leases	477	903
	6,548	12,910

Notes to the Consolidated Financial Statements

15 TRADE AND RETENTION RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**27,449**	28,244
Retention receivables	**7,856**	5,458
	35,305	33,702

The Group's credit terms granted to third-party customers other than those retention receivables range from 30 days to 180 days. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The Group adopts output method for revenue recognition. Revenue, trade and retention receivables are recognised based on work completed up to the end of the reporting periods which are certified by architects.

As at 30 June 2018, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	2018 HK$'000	2017 HK$'000
Up to 30 days	**7,837**	25,235
31–60 days	**1,566**	43
61–90 days	**5,384**	46
91–120 days	**652**	41
Over 120 days	**12,010**	2,879
	27,449	28,244

In the consolidated statement of financial position, retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables, based on invoice date, are as follows:

	2018 HK$'000	2017 HK$'000
Up to 1 year	**4,256**	3,817
Over 1 year	**3,600**	1,641
	7,856	5,458

Notes to the Consolidated Financial Statements

15 TRADE AND RETENTION RECEIVABLES *(Continued)*

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in consolidated statement of comprehensive income within "administrative expenses". See Note 2.10 for information about how impairment losses are calculated.

As at 30 June 2018, the trade and retention receivables of approximately HK$21,528,000 (2017: HK$1,854,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

The ageing analysis of these trade and retention receivables, based on due date, are as follows:

	2018 HK$'000	2017 HK$'000
Overdue		
Up to 30 days	2,508	1,854
31–60 days	5,490	–
61–90 days	652	–
91–120 days	78	–
Over 120 days *(Note)*	12,800	–
	21,528	1,854

Note: Included in these balances were trade receivables from a customer of approximately HK$11,824,000 as at 30 June 2018, which have been past due for over 120 days up to the financial reporting date. In June 2018, a repayment schedule has been submitted by the customer who proposed to settle these balances in full before July 2019 by instalments. Up to the date of this report, the customer settled approximately HK$500,000 of these balances in accordance with such repayment schedule. The directors have evaluated the operational and financial circumstances of this customer and are of the opinion that there is no impairment on the recoverability of these receivables as at 30 June 2018.

The carrying amounts of trade and retention receivables are denominated in HK$ and approximate their fair values.

Notes to the Consolidated Financial Statements

16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Deposits and other receivables	326	356
Prepayments	2,501	1,069
Prepayments for listing expenses	–	1,881
	2,827	3,306
Less: non-current portion		
Deposits and prepayments	(88)	(429)
	2,739	2,877

The carrying amounts of deposits and other receivables are denominated in HK$ and approximate their fair values.

17 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Restricted cash	4,652	2,507

As at 30 June 2018, restricted cash represented deposits of HK$4,652,000 (2017: HK$2,507,000) placed in insurance companies as collateral for performance bonds. Restricted cash is interest-free.

	2018 HK$'000	2017 HK$'000
Cash and cash equivalents	30,045	14,328

The carrying amounts of cash and cash equivalents are denominated in HK$ and approximate their fair values.

Notes to the Consolidated Financial Statements

18 CONTRACTING WORK-IN-PROGRESS

	2018 HK$'000	2017 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses	89,213	39,785
Less: progress billings *(Note)*	(85,737)	(45,168)
Balance at end of the year	3,476	(5,383)
Included in current assets/(liabilities) are the following:		
Amounts due from customers for contract works	4,965	1,073
Amounts due to customers for contract works	(1,489)	(6,456)
	3,476	(5,383)

Note: The amount represents the progress billings billed and contractually billable to customers for works performed.

19 TRADE AND RETENTION PAYABLES

Trade and retention payables at the end of reporting period comprise amounts outstanding to contract creditors and suppliers. The average credit period taken for trade payables is generally 30 days.

	2018 HK$'000	2017 HK$'000
Trade payables	1,389	7,338
Retention payables	1,104	776
	2,493	8,114

As at 30 June 2018, the ageing analysis of the trade payables, based on invoice date, are as follows:

	2018 HK$'000	2017 HK$'000
Up to 30 days	1,351	7,309
31–60 days	–	29
61–90 days	38	–
	1,389	7,338

Notes to the Consolidated Financial Statements

19 TRADE AND RETENTION PAYABLES *(Continued)*

In the consolidated statement of financial position, retention payables were classified as current liabilities. The ageing of the retention payables by invoice date was as follows:

	2018 HK$'000	2017 HK$'000
Up to 1 year	990	776
Over 1 year	114	–
	1,104	776

The carrying amounts of trade and retention payables are denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
HK$	2,493	4,679
TWD	–	3,435
	2,493	8,114

The carrying amounts of trade and retention payables approximate their fair values.

20 ACCRUALS AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Accruals for legal and professional fees	1,020	159
Accruals for listing expenses	–	3,511
Other accruals and other payables	3,061	223
Provision for unutilised annual leave	187	149
	4,268	4,042

The carrying amounts of accruals and other payables are denominated in HK$ and approximate their fair values.

Notes to the Consolidated Financial Statements

21 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments	
	2018	2017
	HK$'000	HK$'000
No later than 1 year	**161**	358
Later than 1 year and no later than 5 years	**350**	612
	511	970
Less: future finance charges on finance leases	**(34)**	(67)
Present value of finance lease liabilities	**477**	903
The present value of finance lease liabilities is as follows:		
No later than 1 year	**143**	327
Later than 1 year and no later than 5 years	**334**	576
	477	903

The Group leases its motor vehicles under finance leases. The original lease term entered by the Group for the leases outstanding as at 30 June 2018 ranged from 4.5 to 5 years (2017: 3.5 to 5 years). The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

As at 30 June 2017, finance leases with the amount of HK$287,000 were guaranteed by the directors of the Company. During the year, the respective finance leases had been fully paid and the guarantees by the directors of the Company have been released accordingly.

22 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Group as at 30 June 2018 represented the share capital of the Company.

	Number of shares (in thousand)	Total HK$'000	Share premium HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 11 July 2017 (date of incorporation) *(note a)*	38,000	380	–
Increase on 1 December 2017 *(note c)*	4,962,000	49,620	–
At 30 June 2018	5,000,000	50,000	–

Notes to the Consolidated Financial Statements

22 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

	Number of shares (in thousand)	Total HK$'000	Share premium HK$'000
Issued and fully paid:			
At 11 July 2017 (date of incorporation) *(note a)*	–	–	–
Issue of new shares on reorganisation *(note b)*	1	–	–
Capitalisation issue *(note d)*	749,999	7,500	(7,500)
Issue of new shares upon listing *(note e)*	250,000	2,500	52,500
Listing expenses charged to share premium *(note e)*	–	–	(8,145)
At 30 June 2018	1,000,000	10,000	36,855

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 July 2017. The authorised share capital on the date of incorporation of the Company was HK$380,000 consisting of 38,000,000 Shares with a par value of HK$0.01 each. On the date of incorporation, one Share fully paid at par was allotted and issued to the initial subscriber to the memorandum and Articles of Association of the Company, which was transferred to Talent Gain on the same day.

(b) On 24 November 2017, the Company acquired 900 shares in Vision Perfect Ventures Limited ("Vision Perfect") from Mr. Kung, Mr. Yip and Mr. Kam, respectively and in consideration of such share transfers, the Company allotted and issued an aggregate of 899 Shares, credited as fully paid, to Talent Gain. On the same day, the Company acquired 100 shares in Vision Perfect from Excel Jumbo Limited ("Excel Jumbo"), and in consideration of such share transfer, the Company allotted and issued 100 Shares, credited as fully paid, to Excel Jumbo.

(c) On 1 December 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by creation of additional 4,962,000,000 Shares.

(d) Pursuant to the resolutions passed by the then Shareholders of the Company on 1 December 2017, subject to the share premium account of the Company being credited as a result of the Share Offer or otherwise having sufficient balance, the Directors allotted and issued a total of 749,999,000 shares credited as fully paid at par to the holders of Shares on the register of members of the Company as at 1 December 2017 (or to their respective nominees) in proportion to their shareholdings in the Company by way of capitalisation of the sum of HK$7,499,990 standing to the credit of the share premium account of the Company.

(e) Upon the completion of the Listing, 250,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.22 per share for a total consideration of HK$46,855,000, net of Share issuing expenses.

23 RESERVES

Other reserves of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the Reorganisation over nominal value of the share capital of the Company issued in exchange thereof.

Notes to the Consolidated Financial Statements

24 DIVIDENDS

No dividend has been paid or declared by the Company during the period from its date of incorporation to 30 June 2018.

On 1 December 2017, Wai Tat declared a special dividend amounting to HK$3,000,000 to the then shareholders, which had been settled before Listing. During the year ended 30 June 2017, Wai Tat declared and paid dividend of HK$5,700,000 to the then shareholders.

25 DEFERRED INCOME TAX

Deferred tax is calculated on temporary differences under the liability method using tax rates enacted or substantively enacted by the end of the reporting period in the respective jurisdictions.

The movements of the net deferred tax liabilities are as follows:

	2018 HK$'000	2017 HK$'000
At 1 July	–	–
Charged to consolidated statement of comprehensive income	66	–
At 30 June	66	–

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Tax losses HK$'000
At 1 July 2016, 30 June 2017 and 1 July 2017	–
Credited to consolidated statement of comprehensive income	(58)
At 30 June 2018	(58)

Deferred income tax liabilities

	Accelerated depreciation allowance HK$'000
At 1 July 2016, 30 June 2017 and 1 July 2017	–
Charged to consolidated statement of comprehensive income	124
At 30 June 2018	124

Notes to the Consolidated Financial Statements

26 RELATED PARTIES TRANSACTIONS

(a) Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals were related parties that had transactions or balances with the Group during the year:

Name	Relationship with the Group
Mr. Kung	Shareholder and Executive Director
Mr. Yip	Shareholder and Executive Director
Mr. Kam	Shareholder and Executive Director

(b) As at 30 June 2017, Wai Tat, Mr. Kung and Mr. Yip had entered into indemnity agreements with an insurance company in order to secure performance bond amounting to HK$2,860,000 in respect of a construction contract of the Group in its ordinary course of business. These personal guarantees given by Mr. Kung and Mr. Yip were released in November 2017 and as at 30 June 2018, this performance bond was only secured by Wai Tat.

(c) Key management compensation

Key management includes executive, non-executive directors and the senior management of the Group.

The compensation paid or payable to key management for employee services is shown below:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and benefits in kind	**4,738**	4,052
Retirement benefit costs — defined contribution plans	**57**	85
	4,795	4,137

Notes to the Consolidated Financial Statements

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of (loss)/profit before income tax to cash used in operations

	2018 HK$'000	2017 HK$'000
Cash flows from operating activities		
(Loss)/profit before income tax	(9,642)	12,451
Adjustments for:		
Finance (income)/costs, net	(27)	33
Gain on disposals of property and equipment	–	(12)
Depreciation of property and equipment	349	353
	(9,320)	12,825
Changes in working capital		
Trade and retention receivables	(1,603)	(24,328)
Deposits, prepayments and other receivables	(513)	(1,446)
Amounts due from/(to) customers for contract works, net	(8,859)	6,682
Restricted cash	(2,145)	(2,507)
Trade and retention payables	(5,621)	4,243
Accruals and other payables	226	3,342
Net cash used in operations	(27,835)	(1,189)

(b) In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	2018 HK$'000	2017 HK$'000
Net book amount of disposed property and equipment *(Note 13)*	–	–
Gain on disposals of property and equipment *(Note 7)*	–	12
Net proceeds from disposals of property and equipment	–	12

(c) Reconciliation of liabilities arising from financing activities:

For the year ended 30 June 2018

	1 July 2017 HK$'000	Cash flows HK$'000	30 June 2018 HK$'000
Obligations under finance leases	903	(426)	477

Notes to the Consolidated Financial Statements

28 SUBSIDIARIES

The Group's principal subsidiaries at 30 June 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place and date of incorporation	Kind of legal entity	Principal activities	Issued and paid up capital	Ownership interest held by the Group	
					2018 %	2017 %
Directly held						
Vision Perfect	BVI, 22 May 2017	Limited liability company	Investment holding	US$1,000	100	100
Indirectly held						
Wai Tat	Hong Kong, 25 January 2002	Limited liability company	Engaged in business of foundation works, site formation works, superstructure works, demolition works and ground investigation field works	HK$100,000	100	100

29 COMMITMENTS

Operating lease commitments — as lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2018 HK$'000	2017 HK$'000
No later than one year	321	534
Later than one year and no later than five years	126	183
	447	717

30 CONTINGENT LIABILITIES

As at 30 June 2018, the Group has given guarantees on performance bonds issued by insurance companies of HK$4,652,000 in respect of two construction contracts of the Group in its ordinary course of business (2017: HK$4,882,000 in respect of three construction contracts). These performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

Notes to the Consolidated Financial Statements

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	2018 HK$'000
ASSETS		
Non-current assets		
Investment in a subsidiary		19,831
Current assets		
Prepayment		45
Amount due from a subsidiary		31,258
Cash and cash equivalents		100
		31,403
Total assets		51,234
EQUITY		
Share capital		10,000
Share premium	*(Note (a))*	56,686
Accumulated losses	*(Note (a))*	(15,452)
Total equity		51,234

The Company was incorporated on 11 July 2017. As at 30 June 2017, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date.

The statement of financial position of the Company was approved by the Board of Directors on 24 September 2018 and was signed on its behalf:

Mr. KUNG Cheung Fai, Patrick
Director

Mr. YIP Shiu Ching
Director

Notes to the Consolidated Financial Statements

31 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Statement of financial position of the Company *(Continued)*

Note (a): **Reserve movement of the Company**

	Share premium HK$'000	**Accumulated losses** HK$'000
At 11 July 2017 (date of incorporation)	–	–
Issue of new Shares on Reorganisation *(Note i)*	19,831	–
Capitalisation of Shares *(Note 22)*	(7,500)	–
Issue of new Shares upon Listings *(Note 22)*	52,500	–
Listing expenses charged to share premium	(8,145)	–
Loss for the period	–	(15,452)
At 30 June 2018	56,686	(15,452)

Note (i): The investment in a subsidiary was accounted for using the net asset value of the subsidiaries now comprising the Group at the date of the Reorganisation. The difference between the net asset value and the nominal value of issued share capital for the acquisition of Vision Perfect amounted to approximately HK$19,831,000 was credited as share premium.

Financial Summary

RESULTS

	For the year ended 30 June		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Revenue	**44,995**	75,370	44,655
Cost of sales	**(37,174)**	(52,625)	(31,428)
Gross profit	**7,821**	22,745	13,227
(Loss)/profit for the year	**(9,563)**	9,467	8,531

ASSETS AND LIABILITIES

	As at 30 June		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Non-current assets	**1,189**	1,745	580
Current assets	**77,706**	54,487	30,266
Non-current liabilities	**400**	576	269
Current liabilities	**9,293**	20,746	9,434
Net current assets	**68,413**	33,741	20,832
Net Assets	**69,202**	34,910	21,143

The summary above does not form part of the consolidated financial statements.

No financial statements of the Group for the years ended 30 June 2014 and 2015 have been published.

The financial information for the years ended 30 June 2016 and 2017 were extracted from the Prospectus of the Company dated 13 December 2017. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 1.3 to the consolidated financial statements.