2018 Annual Report

Super Strong Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8262

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

GEM has been positioned as a market designed to accommodate 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 emerging nature of companies listed on GEM, 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 Super Strong Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Kwok Tung Keung *(Chairman and Chief Executive)*
Mr. Ko Chun Hay Kelvin
Mr. Lee Kin Kee (resigned on 31 March 2018)

Non-Executive Director
Mr. Woo See Shing (appointed on 1 April 2018)

Independent Non-Executive Directors
Mr. So Chi Wai
Ms. Wong Shuk Fong
Mr. Donald William Sneddon

BOARD COMMITTEE

Audit Committee
Ms. Wong Shuk Fong *(Chairman)*
Mr. So Chi Wai
Mr. Donald William Sneddon

Remuneration Committee
Ms. Wong Shuk Fong *(Chairman)*
Mr. So Chi Wai
Mr. Kwok Tung Keung
Mr. Donald William Sneddon

Nomination Committee
Mr. Kwok Tung Keung *(Chairman)*
Ms. Wong Shuk Fong
Mr. Donald William Sneddon

COMPANY SECRETARY
Mr. Ko Chun Hay Kelvin

AUTHORISED REPRESENTATIVES
Mr. Kwok Tung Keung
Mr. Ko Chun Hay Kelvin

AUDITOR
Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER
Titan Financial Services Limited

LEGAL ADVISER
As to Hong Kong Law
S.K. Wong & Co.
Solicitors, Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit D, 3/F., Freder Centre
3 Mok Cheong Street, Tokwawan
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square Grand Cayman KY1-1102
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

PRINCIPAL BANKERS
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
OCBC Wing Hang Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited

COMPANY WEBSITE
www.wmcl.com.hk
(information of this website does not form part of this report)

STOCK CODE
08262

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of the Company and its subsidiaries (collectively, the "**Group**"), I am delighted to present the annual report of the Group to you.

During the year, we have highly selective in tendering projects and we have given up some relatively thin margin projects. Our strategic is clear that we have to safeguard our shareholders fund to avoid risky projects. It is expected that construction business in Hong Kong will continue to be challenging. In particular, there are many rapid expanded new entrants to join with highly competitive pricing offer attached with lower compliance or quality requirements.

In it's over 30 years history, our Group has established strong relationship with customers and our Group's creditability in the industry. We are confident that we could undertake new projects with better margins as pricing competition is not the only factor to be considered. Our Group has been committed to the pursuit of excellence in our timely quality project. We have also streamlined our operation so as to improve the operation efficiency of our Group.

During the year, we have acquired 49.06% shares of Unimax Property Consultancy Limited, a company engaged in building management services for 20 years. Our Group looks for opportunities to create shareholders' value through making investments in business that have promising outlooks and prospects. The acquisition could provide an opportunity to the Group to integrate its operations from property construction services to building management services and to improve the profitability of the Group as well.

Looking forward, without compromising a corporate strategy to generate or preserve value over the longer term, we will continue to explore new business and investment opportunities that may generate additional return to the shareholders of our Group through acquisitions or strategic cooperation with business partners although there is no fixed plan at this stage.

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to our shareholders, developers, subcontractors and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group.

Super Strong Holdings Limited
Kwok Tung Keung
Chairman and Executive Director

Hong Kong, 21 September 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in general building works and specialised building works in Hong Kong. We generate revenue by provision of general building works and specialised building works which are contracted by our customers on project basis.

The general building works undertaken by us refer to the construction works performed by us at construction sites for residential buildings, commercial buildings, industrial buildings and general superstructure erection, and also include (i) erection of architectural superstructures, and (ii) renovation, fitting out, alteration and addition works. We also undertake specialised building works, which comprise demolition, site formation and foundation works.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the condition of the property market in Hong Kong. The Directors are of the view that the enormous demand for properties in Hong Kong is the key driver for the growth of the Hong Kong building industry.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to pursue the following key business strategies: (i) further enhancing our participation in undertaking construction works from both the private sector and the public sector; (ii) further strengthening our manpower through recruiting additional qualified and experienced staff; (iii) maintaining an integrated management system for quality, environment, occupational health and safety management; and (iv) further adhering our one-stop-shop strategy and prudent financial management.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK$651.4 million for the year ended 30 June 2017 to approximately HK$498.6 million for the year ended 30 June 2018, representing a decrease of approximately 23.5%.

Direct Cost

Our direct costs decreased from approximately HK$622.1 million for the year ended 30 June 2017 to approximately HK$458.5 million for the year ended 30 June 2018, representing a decrease of approximately 26.3%. Such decrease was in line with the decrease in revenue and was mainly attributable to the decrease in construction costs and labour costs during the year ended 30 June 2018.

Gross Profit

Gross profit of the Group increased by approximately 37.2% from approximately HK$29.3 million for the year ended 30 June 2017 to approximately HK$40.2 million for the year ended 30 June 2018. The overall gross profit margin increased from approximately 4.5% for the year ended 30 June 2017 to approximately 8.1% for the year ended 30 June 2018. Such increase was mainly attributable to the increase of gross profit margin of certain projects during the year ended 30 June 2018.

Administrative Expenses

Administrative expenses mainly consist of staff costs, donation and professional fees. Administrative expenses of the Group increased by approximately 24.3% from approximately HK$22.2 million for the year ended 30 June 2017 to approximately HK$27.6 million for the year ended 30 June 2018. The increase was mainly attributable to the increase in staff costs, majority of which arrived from share-based payment during the year ended 30 June 2018.

Income Tax Expense

Income tax expense of the Group increased by approximately 125.0% from approximately HK$1.2 million for the year ended 30 June 2017 to approximately HK$2.7 million for the year ended 30 June 2018. The increase was mainly due to the increase in our taxable profit.

Profit and Total Comprehensive Income for the year ended 30 June 2018 attributable to owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company increased by approximately 40.7% from approximately HK$5.9 million for the year ended 30 June 2017 to approximately HK$8.3 million for the year ended 30 June 2018. The increase was mainly due to the increase of gross profit margin of certain projects during the year ended 30 June 2018.

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$89.6 million (30 June 2017: approximately HK$71.8 million) and pledged bank balances of approximately HK$62.1 million (30 June 2017: approximately HK$77.7 million). The total interest-bearing borrowings of the Group as at 30 June 2018 was approximately HK$8.5 million (30 June 2017: approximately HK$5.0 million), and the current ratio as at 30 June 2018 was approximately 2.4 times (30 June 2017: approximately 2.0 times).

As at 30 June 2018, the Group had total assets of approximately HK$283.7 million (30 June 2017: approximately HK$304.7 million), which is financed by total liabilities and shareholders' equity of approximately HK$111.8 million (30 June 2017: approximately HK$150.8 million) and approximately HK$171.9 million (30 June 2017: approximately HK$153.9 million), respectively.

GEARING RATIO

The gearing ratio is calculated based on the total loans and borrowings (interest-bearing bank borrowings) divided by total equity as at the respective reporting date. As at 30 June 2018, the Group recorded gearing ratio of approximately 5.0% (30 June 2017: approximately 3.2%), which remained low as the Group had adequate bank balances and cash after the Listing.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 30 June 2018. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged its bank deposits to a bank of approximately HK$62.1 million (30 June 2017: approximately HK$77.7 million) as collateral to secure bank facilities granted to the Group.

As at 30 June 2018, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK$9.0 million (30 June 2017: approximately HK$8.8 million) as collateral to secure bank facilities granted to the Group. Also, the performance bonds granted by the banks are secured by the project proceeds from certain construction contracts of the Group.

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

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the functional currency of all the group entities. For the year ended 30 June 2018, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2018, the Company's issued share capital was HK$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$2.9 million as at 30 June 2018 (30 June 2017: approximately HK$1.2 million). As at 30 June 2018, the Group did not have any capital commitment (30 June 2017: Nil).

SEGMENT INFORMATION

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 17 March 2016 (the "**Prospectus**") and in this report, the Group did not have other plans for material investments or capital assets as of 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 28 December 2017, the Company as the vendor, and ADC Engineering Services Limited as the purchaser, an independent third party, entered into the sale and purchase agreement which the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of Focus Achieve Limited and its wholly-owned subsidiary (collectively the "**Disposal Group**") at a consideration of approximately HK$2.5 million which completed on the same day. Upon completion, the Company has ceased to hold any interest in the Disposal Group and the Disposal Group has ceased to be subsidiaries of the Company.

On 25 May 2018, Mr. Yuen Kwok Cheung and Ms. Ng Lai Ching as the Vendors and King Victory Investment Limited as the Purchaser, a wholly owned subsidiary of the Company, entered into the sale and purchase agreement, pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, the sale share representing approximately 49.06% of the issued share capital of Unimax Property Consultancy Limited ("**Unimax**") for the Consideration of HK$9,800,000.

CONTINGENT LIABILITIES

As at 30 June 2018, performance guarantee of approximately HK$47.5 million (30 June 2017: HK$58.9 million) are given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks for any claims from customers under the guarantee due to the failure of the Group's performance. The performance guarantee will be released upon completion of the contract works.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed a total of 76 employees (30 June 2017: 80 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$43.1 million for the year ended 30 June 2018 (30 June 2017: approximately HK$34.5 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 30 June 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

(i) We may not be able to sustain growth rate and profit margin similar to those we achieved in the past, or maintain our cash flow position or financial performance in the future

(ii) Our business relies on successful tenders that determine the award of our projects contracts and is non-recurring in nature

(iii) We rely on subcontractors to help complete our projects and to supply the machinery required

(iv) The price of our variation works may not be clearly determined

(v) We are exposed to our customers' credit risks and our liquidity position may be adversely affected if our customers fail to make payment on time or in full

(vi) We rely on a limited number of major customers

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the year ended 30 June 2018.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group provides general building and specialised building services 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, and our major customers include companies engaged in property investment and development, social service organisation. During the year ended 30 June 2018, the Directors consider that the Group does not rely on any single customer. The Group has had business relationship with most of the top 5 customers ranging from 1 year to over 10 years and is being invited to tender or quote from time to time.

Suppliers and Subcontractors

During the year ended 30 June 2018, the Group (i) purchased construction materials used in the construction sites from suppliers; (ii) purchased other miscellaneous goods for the construction sites from suppliers; and (iii) engaged subcontractors to perform the construction works to enable the Group to continue to carry on its business.

The Group maintains an internal list of approved subcontractors and suppliers, for each categories of building works and materials where the list is updated on a continuous basis. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant skill sets and experience, subject to their availability and fee quotations.

The Group generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on a few suppliers and subcontractors and did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the year ended 30 June 2018. The Group did not have any significant disputes with any of its top five suppliers and subcontractors during the year ended 30 June 2018.

Employees

The Group recognises employees as valuable assets of the Group and during the year ended 30 June 2018, the Group has complied with the applicable labour laws and regulations and regularly reviewed the existing staff benefits for improvement. The Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing an attractive remuneration package. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

The Directors consider that the Group has maintained good relationship with its employees. The Group has not experienced any strikes, work stoppages or labour disputes which affected its operations during the year ended 30 June 2018. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the year ended 30 June 2018.

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 strategy up to 30 June 2018 as stated in the Prospectus	Actual business progress up to 30 June 2018
Enhance our participation in undertaking construction works from both the private sector and the public sector	To undertake more general building works and specialised building works in Hong Kong, with approximately HK$18.4 million reserved for satisfying potential customers' requirement for performance bonds	Deposits of approximately HK$18.4 million was reserved for as cash collateral and securities satisfying potential customers' requirement for performance bonds for various projects
Application for the status in Group B in the category of buildings in the List of Approved Contractors for Public works	Application for the status in Group B in the category of buildings in the List of Approved Contractors for Public works	Confirmed in Group B in the category of buildings in the List of Approved Contractors for Public works
Further strengthening the Group's manpower	To hire and employ a site foreman, a quantity surveyor or a senior accounting manager. To sponsor our staff to attend technical seminars and necessary trainings	The Group has employed a site foreman, a senior quantity surveyor and a senior accounting manager, etc and sponsored staff to attend seminars and training courses as demand fit
Improvement of computer equipment, system and software	To purchase and upgrade the computer equipment, system and software	The Group has purchased computers and electronic accessories and upgraded accounting system
Establishing an integrated management system for quality, environment, occupational health and safety management	To apply for the ISO 14000:2004 and OHSAS 18001:2007 certifications	The Group has successfully obtained these certifications

USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK$38.0 million. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the planned usage of net proceeds as stated in the Prospectus and the actual utilisation of the net proceeds from the Listing up to 30 June 2018 are set out as below:

Business strategy as stated in the Prospectus	Planned use of net proceeds as stated in the Prospectus up to 30 June 2018 HK$'000	Actual use of net proceeds up to 30 June 2018 HK$'000
Further developing our general building and specialised building business	18,400	18,400
Application for promotion to the confirmation status in Group B in the category of buildings in the List of Approved Contractors for Public works	6,000	6,000
Further strengthening our manpower	3,400	3,400
* Improvement of computer equipment, system and software	1,800	960
Establishing an integrated management system for environmental management, occupational health and safety management	500	182

* Existing computer equipment, system and software are adequately coped with our business needs. The management considers that the existing computer system are not required to change in the coming two years.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

EXECUTIVE DIRECTORS

Mr. Kwok Tung Keung（郭棟強）("Mr. Kwok"), aged 59, is our Chairman, Chief Executive and executive Director. He was appointed as an executive Director and the chairman of the Board on 21 December 2015. Mr. Kwok is responsible for the financial and operational aspects of our Group, and is responsible for the formulation of business development strategies of our Group. He is the co-founder and director of WM Engineering. Mr. Kwok is also a shareholder and director of Best Brain Investments Limited, the controlling shareholder of the Company, which is beneficially interested in approximately 31.25% of the total issued share capital of the Company as at 30 June 2018.

Mr. Kwok has over 30 years of experience in the civil engineering industry. Mr. Kwok gained sound knowledge in civil engineering and commercial management during his extensive experience in the field. Mr. Kwok joined WM Construction in July 1993 as a project manager. He was later appointed as the managing director of WM Construction from July 1999 onwards and finally became the sole shareholder of WM Construction on 30 April 2005.

Mr. Kwok also holds various posts in the construction and civil engineering industries. He is, currently, the President of the Hong Kong Society of Registered Safety Auditors and Review Officers, a committee member of the Construction Industry Safety & Health Committee, a committee member of the Productivity of the Construction Industry Council, a committee member of the Technical Committee on the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme and a committee member of the Technical Committee on the Code of Practice for Foundations of the Building Department.

Mr. Kwok obtained a Bachelor of Science in Building Construction & Management degree from the University of Reading in the United Kingdom in July 1984.

Mr. Ko Chun Hay Kelvin（高浚晞）("Mr. Ko"), aged 54, is our executive Director, chief financial officer and company secretary. He was appointed as an executive Director on 26 October 2016. Mr. Ko is responsible for business development, supervision and improvement of the financial management of our Group.

Mr. Ko holds a master degree of Science in Finance from the City University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants. He has over 30 years' of experience in finance, auditing, taxation and management spanning a diverse range of businesses from manufacturing to property development group and has undertaken senior management roles in a few listed companies in the past 20 years.

NON-EXECUTIVE DIRECTOR

Mr. Woo See Shing（胡思成）("Mr. Woo"), aged 49, was appointed as a non-executive Director on 1 April 2018.

Mr. Woo graduated from The Hong Kong Polytechnic University with a Higher Certificate in Electrical Engineering in October 1992. Mr. Woo has over 25 years of experience majoring in sales and marketing. Mr. Woo currently works as sales manager in Canon Hong Kong Company Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Donald William Sneddon（邵廷文）**("Mr. Sneddon")**, aged 55, was appointed as our independent non-executive Director on 3 April 2017.

Mr. Sneddon is a Certified Public Accountant and member of the Certified Public Accountants of Alberta and holds a Bachelor of Commerce degree from the University of Alberta in Canada. Mr. Sneddon has over 22 years of experience majoring in internal and external audit field and 8 years of experience in compliance which was gained by working in prestige international banks and one of the big four accounting firms. Mr. Sneddon currently works as consultant in Ho Sneddon Chow Certified Public Accountants Ltd.

Mr. So Chi Wai（蘇志偉）**("Mr. So")**, aged 60, was appointed as our independent non-executive Director on 9 March 2016.

Prior to joining our Group, Mr. So worked as Civil Engineering Graduate with the Lands and Works Branch of the Hong Kong Government from September 1981 to June 1983. From July 1983 to September 1990, he worked with the Geotechnical Engineering Office of the Government as an Assistant Geotechnical Engineer, and was promoted to the position of Geotechnical Engineer in June 1984. After furthering his studies from September 1990 to June 1991, he resumed his previous position with the Geotechnical Engineering Office from July 1991 to July 1995. From August 1995 to September 1996, he worked with Paul Tong & Associates as an Associate Director. From October 1996 until the present, he started his business, and has been a Director of Philip So & Associates Limited, which specialises in the provision of detailed design for high-rise building, facade system, steel structure, slopes, bridges, foundation, marine works, interim flood protection measures and other civil project and technical or geotechnical advice to clients including developers, architects and contractors.

Mr. So holds various professional qualifications in the geotechnical and civil engineering industries. He is, currently, a member of the Hong Kong Institution of Engineer, a Registered Structural Engineer, a Registered Geotechnical Engineer, and a Registered Inspector.

Mr. So obtained a Bachelor of Science degree from the University of Hong Kong in August 1981, and a Master of Science degree from the Imperial College in the United Kingdom in October 1991.

Ms. Wong Shuk Fong（黃淑芳）**("Ms. Wong")**, aged 35, was appointed as our independent non-executive Director on 9 March 2016. Ms. Wong joined China Baofeng (International) Limited (formerly named as Mastercraft International Holdings Limited) (a company listed on the Main Board, stock code: 3966) ("**China Baofeng**") as financial controller and company secretary in February 2011, and became an executive director of China Baofeng in July 2015.

Ms. Wong resigned from the positions of executive director and company secretary of China Baofeng in February 2016, and is currently a financial controller of Mastercraft International Limited, a subsidiary of China Baofeng.

From August 2006 to May 2010, Ms. Wong served with CCIF CPA Limited, had gained extensive experience in the audit field. During that time, Ms. Wong was involved in the handling of initial public offerings, auditing and substantial corporate transactions for listed companies in Hong Kong. In July 2010, she established her own business in Hong Kong of providing advice on tax matters, and assistance to listed companies in the preparation of public financial reports and corporate announcements.

Ms. Wong obtained a Bachelor of Business degree from the University of Technology, Sydney in May 2005, and a Master of Commerce in Accounting degree from the University of New South Wales in September 2006. She was accredited as a certified public accountant by CPA Australia and Hong Kong Institute of Certified Public Accountants in August 2010 and March 2015 respectively.

SENIOR MANAGEMENT

The following are the senior management team of our Group:

Mr. Wong Che Keung Andy（黃自強）("Mr. Andy Wong"), aged 51, joined WM Construction in August 1995 as a Quantity Surveyor. In June 1997, he left WM Construction temporarily, and re-joined WM Construction in March 2014 as a Contracts Manager.

Mr. Andy Wong has over 23 years of experience in surveying works. Mr. Andy Wong obtained a Bachelor of Science in Quantity Surveying degree from the London South Bank University in July 1994, and a Master of Science in Construction and Real Estate degree from the Hong Kong Polytechnic University in December 2007. He was elected a Professional Member of the Royal Institution of Chartered Surveyors in September 2007, was admitted as a Member of the Australian Institute of Building in September 2007, a Member of the Chartered Institute of Building in October 2007, a Member of Hong Kong Institute of Construction Managers in December 2008, was elected a Member of the Hong Kong Institute of Surveyors in July 2009, and became a Registered Professional Surveyor in October 2010.

Ms. Chan Ka Po Phoebe（陳嘉寶）("Ms. Phoebe Chan"), aged 46, joined WM Construction in June 2001 as a Senior Quantity Surveyor, and was promoted to the position of Quantity Surveying Manager in April 2007, and to the position of Chief Quantity Surveyor in November 2015.

Ms. Phoebe Chan has over 20 years of experience in surveying works. Ms. Phoebe Chan obtained a Bachelor of Science in Building Technology and Management degree from the Hong Kong Polytechnic in November 1994. She was elected a Member of the Hong Kong Institute of Surveyors in May 2006, a Professional Member of the Royal Institution of Chartered Surveyors in October 2006, and became a Registered Professional Surveyor in the Quantity Surveying Division in October 2007.

Mr. Lee Kai Man（李啟民）("Mr. K.M. Lee"), aged 43, joined WM Construction in May 2001 as a Quantity Surveyor, and was promoted to the position of a Quantity Surveyor Manager in April 2012. He obtained a Higher Diploma in Building from the City University of Hong Kong in November 1997, and has over 17 years of experience in building works. Before joining our Group in May 2001, he served with Nishimatsu Construction Co., Ltd. as an Assistant Quantity Surveyor from September 1998 to May 2000. He served with To's Universe Construction Co., Ltd as a Quantity Surveyor from May 2000 to May 2001.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 30 June 2018.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**Code**") in Appendix 15 of the GEM Listing Rules. During the year ended 30 June 2018, to the best knowledge of the Board, except for the deviation from code provision A.2.1 of the Code, the Company has complied with all the applicable code provisions set out in the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code provision A.2.1 stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Kwok is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Kwok has been operating and managing the operating the Group since 2015, the Board believes that it is in the best interest of the Group to have Mr. Kwok taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this annual report.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in paragraph D.3.1 of the Code, which include the following:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
5. to review the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

Composition of the Board

Up to the date of this annual report, the Board comprises six Directors, two executive Directors, one non-executive Director (the "**NED**") and three independent non-executive Directors (the "**INEDs**"). In particular, the composition of the Board is set out as follow:

Executive Directors

Mr. Kwok Tung Keung *(Chairman and Chief Executive)*
Mr. Ko Chun Hay Kelvin
Mr. Lee Kin Kee (resigned on 31 March 2018)

Non-executive Directors

Mr. Woo See Shing (appointed on 1 April 2018)

Independent non-executive Directors

Mr. So Chi Wai[1]
Ms. Wong Shuk Fong[1]
Mr. Donald William Sneddon

Note:

1. Mr. So Chi Wai and Ms. Wong Shuk Fong are subject to re-election in the forthcoming AGM.

In compliance with rules 5.05(1) of the GEM Listing Rules, the Board consisted of three INEDs during the year ended 30 June 2018, with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise. During the year ended 30 June 2018 and up to the date of this report, the number of INEDs represents at least one-third of the Board as required under the GEM Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

In accordance with code provision A.4.1 of the Code, the Company has entered into a letter of appointment with each of the INEDs under which each INED is appointed for a specific term, subject to re-election. The independent non-executive Directors, Mr. So Chi Wai and Ms. Wong Shuk Fong have entered into letters of appointment with the Company for a term of two years commencing from 30 March 2018. The independent non-executive Director, Mr. Donald William Sneddon has entered into a letter of appointment with the Company for a term of two years commencing from 3 April 2017. 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 and the applicable GEM Listing Rules.

Pursuant to Article 16.18 of the articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. However, a retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all the INEDs to be independent under the GEM Listing Rules.

Saved as disclosed below and in the section "Biographical Details of Directors and Senior Management" in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Except for the deviation from CG Code provision A.2.1 of the Code, the Company's corporate governance practices have complied with the Code. Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kwok is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Kwok has been operating and managing W.M. Construction Limited since 1999, the Board believes that it is in the best interest of our Group to have Mr. Kwok taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being INEDs.

Board and General Meetings

For the year ended 30 June 2018, 11 board meetings were held. The first annual general meeting of the Company was held on 15 December 2017 (the "**2017 AGM**").

The attendance record of each Director at the Board meeting and the 2017 AGM is set out in the table below:

	Number of Attendance/ number of meetings (Note)	Attendance of the 2017 AGM
Executive Directors		
Mr. Kwok Tung Keung	11/11	1/1
Mr. Ko Chun Hay Kelvin (appointed on 26 October 2016)	11/11	1/1
Mr. Lee Kin Kee (resigned on 31 March 2018)	9/9	1/1
Non-executive Director		
Mr. Woo See Shing (appointed on 1 April 2018)	2/2	N/A
Independent Non-Executive Directors		
Mr. So Chi Wai	11/11	1/1
Ms. Wong Shuk Fong	11/11	1/1
Mr. Donald William Sneddon	11/11	1/1

Note: Attendances of the Directors during the year ended 30 June 2018 were made by reference to the number of such meeting(s) held during their respective tenures.

RELATIONSHIPS BETWEEN THE BOARD

Mr. Kwok is the executive Directors and the controlling shareholders with the meaning ascribed thereto under the GEM Listing Rules. The biographical details of each of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the year ended 30 June 2018.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Pursuant to the code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Group acknowledges the importance of continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 30 June 2018, the Company has, among other things, provided and all Directors have attended at least one training course on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

The individual training record of each Director received during the year ended 30 June 2018 is summarised below:

	Attending training course(s) relevant to corporate governance	Reading materials relevant to corporate governance
Executive Directors		
Mr. Kwok Tung Keung	✓	✓
Mr. Ko Chun Hay Kelvin	✓	✓
Mr. Lee Kin Kee (resigned on 31 March 2018)	✓	✓
Non-executive Director		
Mr. Woo See Shing (appointed on 1 April 2018)	✓	✓
Independent Non-Executive Directors		
Mr. So Chi Wai	✓	✓
Ms. Wong Shuk Fong	✓	✓
Mr. Donald William Sneddon	✓	✓

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established. An audit committee (the "**Audit Committee**") has been established on 9 March 2016 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the Code; a remuneration committee (the "**Remuneration Committee**") has been established on 9 March 2016 with its terms of reference in compliance with paragraph B.1.2 of the Code; and a nomination committee (the "**Nomination Committee**") has been established on 9 March 2016 with its terms of reference in compliance with paragraph A.5.2 of the Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the Code. The relevant terms of reference of each of the three committees can be found on the Group's website (www.wmcl.com.hk) and the website of the Stock Exchange.

All committees have been provided with sufficient resources and support from the Group to discharge their duties.

AUDIT COMMITTEE

The Audit Committee currently consists of three members, namely Ms. Wong Shuk Fong (Chairman), Mr. So Chi Wai and Mr. Donald William Sneddon, all being INEDs. Ms. Wong Shuk Fong currently serves as the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting matters. The members of the Audit Committee shall comprise non-executive Directors and shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he/she will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.28 of the GEM Listing Rules. In addition, the majority of the Audit Committee shall be INEDs.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others, the following (for the complete terms of reference, please refer to the Group's website at www.wmcl.com.hk or the website of the Stock Exchange):

1. to make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor, and approve the remuneration and terms of engagement of the Company's external auditor;
2. to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. to develop and implement policy on engaging the Company's external auditor to supply non-audit services, if any;
4. to monitor integrity of the Company's financial statements, annual report and accounts, half-year report and quarterly report and review significant financial reporting judgments contained in them;
5. to discuss with the Company's external auditors questions and doubts arising in the audit of annual accounts;
6. to review the statement about the Company's internal control system as included in the Company's annual report prior to submission for the Board's approval;
7. to review the Company's financial reporting, financial controls, internal control and risk management systems;
8. to discuss the internal control system with the Company's management to ensure that management has performed its duty to have an effective internal control system;
9. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
10. to review the financial and accounting policies and practices of the Group;
11. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;
12. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
13. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board; and
14. to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 30 June 2018 and up to the date of this report.

The Audit Committee should meet at least four times a year. For the year ended 30 June 2018, the Audit Committee held 4 meetings.

The attendance records of the members of the Audit Committee are summarised below:

	Number of attendance/ number of meetings (Note)
Ms. Wong Shuk Fong *(Chairman)*	4/4
Mr. So Chi Wai	4/4
Mr. Donald William Sneddon	4/4

Note: Attendances of the Directors during the year ended 30 June 2018 were made by reference to the number of such meeting(s) held during their respective tenures.

The following is a summary of the works performed by the Audit Committee during the Reporting Period:

(a) reviewed the unaudited quarterly, interim and audited annual financial statements of the Group; and
(b) reviewed the Group's financial controls, internal control and risk management systems.

There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor. The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year ended 30 June 2018.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of four members, namely Ms. Wong Shuk Fong (Chairman), Mr. Donald William Sneddon, Mr. So Chi Wai and Mr. Kwok Tung Keung.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include, among other things, the following (for the complete terms of references, please refer to the Group's website at www.wmcl.com.hk or the website of the Stock Exchange):

1. to consult the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;
2. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. to make recommendations to the Board on the remuneration of non-executive Directors;
6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
9. to ensure that no Directors or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee should meet at least once a year. For the year ended 30 June 2018, 3 meetings of the Remuneration Committee were held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and making recommendations to the Board.

The attendance records of the members of the Remuneration Committee are summarised below:

	Number of attendance/ number of meetings (Note)
Ms. Wong Shuk Fong *(Chairman)*	3/3
Mr. So Chi Wai	3/3
Mr. Kwok Tung Keung	3/3
Mr. Donald William Sneddon	3/3

Note: Attendances of the Directors during the year ended 30 June 2018 were made by reference to the number of such meeting(s) held during their respective tenures.

The emolument payable to the Directors depends on their respective contractual terms under the service contracts or the appointment letters (as the case may be), and as recommended by the Remuneration Committee. Details of the Directors' emoluments are set out in note 6 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee currently consists of three members, namely Mr. Kwok Tung Keung (Chairman), Mr. Donald William Sneddon and Ms. Wong Shuk Fong.

With reference to the terms of reference of the Nomination Committee, the primary responsibilities of the Nomination Committee include, among other things, the following (for the complete terms of reference please refer to the Group's website at www.wmcl.com.hk or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;
2. to review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
3. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
4. to assess the independence of INEDs; and
5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the chairman and the chief executive.

Nomination Committee should meet at least once a year. For the year ended 30 June 2018, 3 meetings of the Nomination Meeting were held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and re-appoint at the 2017 AGM.

The attendance records of the members of the Nomination Committee are summarised below:

	Number of attendance/ number of meetings (Note)
Mr. Kwok Tung Keung *(Chairman)*	3/3
Ms. Wong Shuk Fong	3/3
Mr. Donald William Sneddon	3/3

Note: Attendances of the Directors during the year ended 30 June 2018 were made by reference to the number of such meeting(s) held during their respective tenures.

AUDITORS' REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 30 June 2018, the remuneration paid or payable to the external auditor of the Company in respect of the statutory audit services and non-audit services for the Group are as follows:

	Fees paid/payable for the services rendered HK$'000
Statutory audit services	1,000
Non-audit services	240

COMPANY SECRETARY

Mr. Ko Chun Hay Kelvin was appointed as the company secretary of the Company on 26 September 2017. Please refer to the section "Biographical details of Directors and Senior Management" for his biographical information.

During the year ended 30 June 2018, Mr. Ko Chun Hay Kelvin has undertaken no less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Kwok Tung Keung, an executive Director, is the compliance officer of the Group. Please refer to the section headed "Biographical details of Directors and Senior Management" for his biographical information.

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations.

The Group has established a risk management framework, which consists of the Board of Directors, the Audit Committee and the Risk Management Taskforce. The Board of Directors determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an independent professional adviser to assist the Board of Directors and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control reports are submitted to the Audit Committee and the Board of Directors at least once a year. The Board of Directors had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board of Directors in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board of Directors considers the Group's risk management and internal control systems are effective and adequate.

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

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of Securities & Futures Ordinance ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules.

The Directors are of the view that the consolidated financial statements of the Group for the year ended 30 June 2018 has been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Statement of the Company's external auditors' responsibilities in respect of the consolidated financial statements is set out in the Independent Auditors' Report of this report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "**AGM**") is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc.

At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the shareholders concerning the audit procedures and the auditor's report.

The AGM of the Company will be held on Thursday, 1 November 2018, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 12.3 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (the "**EGM**"). The EGM shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to Article 16.4 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, notice in writing by that person of his willingness to be elected and the biographical details of that person as required under Rule 17.50(2) of the GEM Listing Rules for publication by the Company shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under this Article will commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing shareholders' enquiries to the Board

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar and transfer office in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Unit D, 3/F, Freder Centre, 3 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures for putting forward proposals at Shareholders' meeting

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Investor Relations

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.wmcl.com.hk and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

Constitutional Documents

Save for the adoption of the amended and restated memorandum and articles of association of the Company for the purpose of the listing of the shares of the Company on the Stock Exchange, during the Reporting Period, there had been no significant changes in the constitutional documents of the Company.

In accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited ("**HKEx**"), Super Strong Holdings Limited (the "**Company**", "**we**", "**our**" and "**us**") presents this Environmental, Social and Governance ("**ESG**") Report for the year ended 30 June 2018 ("**Reporting Period**").

This report serves to provide details of the Company's ESG policies and initiatives of its building contractor business in the Hong Kong Special Administration Region ("**Hong Kong**"), which is the sole operating segment of the Company.

The Board of Directors has the overall responsibility for the Company's ESG strategy and reporting in achieving green operations for sustainable development. The Management of the Company (the "**Management**") is responsible for monitoring and managing ESG-related risks and the effectiveness of the ESG risk management and internal controls systems. The Management has provided a confirmation as to the effectiveness of these systems during the Reporting Period to the Board of Directors.

In order to determine the ESG reporting scope, we have engaged and discussed with various management personnel and other internal key stakeholders to perform materiality assessment for identifying material ESG issues relevant to the Company's operation. The summary of material ESG issues of the Company is listed below:

ESG aspects as set out in ESG Guide		Material ESG issues for the Company
A. Environmental	A1 Emissions	• Air Emissions • Water Discharges • Greenhouse Gas ("**GHG**") Emissions • Waste Disposal
	A2 Use of Resources	• Energy and Resources Conservation • Energy Consumption • Water Consumption
	A3 The Environment and Natural Resources	• Noise Management
B. Social		
Employment and Labour Practices	B1 Employment	• Staff Remuneration and Welfares • Equal Opportunities • Other Employment Practices
	B2 Health and Safety	• Health and Safety Measures
	B3 Development and Training	• Staff Training
	B4 Labour Standards	• Anti-Child and Forced Labour
Operating Practices	B5 Supply Chain Management	• Supplier and Subcontractor Management
	B6 Product Responsibility	• Quality Management System • Project Quality Control • Data Privacy
	B7 Anti-corruption	• Anti-fraud Policies
Community	B8 Community Investment	• Corporate Social Responsibility

A) ENVIRONMENTAL

Aspect A1: Emissions

The Company is committed to minimising any adverse impacts on the environment resulting from our business activities in order to fulfil our responsibilities to the community, our environmentally conscious customers as well as the local and global environment.

We require our subcontractors to comply with our environmental management plan. Our staff are encouraged to contribute towards the Company's sustainability by suggesting and adopting environmentally friendly construction methods and planning their works to reduce emissions efficiently and to the maximum extent to achieve long-term cost savings.

The Company's operations at construction sites are subject to certain environmental requirements pursuant to the laws and regulations of Hong Kong, including primarily those in relation to air and water pollution and waste disposal controls.

We have not identified any material non-compliance of environment-related laws and regulations during the Reporting Period.

The Company has established various key policies governing environmental protection that are required to be followed by our employees and subcontractors in order to minimize emissions.

KPI A1.1 A1.5: *Air Emissions*

The Company has maintained vehicles for its operations. During the Reporting Period, the emission generated from our vehicles was as follows:

Type of emissions[1]	Unit	Amount
Nitrogen oxides ("**NOx**")	kg	3.66
Sulphur oxides ("**SOx**")	kg	0.04
Particulate Matter ("**PM**")	kg	0.27

The major air pollutant generated from construction work is dust. The Company has implemented certain methods of construction and carried out the construction works in such a manner to minimise the impact of dust on the surrounding environment. The Company continuously sprays water onto dusty materials and the ground, while unused materials are covered to avoid the spread of dust. Meanwhile, project personnel are provided with suitable training to ensure that these methods are implemented. The Company has effectively monitored and controlled the dust at an acceptable level.

Water Discharges

In order to effectively manage water discharge, prior to commencement of construction works, project managers identify wastewater discharge points in advance and then install adequate discharge pipeline and sedimentation tanks for discharging sewage properly. Wastewater or polluted water has been discharged under a lawful and appropriate manner.

[1] The calculation of emissions is based on the Reporting Guidance on Environmental Key Performance Indicators published by HKEx.

KPI A1.2: *Greenhouse Gas ("GHG") Emissions*[2]

Our carbon emissions during the Reporting Period are summarized as below:

Source	Unit	Amount
Direct emissions	Tonnes CO_{2e}	35
Energy indirect emissions	Tonnes CO_{2e}	47
Other indirect emissions	Tonnes CO_{2e}	57
Total gross GHG emission	**Tonnes CO_{2e}**	**139**
GHG emissions intensity (per staff of the Group)	**Tonnes CO_{2e}**	**1.83**
GHG emissions reduction	**Tonnes CO_{2e}**	**(56)**

During the Reporting Period, the Company has recycled 11.57 tonnes paper, which accounts for reduction of 55.55 tonnes of carbon dioxide equivalent ("**CO_{2e}**") GHG.

KPI A1.3 A1.4 A1.6: *Waste Disposal*[3]

During the Reporting Period, we did not produce any hazardous waste while non-hazardous waste was mainly construction waste including wood, bamboo, water pipes, bricks and stones. The non-hazardous waste produced in the Reporting Period was as follows:

Type	Unit	Amount
Construction waste	Tonnes	8,768

The Company promotes waste recycling by putting adequate facilities in place to collect and segregate wastes. Chemical wastes are collected and disposed by contractors authorized by the Environmental Protection Department. On the other hand, construction wastes are regularly discharged offsite to recycling companies or lawful landfill in order to avoid excessive accumulation which causes nuisance to the neighbourhood. Recycling bins are placed in the working places for the classification of other wastes. The Company has acquired more environmentally-friendly materials for its operations in order to reduce the amount of hazardous waste.

Aspect A2: **Use of Resources**

Energy and Resources Conservation

The Company is dedicated to executing a set of resources conservation policies in order to maintain sustainability and achieve green commercial practices. The Company ensures all of its business activities and operations are in line with the principle of resources conservation, and in compliance with all environmental protection related policies and procedures. We require our subcontractors to uphold the same principle.

[2] The calculation of GHG emissions is based on Reporting Guidance on Environmental Key Performance Indicators published by HKEx, International Civil Aviation Organization's Carbon Emissions Calculator, CLP Power Hong Kong Limited's Sustainability Report, Drainage Services Department's Sustainability Report and Water Supplies Department's Annual Report.

[3] The Company does not consume packaging materials during its operations. Therefore, the data on total amount of packaging materials does not apply to the Group.

Regarding construction projects, the Company has utilized construction methodology and equipment which can help perform construction works in an environmentally friendly manner. As for subcontractors' works, we include construction methods and equipment adopted by the subcontractors into the assessment criteria of the subcontractor selection process. Subcontractors with green construction methods and equipment are relatively more preferable. The same assessment concept is also adopted to raw materials supplier selection such that suppliers with green materials are relatively more preferable.

On the other hand, the Company has implemented green management systems to improve the efficiency of consuming energy and resources, and to raise staff's awareness in energy and resources conservation. The Company has monitored energy and resources usage monthly through management reports, and evaluated the effectiveness of environmentally friendly practices to identify any improvement area.

KPI A2.1
A2.2
A2.3
A2.4:

Energy Consumption

Purchased electricity and petrol are the sources of energy for our operations. During the Reporting Period, the amount of energy directly managed and consumed by us was as follows:

Type	Unit	Amount	Intensity (per staff of the Group)
Electricity	kWh	92,014	1,210.71
Petrol	Litre	2,754	36.24

Water Consumption

Our water resources are all acquired from the Water Supplies Department of the Government of Hong Kong. During the Reporting Period, the amount of water consumption directly managed and consumed by us was as follows:

Type	Unit	Amount	Intensity (per staff of the Group)
Water	m^3	1,143	15.04

During the Reporting Period, we did not encounter any issue in sourcing water for our operations.

In order to foster an environmentally-friendly working place and reduce unnecessary energy and water consumption, we have adopted the following measures:

- Maintaining an optimal indoor temperature;
- Prioritizing the acquisition of energy-efficient appliances;
- Encouraging the employees to turn off the computers, monitors and other electronic appliances when not in use;
- Optimizing the project plans continuously to enhance operation efficiency; and
- Conducting training for staff about the careful use of water resources.

Aspect A3 The Environment and Natural Resources

A3.1: Understanding the fact that our businesses, in particular construction projects, inevitably create certain environmental impacts, we have established an integrated management system for managing environmental and occupational health and safety areas which has been certified for ISO 14001:2004 and OHSAS 18001:2007.

Noise Management

During the course of carrying out construction works, noise and vibration are generated through the use of our machinery. We strive to minimise disturbance to residents in the vicinity of our construction sites. The following are some of the environmental protection measures adopted:

- the project manager monitors all site operations which have significant environmental impact and ensures compliance with applicable environmental laws and regulations;
- we provide education and training to our employees, subcontractors and workers on the performance of works in an environmentally friendly manner; and
- we collect feedback and suggestions from the customers and subcontractors for improvements on our environmental management system.

Noise control is regulated under the Noise Control Ordinance of Hong Kong. In light of that, the Company strives to minimize the impact of noise from its construction sites on the neighbourhoods. Project personnel have to ensure that regular maintenance is carried out for plants in order to maintain smooth operations. In addition, equipment of lower noise level is chosen for our projects to reduce noise at source. Project personnel are also required to execute measures whenever possible to further reduce noise from construction sites.

B) SOCIAL

Employment and Labour Practices

Aspect B1: Employment

Staff Remuneration and Welfares

The Company recognises employees as valuable assets and intends to use its best effort to attract and retain suitable personnel to serve the Company. The objective of the Company's human resources management is to recognise and reward performing staff. The Company conducts annual review on salary, bonuses and promotion based on the performance of each employee.

The Company assists each employee in developing his or her career according to his or her performance and position held. In order to attract and retain high quality staff, competitive remuneration package, working hours and leaves are offered to employees with reference to market norms and individual employees' performance, qualification and experience. On top of basic salaries, bonuses may be paid with reference to the Company's performance as well as individual's performance. Other staff benefits include provision of retirement and medical benefits and sponsorship of training courses.

Equal Opportunities

We are committed to providing a non-discrimination working environment which is free of intimidation and harassment. We also firmly support equal opportunities in all aspects of employment regardless of sex, race, ethnic origin, religion, marital status or disabilities.

Other Employment Practices

The Company ensures all employment practices, including but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods and anti-discrimination are conducted in compliance with the Employment Ordinance of Hong Kong.

We have not identified any material non-compliance to employment laws and regulations during the Reporting Period.

Aspect B2: **Health and Safety**

Health and Safety Measures

Occupational health and safety is the top priority of our business. We are committed to providing a safe and healthy working environment for our staff, our subcontractors and the general public. To this end, we have implemented safety plan to promote occupational health and safety at construction sites and to ensure compliance with applicable laws and regulations of Hong Kong. Our safety plan is documented in writing and supplemented with instructions, trainings and demonstrations. We require strict implementation of and adherence to the plan. In addition, we have qualified safety officers approved by the Labour Department to monitor and implement our safety plan. We will continue to put adequate resources and effort to maintain or improve our safety management in order to mitigate relevant risks. Our safety plan adopted sets out work safety measures to prevent common accidents which could happen at construction sites. Some details of our safety plan are set out below:

- Safety policies, objectives and records are documented, maintained and displayed in the sites and offices.
- The safety officer of a project will prepare a project safety plan at the commencement of the project. He or she will mention in the plan those operations and activities that are associated with identified hazards and will prescribe measures to control the identified risks.
- We provide internal trainings to all the staff of our Company on safety to enhance their knowledge. Special safety trainings are recommended for workers engaged in hazardous tasks, where necessary.
- All people on site are required to receive site safety induction training before they commence working on site. Tool box talks, safety activities and safety trainings are given by the safety officer to workers in order to enhance their safety awareness.
- All personnel as well as the subcontractors and their workers are required to follow the general safety rules, policies and measures adopted by the Company which are posted on conspicuous notice boards. Anyone who breaches these requirements will be subject to internal disciplinary actions.
- Site inspections and visits are carried out by our safety officers bi-weekly to ensure compliance with statutory provisions by all workers including subcontractors' employees.

Furthermore, we have appointed an independent safety auditor (who was registered with the Labour Department) to conduct safety audits as required under the Safety Management Regulation. Following the market norm of the Hong Kong construction industry, as well as a term of most construction contracts between main contractors and customers, the Company, in the case of being the main contractor, takes out and maintains employees' compensation insurance and contractor's all risks insurance for the entire project. The coverage of such insurance policies includes all works performed by the main contractor and all its subcontractors.

During the Reporting Period, there were three concluded cases of minor deviations against the Construction Sites (Safety) Regulations. The deviations were mainly related to the use of safety equipment and the total amount of the fine was HK$46,500. In order to avoid future happenings, the Company has strengthened its monitoring on safety facilities and measures at construction sites. For example, briefing sessions have been held for construction site workers about safety awareness and there are trainings for use of toolbox.

Aspect B3: Development and Training

Staff Training

We believe that our employees are important assets to our Company. New employees are required to receive trainings to familiarize themselves with the applicable rules and regulations and their job duties before they start work.

We also emphasize on the continuing education and quality training of our staff to enhance their work performance. Our employees also receive in-house training on a regular basis to enhance their knowledge on industry quality standards, safety standards, site management and operation of tools. We consider that our training programme is not only used as a platform to upgrade the skills of our employees regularly, but also used to encourage greater cohesion within our Company. These measures increase overall efficiency and loyalty of our employees to the Company, and also serve as a means of retaining talents.

Aspect B4: Labour Standards

Anti-Child and Forced Labour

We strictly comply with local statutory requirements and prohibit child and forced labour. The Human Resources ("**HR**") department is required to verify every job applicant's identification documents to ensure eligibility. Employment contracts are signed by both parties to ensure mutual agreement on the terms of employment.

Furthermore, the Company has included terms in the agreements with subcontractors that their HR policies and procedures have to comply with the local labour laws and regulations (e.g. Hong Kong Employment Ordinance).

The Company has performed regular inspections on its subsidiaries, local offices and subcontractors to ensure there is no non-compliance of relevant laws and regulations.

We have not identified any material non-compliance of child and forced labour-related laws and regulations during the Reporting Period.

Operating Practices

Aspect B5: Supply Chain Management

Supplier and Subcontractor Management

The Company purchases construction materials and other miscellaneous goods for the construction sites from suppliers; and engages subcontractors to perform the construction works on its behalf. Knowing the importance of supply chain management as an integral part of our quality control, the Company has implemented strict control measures on this area.

The Company maintains a list of approved subcontractors and suppliers for each category of building works and materials. The list is updated on a continuous basis. When engaging a subcontractor for any project, the subcontractor should be selected from the approved list and the selection criteria are 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 satisfactory past business relationship in terms of consistency of quality. The Company will also engage independent experts to perform quality test on sample materials.

The Company generally maintains multiple suppliers and subcontractors for products and services to avoid over-reliance on a few suppliers and subcontractors and did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors before.

Aspect B6: Product Responsibility

Our Directors believe that the financial results and profits of the Company depend on its ability to meet our customers' requirements. We place strong emphasis on quality control as it would assure completing works to meet or exceed our customers' requirements, and it is also crucial for building safety, job reference and future business opportunities.

Quality Management System

We have established formal quality management system in accordance with the requirements of ISO 9001:2008 standards, by which we develop a sustainable performance-oriented culture with an emphasis on pursuing continuous improvement rather than adopting a short-term and project based approach. The quality management system of WM Construction (a principal operating subsidiary of the Company), which is applicable to construction of buildings, demolition of buildings with demolition design, construction of civil engineering works (site formation) and design and construction of foundation, was certified to comply with ISO 9001:2000 quality management system standard issued by the Hong Kong Quality Assurance Agency in April 2003, and was subsequently certified to comply with ISO 9001:2008 quality management system standard issued by Castco Certification Services Limited in April 2010. The validity of such ISO 9001:2008 certification is subject to the continuing satisfactory operation of our management system and surveillance audits.

Project Quality Control

Our project management team comprising our project manager and site agent is responsible for the quality control of each project. To ensure our works meet the required standards, we normally assign a site agent at each construction site. Such site agent is responsible for monitoring the quality of works carried out by our subcontractors. Our project managers are responsible for monitoring progress and quality of works and ensuring that the works are completed on time. Furthermore, our project management team communicates frequently with and reports to our Executive Directors. Our Executive Directors closely monitor the progress of each project to ensure that the works (i) meet our customers' requirements; (ii) are completed within the time stipulated in the contract and the budget allocated for the project; and (iii) comply with all relevant laws and regulations applicable to the works.

Data Privacy
The Company 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 Company strictly follows the data protection laws and regulations of Hong Kong.

We have not identified any material non-compliance of products and services-related laws and regulations during the Reporting Period.

Aspect B7: **Anti-corruption**

Anti-fraud Policies
The Company 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. Other than the internal anti-bribery and corruption guidelines as stipulated in the Company's code of conduct, the Company has also established whistle-blowing policy which is made publicly available to third party stakeholders in reporting any irregularities or misbehaviour.

The Company has implemented appropriate and effective internal controls at different business processes to prevent and detect fraudulent activities.

We have not identified any material non-compliance of corruption and anti-money laundering-related laws and regulations during the Reporting Period.

Community

Aspect B8: **Community Investment**

Corporate Social Responsibility
With the commitment to being a socially responsible corporation, we are dedicated to develop and implement sustainably good corporate policies in areas including environmental protection, staff management and development as well as occupational health and safety.

In addition, we demonstrate our care to the underprivileged through the participation in the Twinkle Stars Plan which aims at providing financial support to the needed students for their tertiary education. Two of our Executive Directors, Mr. Kwok Tung Keung and Mr. Ko Chun Hay Kelvin, joined a trip organized by Twinkle Stars to visit the needed students in Nanning, Guangxi.

The Company sponsored the trip for approximately HK$100,000, while donating approximately HK$1,150,000 to the organization during the Reporting Period.

The Directors hereby present their report and the audited consolidated financial statements for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the provision of general building works, specialised building works and building management services in Hong Kong. The principal activity of the Company is investment holding. The names and principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 30 June 2018.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), including a discussion of the principal risks and uncertainties facing the Group, environmental policies of the Group, compliance with laws and regulations by the Group, its relationship with customers, suppliers, subcontractors and employees and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 10 of this annual report. This discussion forms part of this directors' report.

SEGMENT INFORMATION

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.

RESULTS

The results of the Group for the year ended 30 June 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

FINAL DIVIDEND

The Board has resolved to recommend for the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company (the "**2018 AGM**") for the payment of a final dividend of HK2.5 cents share (the "**Share**") totalling HK$20,000,000 for the year ended 30 June 2018 (the "**Proposed Final Dividend**") (30 June 2017: nil) to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 9 November, 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlements to attend and vote at the 2018 AGM and to qualify for the Proposed Final Dividend, the Register of Members will be closed. Details of such closures are set out below:

For ascertaining Shareholders' entitlement to attend and vote at the 2018 AGM

Latest time to lodge transfer documents	4:00 p.m. on Friday, 26 October, 2018
Closure of register of members	Monday, 29 October 2018 to Thursday, 1 November, 2018
Record date	Thursday, 1 November, 2018

For ascertaining Shareholders' entitlement to the Proposed Final Dividend

Latest time to lodge transfers documents	4:00 p.m. on Wednesday, 7 November, 2018
Closure of register of members	Thursday, 8 November, 2018 and Friday, 9 November, 2018
Record date	Friday, 9 November, 2018

REPORT OF THE DIRECTORS

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 100 of this annual report.

PLANT AND EQUIPMENT

Details of the movements during the year ended 30 June 2018 in the plant and equipment of the Group are set out in note 13 to the consolidated financial statements of this annual report.

CHARITABLE DONATION

Charitable and other donations made by the Group during the year ended 30 June 2018 amounted to approximately HK$1.2 million (2017: approximately HK$1.4 million).

SHARE CAPITAL

Details of the movements during the year ended 30 June 2018 in the share capital of the Company are set out in note 25 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 June 2018, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK$60.0 million.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 9 March 2016 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Particulars of the Scheme are set out in note 33 to the consolidated financial statements of this annual report.

DISCLOSURE OF INTERESTS

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

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, the underlying Shares and debentures of the Company and 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**")) 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or 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 Director	Nature of interest	Number of the Shares held/ interested in	Number of share options	Cancelled/ lapsed during the period	Percentage of shareholding (approximately)
Mr. Kwok Tung Keung ("**Mr. Kwok**")	Interest in controlled corporation *(Note 1)*	250,000,000	—	—	31.25%
	Beneficial owner	—	13,000,000	—	1.63%
Mr. Lee Kin Kee ("**Mr. Lee**")	Interest in controlled corporation *(Note 2)*	160,000,000	—	—	20.00%
	Beneficial owner	—	5,000,000	(5,000,000)	0%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	189,500,000	—	—	23.69%
	Beneficial Owner	—	13,000,000	—	1.63%

Notes:

1. Mr. Kwok beneficially owns 100% of the issued share capital of Best Brain Investments Limited ("**Best Brain**"). By virtue of the SFO, Mr. Kwok is deemed to be interested in the same number of the Shares held by Best Brain.

2. Mr. Lee beneficially owns 100% of the issued share capital of Neo Paramount Limited ("**Neo Paramount**"). By virtue of the SFO, Mr. Lee is deemed to be interested in the same number of the Shares held by Neo Paramount.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Kwok	Best Brain	Beneficial owner	7,500	100%
Mr. Lee	Neo Paramount	Beneficial owner	50,000	100%

Save as disclosed above, as at 30 June 2018, none of the Directors nor chief executive 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.

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

So far as the Directors are aware, as at 30 June 2018, the following persons (other than the Directors or chief executive of the Company) or companies were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests 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 and the GEM Listing Rules:

Name of shareholder	Nature of interest	Number of the Shares held/ interested in	Long/short position	Percentage of total issued share capital of the Company
Best Brain	Beneficial owner	250,000,000	Long	31.25%
Neo Paramount	Beneficial owner	160,000,000	Long	20.00%

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MAJOR CUSTOMERS

During the year ended 30 June 2018, the Group's five largest customers accounted for approximately 66.0% (2017: approximately 81.8%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 26.0% (2017: approximately 41.5%) of the total revenue.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers.

MAJOR SUPPLIERS AND SUBCONTRACTORS

During the year ended 30 June 2018, the Group's five largest suppliers and subcontractors accounted for approximately 46.6% (2017: approximately 40.2%) of the total direct costs of the Group and the largest subcontractor of the Group accounted for approximately 20.4% (2017: approximately 11.1%) of the total direct costs.

To the best of the knowledge of the Directors, none of the Directors or any of their respective close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest suppliers and subcontractors.

DIRECTORS

The Directors during the year ended 30 June 2018 and up to the date of this annual report were:

Executive Directors

Mr. Kwok Tung Keung *(Chairman and Chief Executive)*
Mr. Ko Chun Hay Kelvin
Mr. Lee Kin Kee (resigned on 31 March 2018)

Non-executive Director

Mr. Woo See Shing (appointed on 1 April 2018)

Independent non-executive Directors

Mr. So Chi Wai[1]
Ms. Wong Shuk Fong[1]
Mr. Donald William Sneddon

Note:

1. Mr. So Chi Wai and Ms. Wong Shuk Fong are subject to re-election in the forthcoming AGM.

Information regarding directors' emoluments is set out in note 6(a) to the consolidated financial statements of this annual report.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages from 11 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years and each of these service contracts is subject to termination by not less than three months written notice. Non-executive Director and Independent non-executive Directors are appointed for a term of two years subject to termination in certain circumstance as stipulated on appointment letter.

Save as disclosed above, none of the Directors proposed for election at the forthcoming AGM has or is proposed to have a service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

DIRECTORS' RETIREMENT AND RE-ELECTION

Pursuant to Article 16.18 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Article 16.2 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 6(a) and 6(b), respectively, to the consolidated financial statements of this annual report.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group. The Directors and other employees who have made valuable contribution to the Group may also receive options to be granted under the Share Option Scheme.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 30 June 2018.

DEED OF NON-COMPETITION

The deed of non-competition dated 9 March 2016 has been entered into by Mr. Kwok and Best Brain, the controlling shareholders of the Company within the meaning of the GEM Listing Rules (collectively the "**Controlling Shareholders**") in favour of the Company regarding certain non-competition undertakings given by the Controlling Shareholders in favour of the Company. The details of the deed of non-competition have been disclosed in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

The Company has received an annual declaration from each of the Controlling Shareholders confirming that he/she/it has complied with the non-competition undertakings provided to the Company under the said deed of non-competition during the reporting period. The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied for the year ended 30 June 2018.

INTEREST OF COMPLIANCE ADVISER

As at 30 June 2018, as notified by the Company's compliance advisor, Titan Financial Services Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Advisor dated on 16 December 2015, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

RELATED PARTY TRANSACTIONS

The related party transactions are set out in note 31 to the consolidated financial statements of this annual report. None of these transactions constitute a discloseable connected transaction or continuing connected transaction as defined under Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

AUDITOR

The consolidated financial statements for the year ended 30 June 2018 have been audited by Deloitte Touche Tohmatsu ("**DTT**"). DTT shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of DTT as auditor of the Company will be proposed at the forthcoming AGM. The Company has not changed its external auditor during the year ended 30 June 2018 and up to the date of this annual report.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" of this report on pages 14 to 24.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISIONS

Pursuant to the memorandum and article of association of the Company, the Directors and other officers, for the time being acting in relation to the affairs of the Company, shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by his/her as a director, or other officer of the Company in defending any proceedings, whether civil or criminal in which judgement is given in his favour, or in which he is acquitted. Such permitted indemnity provision is currently in force and was in force throughout the financial year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 30 June 2018.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 June 2018 and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 October 2018 to Thursday, 1 November 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Friday, 26 October 2018.

Subject to the approval of the shareholders of the Company at the AGM, the register of members of the Company will be closed on Thursday, 8 November 2018 and Friday, 9 November 2018, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 7 November 2018.

On behalf of the Board
Super Strong Holdings Limited
Kwok Tung Keung
Chairman and Executive Director

Hong Kong, 21 September 2018

Deloitte. 德勤

TO THE MEMBERS OF SUPER STRONG HOLDINGS LIMITED
宏強控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Super Strong Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 49 to 99, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue and costs from construction contracts and amounts due from/to customers for contract work	

We identified the recognition of revenue and costs from construction contracts and amounts due from/to customers for contract work as a key audit matter due to the use of judgment and estimates by management in determining the stage of completion and budget costs of incomplete construction contracts.
 	
During the year ended 30 June 2018, the Group generated revenue of HK$490,580,000 from construction contracts. As disclosed in note 19 to the consolidated financial statements, the carrying amounts of amounts due from and amounts due to customers for contract work of HK$65,623,000 and HK$2,295,000, respectively, were recorded in the consolidated statement of financial position as at 30 June 2018.
 	
The Group recognised contract revenue and direct costs according to the management's estimation of the progress and outcome of the project. As discussed in note 4 to the consolidated financial statements, management estimated direct costs according to the amount of direct labour, subcontracting charges and costs of materials incurred from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of management of the Group, which involve management's best estimates and judgements. Changes in estimates or the actual outcome will affect the carrying amounts of amounts due from/to customers for contract work with corresponding adjustments to future revenue and/or contract costs.
	Our procedures in relation to recognition of revenue and costs from construction contracts and amounts due from/to customers for contract work included:
	
	• Understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the construction contracts;
	
	• Agreeing the total contract value to the contracts and variation orders (if any), architect's instructions or other form of agreements or other correspondences, on a sample basis;
	
	• Evaluating the reasonableness of the estimated total contract costs by assessing the status of completion of the construction contracts, and comparing the actual costs incurred against management's estimation and the profit margin of other similar projects, on a sample basis;
	
	• Evaluating the reasonableness of contract costs recognised to date by:
	
	    • Checking to the Group's internal progress report as well as other supporting documents including the certificates issued to the subcontractors/suppliers/vendors and their correspondences or other documents issued before and subsequent to year end date to evaluate progress of respective projects, on a sample basis;
	
	    • Discussing with the project managers of the Group to understand the status of respective construction contracts, and to evaluate the reasonableness of contract costs recognised based on the size and complexity of the contracts, on a sample basis.
	
	• Evaluating the reasonableness of percentage of completion of construction contracts by comparing the percentage calculated based on costs incurred at the end of the reporting period against that calculated based on external surveyors' certifications, and investigating any significant differences identified.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Allowance for trade receivables	
We identified the assessment of adequacy of allowance for trade receivables as a key audit matter due to the use of judgment and estimates by management in assessing the recoverability of trade receivables. As disclosed in note 18 to the consolidated financial statements, the carrying amount of trade receivables amounted to HK$43,103,000, of which HK$14,906,000 are past due but not impaired, as at 30 June 2018. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgement including the creditworthiness and the past collection history of each customer.	Our procedures in relation to the assessment of adequacy of allowance for trade receivables included: • Assessing the key controls over monitoring of the recoverability of trade receivables and management's process in estimation of allowance for trade receivables; • Understanding and evaluating the basis used by management in determining the recoverability of trade receivables, which is by making reference to ageing analysis of trade receivables and creditworthiness and the past collection history of each customer; • Assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; • Tracing settlement records during the year and subsequent settlements of each individual debtor to supporting documents including bank records, on a sample basis; and • Assessing the recoverability of overdue trade receivables without subsequent settlement by analysing creditworthiness and past collection history of the customers and inquiring of management on the follow up plans.

OTHER INFORMATION

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

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

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

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

The directors 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.

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

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

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

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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 the independent auditor's report is Hung Suk Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
21 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Revenue	5	**498,638**	651,426
Direct costs		**(458,470)**	(622,124)
Gross profit		**40,168**	29,302
Other income	7	**390**	327
Other gains and losses	7	**(1,738)**	(180)
Administrative expenses		**(27,618)**	(22,245)
Finance costs	8	**(159)**	(119)
Profit before taxation	9	**11,043**	7,085
Income tax expense	10	**(2,703)**	(1,180)
Profit and total comprehensive income for the year		**8,340**	5,905
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**8,325**	5,905
Non-controlling interests		**15**	—
		8,340	5,905
Earnings per share	12		
Basic (HK cents)		**1.04**	0.74
Diluted (HK cents)		**1.04**	0.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	**2018 HK$'000**	2017 HK$'000
Non-current assets			
Plant and equipment	13	**993**	726
Goodwill	14	**4,895**	—
Other intangible assets	15	**3,666**	—
Deferred tax assets	16	**39**	23
Deposits and prepayments	17	**11,328**	8,834
		20,921	9,583
Current assets			
Trade receivables	18	**43,103**	48,153
Other receivables, deposits and prepayments	17	**2,401**	1,973
Amounts due from customers for contract work	19	**65,623**	95,501
Pledged bank balances	20	**62,060**	77,736
Bank balances and cash	20	**89,573**	71,755
		262,760	295,118
Current liabilities			
Trade payables	21	**17,504**	28,095
Other payables, retention payables and accrued charges	22	**79,706**	110,002
Amounts due to customers for contract work	19	**2,295**	996
Tax payable		**1,032**	4,985
Bank borrowings	23	**8,540**	5,000
Provisions	24	**1,775**	1,769
		110,852	150,847
Net current assets		**151,908**	144,271
Total assets less current liabilities		**172,829**	153,854
Non-current liabilities			
Deferred tax liabilities	16	**605**	—
Other payable	22	**294**	—
		899	—
Net assets		**171,930**	153,854
Capital and reserves			
Share capital	25	**8,000**	8,000
Reserves		**158,516**	145,854
Equity attributable to owners of the Company		**166,516**	153,854
Non-controlling interests		**5,414**	—
Total equity		**171,930**	153,854

The consolidated financial statements on pages 49 to 99 were approved and authorised for issue by the Board of Directors on 21 September 2018 and are signed on its behalf by:

Kwok Tung Keung
DIRECTOR

Ko Chun Hay Kelvin
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Attributable to owners of the Company							
	Share capital	Share premium	Capital contribution	Share options reserve	Retained profits	Subtotal	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000 (note)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2016	8,000	40,903	11,572	—	87,474	147,949	—	147,949
Profit and total comprehensive income for the year	—	—	—	—	5,905	5,905	—	5,905
At 30 June 2017	**8,000**	**40,903**	**11,572**	**—**	**93,379**	**153,854**	**—**	**153,854**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**8,325**	**8,325**	**15**	**8,340**
Acquisition of a subsidiary (note 26)	**—**	**—**	**—**	**—**	**—**	**—**	**5,399**	**5,399**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**4,337**	**—**	**4,337**	**—**	**4,337**
Share options forfeited	**—**	**—**	**—**	**(688)**	**688**	**—**	**—**	**—**
	—	**—**	**—**	**3,649**	**688**	**4,337**	**5,399**	**9,736**
At 30 June 2018	**8,000**	**40,903**	**11,572**	**3,649**	**102,392**	**166,516**	**5,414**	**171,930**

Note: Capital contribution represents (a) the difference of the combined share capital of the operating subsidiaries and the share capital of the Company for shares issued pursuant to a group reorganisation in preparation for listing of the Company's shares; (b) capital contributions from the controlling shareholder of the Company; and (c) a deemed distribution for the financial guarantee provided by a subsidiary of the Group to a related company wholly owned by the controlling shareholder of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	NOTES	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**11,043**	7,085
Adjustments for:			
Allowance for bad and doubtful debts		**4,228**	190
Amortisation of other intangible assets		**60**	—
Depreciation of plant and equipment		**257**	211
Interest income		**(370)**	(327)
Gain on disposal of plant and equipment		**—**	(10)
Gain on disposal of subsidiaries		**(2,490)**	—
Equity-settled share option expense		**4,337**	—
Finance costs		**159**	119
Operating cash flows before movements in working capital		**17,224**	7,268
Decrease (increase) in amounts due from/to customers for contract work, net		**31,177**	(36,116)
Decrease in trade receivables		**14,468**	16,128
Increase in other receivables, deposits and prepayments		**(1,078)**	(149)
(Decrease) increase in trade payables		**(10,591)**	3,291
(Decrease) increase in other payables, retention payables and accrued charges		**(33,863)**	26,956
(Decrease) increase in provisions		**(242)**	45
Cash generated from operations		**17,095**	17,423
Income tax paid		**(7,174)**	(4,883)
NET CASH FROM OPERATING ACTIVITIES		**9,921**	12,540
INVESTING ACTIVITIES			
Bank interest received		**46**	19
Purchase of plant and equipment		**(187)**	(825)
Proceeds from disposal of plant and equipment		**—**	10
Withdrawal of pledged bank balances		**556,041**	468,201
Placement of pledged bank balances		**(540,365)**	(510,060)
Net cash outflow on acquisition of a subsidiary	26	**(7,763)**	—
Net cash inflow on disposal of subsidiaries	27	**2,500**	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**10,272**	(42,655)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Interests paid	**(159)**	(119)
Repayment of bank borrowings	**(2,216)**	—
CASH USED IN FINANCING ACTIVITIES	**(2,375)**	(119)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**17,818**	(30,234)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**71,755**	101,989
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**89,573**	71,755

1. GENERAL

Super Strong Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 22 September 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited ("**the Stock Exchange**") on 30 March 2016. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit D, 3/F., Freder Centre, 3 Mok Chong Street, Tokwawan, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the provision of property construction and building management services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (together, the "**Group**") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As Part of the Annual Improvements to HKFRSs 2014 – 2016 cycle

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

Amendments to Hong Kong Accounting Standard ("HKAS") 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Amendments to Hong Kong Accounting Standard ("HKAS") 7 "Disclosure Initiative" (continued)

A reconciliation between the opening and closing balances of these items is provided in note 34. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 34, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As Part of the Annual Improvements to HKFRSs 2014 – 2016 cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 "Financial Instruments" (continued)

Key requirements of HKFRS 9 which are relevant to the Group:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the directors of the Company anticipate on initial application of HKFRS 9, there will be no significant change in the carrying amounts of the Group's financial assets and financial liabilities. However, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 July 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to the expected credit losses provision on trade receivables and contract assets. Such impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets as at 1 July 2018.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should 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 a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 15 "Revenue from Contracts with Customers" (continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company specifically consider HKFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and significant financing component in the contracts, and have assessed that the construction services provide a distinct and significant integration contract work which is considered a single performance obligation. The performance obligation on the contracts is satisfied over time as the Group provides contract works at customers' sites which creates an asset that the customers control. As a result, revenue from these contracts should be recognised over time during the course of performance of contract work. Furthermore, the directors of the Company consider that the input method currently being used to measure the progress towards complete satisfaction of performance obligation will continue to be appropriate under HKFRS 15.

Upon application of HKFRS 15, the directors of the Company anticipate that there will be no material impact on the timing and amount of revenue recognised in the respective reporting periods. However, there will be certain changes in presentation as amounts due from/to customers for contract work will be reclassified to contract assets, trade receivable and contract liabilities on the initial date of application. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 June 2018, the Group has non-cancellable operating lease commitments of HK$2,905,000 as disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 16 "Leases" (continued)

In addition, the Group currently considers refundable rental deposits paid of HK$409,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the initial measurement of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs in issue but not yet effective will have no material impact on the results and financial position of the Group in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from construction contracts is recognised by reference to the stage of completion of the respective contracts. The Group's policy for recognition of revenue from construction services is described in the accounting policy for construction contracts below.

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

Building management service income is recognised when the services are provided.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Plant and equipment

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

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

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

Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment loss on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment loss on tangible and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value on use (if determinable) and zero. The amount of impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured based on the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, payment for a life insurance policy, pledged bank balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. They are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at amortised cost

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities classified as at FVTPL represent the contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 "Business Combinations" applies.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the "'other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition

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

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

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Schemes ("**MPF Schemes**") as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of the long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the end of each reporting period.

Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments is determined at the grant date without taking into consideration all non-market vesting conditions. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to retained profits. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, of which the Group is the lessee, are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the income tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable income in those years. The estimate of future taxable income includes income or loss excluding reversals of temporary differences; and reversals of existing temporary differences.

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

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

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

Current and deferred tax are recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

Critical judgements in applying accounting policies

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

Control over Unimax Property Consultancy Limited ("Unimax")

Note 39 describes that Unimax is a subsidiary of the Group although the Group has only 49.06% ownership interest in Unimax.

The directors of the Company assessed whether or not the Group has control over Unimax based on whether the Group has the practical ability to direct the relevant activities of Unimax unilaterally. In making the judgement, the directors of the Company considered the Group's representation to the board of directors of Unimax, the Group's voting power in the board of directors of Unimax, as well as the operational and financial activities decided by its board of directors in determining its power over the relevant activities of Unimax. By execution of the sale and purchase agreement signed by all shareholders of Unimax, all of the strategic financial and operating decisions must be approved by simple majority vote of all directors, of which majority of the directors are appointed by the Group. The Group's rights in the board are vested through the sale and purchase agreement signed, while any change to the board composition requires consensus from all shareholders. Accordingly, the directors of the Company concluded that the Group has sufficiently dominant voting power to direct the relevant activities of Unimax and thus the Group has control over Unimax.

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

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts

The Group recognises contract revenue and direct costs according to the management's estimation of the progress and outcome of a project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated direct costs, which mainly comprise of direct labour cost, subcontracting charges and costs of materials, are variable and estimated by the directors of the Company according to the amount of direct labour, subcontracting charges and costs of materials incurred from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of management of the Group. Notwithstanding that the directors of the Company frequently review and revise the estimates of the total revenue and direct costs as the contracts progress, changes in estimates or the actual outcome will affect the carrying amounts of amounts due from/to customers for contract work with corresponding adjustments to future revenue and/or contract costs.

Allowance for trade receivables

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgement including the creditworthiness and the past collection history of each customer. The amount of impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, impairment loss may arise. At 30 June 2018, the carrying amount of trade receivables is HK$43,103,000 (2017: HK$48,153,000).

5. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable from construction and building management services. An analysis of the Group's revenue is as follows:

	2018 **HK$'000**	2017 HK$'000
Construction services	**490,580**	651,426
Building management services	**8,058**	—
	498,638	651,426

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group, which are prepared based on the same accounting policies set out in note 3. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets are all physically located in Hong Kong.

Information about major customers

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

	2018 HK$'000	2017 HK$'000
Customer A	N/A*	95,243
Customer B	54,184	N/A*
Customer C	50,360	N/A*
Customer D	N/A*	270,526
Customer E	129,583	102,533

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to directors and chief executive of the Company are as follows:

	Executive directors (note vii)			Non-executive director (note ix)	Independent non-executive directors (note ix)			
	Mr. Kwok Tung Keung HK$'000 (note ii)	Mr. Lee Kin Kee HK$'000 (note iv)	Mr. Ko Chun Hay Kelvin HK$'000	Mr. Woo See Shing HK$'000 (note vi)	Mr. So Chi Wai HK$'000	Ms. Wong Shuk Fong HK$'000	Mr. Donald William Sneddon HK$'000	Total HK$'000
Year ended 30 June 2018								
Fee	200	171	285	44	120	120	120	1,060
Other emoluments								
Salaries and other benefits	2,142	—	—	—	—	—	—	2,142
Performance and discretionary bonus (note i)	360	2,000	—	—	—	—	—	2,360
Equity-settled share option expense	1,790	688	1,790	—	—	—	—	4,268
Retirement benefit schemes contributions	18	9	15	2	—	—	—	44
Total emoluments	4,510	2,868	2,090	46	120	120	120	9,874

6. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

	Executive directors (note vii)				Independent non-executive directors (note ix)				
	Mr. Kwok Tung Keung HK$'000 (note ii)	Mr. Chan Kay Siu Francis HK$'000 (note iii)	Mr. Lee Kin Kee HK$'000 (note iv)	Mr. Ko Chun Hay Kelvin HK$'000 (note v)	Mr. Li Kar Fai Peter HK$'000 (note viii)	Mr. So Chi Wai HK$'000	Ms. Wong Shuk Fong HK$'000	Mr. Donald William Sneddon HK$'000 (note viii)	Total HK$'000
Year ended 30 June 2017									
Fee	113	160	240	205	90	120	120	29	1,077
Other emoluments									
Salaries and other benefits	2,142	1,002	—	—	—	—	—	—	3,144
Performance and discretionary bonus (note i)	360	170	—	—	—	—	—	—	530
Retirement benefit schemes contributions	18	18	11	10	—	—	—	—	57
Total emoluments	2,633	1,350	251	215	90	120	120	29	4,808

Notes:

(i) The performance and discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

(ii) Mr. Kwok Tung Keung acts as chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iii) Mr. Chan Siu Kay Francis resigned as the director of the Company on 30 June 2017.

(iv) Mr. Lee Kin Kee was re-designated as the executive director of the Company on 1 August 2016 and resigned on 31 March 2018.

(v) Mr. Ko Chun Hay Kelvin was appointed as the executive director of the Company on 26 October 2016.

(vi) Mr. Woo See Shing was appointed as the non-executive director of the Company on 1 April 2018.

(vii) The emoluments of the executive directors are for their services in connection with the management of the affairs of the Company and the Group.

(viii) Mr. Li Kar Fai Peter resigned as the independent non-executive director of the Company on 3 April 2017 and Mr. Donald William Sneddon was appointed as the independent non-executive director of the Company on the same date.

(ix) The emoluments of the non-executive director and independent non-executive directors are for their services as the directors of the Company.

6. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

During both years, no emolument was paid or payable by the Group to any directors of the Company as an inducement to join, or upon joining the Group or as compensation for loss of office. There is no arrangement under which a director has waived or agreed to waive any remuneration.

During the year ended 30 June 2018, share options were granted to certain directors in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 33 to the Group's consolidated financial statements.

(b) Employees' emoluments

The five highest paid individuals include three (2017: two) directors whose emoluments are presented in the disclosures in (a) above. The emoluments of the remaining two (2017: three) individuals are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	**1,717**	2,826
Performance and discretionary bonus	**320**	480
Retirement benefit schemes contributions	**36**	54
	2,073	3,360

Their emoluments are within the following bands:

	2018 Number of employees	2017 Number of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	2
	2	3

During both years, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7. OTHER INCOME AND OTHER GAINS AND LOSSES

	2018 HK$'000	2017 HK$'000
Other income:		
Bank interest income	46	19
Interest income on payment for a life insurance policy	324	308
Sundry income	20	—
	390	327
Other gains and losses:		
Allowance for bad and doubtful debts	(4,228)	(190)
Gain on disposal of plant and equipment	—	10
Gain on disposal of subsidiaries (note 27)	2,490	—
	(1,738)	(180)

8. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on bank borrowings	159	119

9. PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	1,000	850
Depreciation of plant and equipment	257	211
Amortisation of other intangible assets	60	—
Directors' remuneration (note 6)	9,874	4,808
Other staff costs:		
Salaries and other benefits	31,697	28,701
Equity-settled share option expense	69	—
Retirement benefit schemes contributions	1,483	1,036
Total staff costs	43,123	34,545
Lease payments under operating leases in respect of office premises	1,573	1,764

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
Current year	**2,790**	1,091
Overprovision in prior years	**(61)**	—
	2,729	1,091
Deferred taxation – current year (note 16)	**(26)**	89
	2,703	1,180

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

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2018 HK$'000	2017 HK$'000
Profit before taxation	**11,043**	7,085
Tax at the Hong Kong Profits Tax rate of 16.5%	**1,822**	1,169
Tax effect of expenses not deductible for tax purpose	**773**	81
Tax effect of income not taxable for tax purpose	**(472)**	(54)
Tax effect of estimated tax losses not recognised	**661**	—
Overprovision in prior years	**(61)**	—
Others	**(20)**	(16)
Income tax expense	**2,703**	1,180

11. DIVIDENDS

No dividend was paid or proposed during the years ended 30 June 2017 and 2018.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 30 June 2018 of HK2.5 cents per ordinary share, in an aggregate amount of HK$20,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting (2017: nil).

12. EARNINGS PER SHARE

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

Earnings

	2018 HK$'000	2017 HK$'000
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	**8,325**	5,905

Number of shares

	2018 '000	2017 '000
Number of ordinary shares for the purpose of calculating basic earnings for share	**800,000**	800,000
Effect of dilutive potential ordinary shares – share options	**1,494**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per shares	**801,494**	800,000

13. PLANT AND EQUIPMENT

	Machinery HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 July 2016	—	1,046	1,401	324	2,177	4,948
Additions	—	397	—	115	313	825
Disposals	—	—	—	—	(894)	(894)
At 30 June 2017	—	1,443	1,401	439	1,596	4,879
Additions	187	—	—	—	—	187
Acquired on acquisition of a subsidiary	3	184	51	99	—	337
Written-off	—	—	(227)	—	(127)	(354)
At 30 June 2018	190	1,627	1,225	538	1,469	5,049
DEPRECIATION						
At 1 July 2016	—	1,046	1,401	282	2,107	4,836
Provided for the year	—	50	—	26	135	211
Eliminated on disposals	—	—	—	—	(894)	(894)
At 30 June 2017	—	1,096	1,401	308	1,348	4,153
Provided for the year	24	100	1	44	88	257
Eliminated on written-off	—	—	(227)	—	(127)	(354)
At 30 June 2018	24	1,196	1,175	352	1,309	4,056
CARRYING AMOUNT						
At 30 June 2018	166	431	50	186	160	993
At 30 June 2017	—	347	—	131	248	726

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

Machinery	25% – 30%
Leasehold improvements	Over the lease terms or useful lives of 4 years
Office equipment	20% – 25%
Furniture and fixtures	20% – 25%
Motor vehicles	25%

14. GOODWILL

The amount represents goodwill arising on the acquisition of 49.06% equity interests in Unimax. Details are set out in note 26.

Goodwill has been allocated to a single cash generating unit of Unimax. The recoverable amount has been determined based on a value in use calculation. The calculation applies cash flow projections based on financial budgets approved by management covering a 5-year period, and at a discount rate of 14.3% per annum. Cash flows beyond the fifth financial periods are extrapolated using the average steady growth rate of 2% per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management of the Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount and therefore no impairment loss is necessary.

15. OTHER INTANGIBLE ASSETS

	Customer Contracts and customer relationship HK$'000
COST	
At 1 July 2017 and 30 June 2017	—
Acquired on acquisition of a subsidiary	3,726
At 30 June 2018	3,726
AMORTISATION	
At 1 July 2017 and 30 June 2017	—
Charge for the year	60
At 30 June 2018	60
CARRYING AMOUNT	
At 30 June 2018	3,666
At 30 June 2017	—

The above intangible assets were purchased as part of a business combination in the current year. The intangible assets represent customer contracts and customer relationship which meet the contractual-legal criterion under HKFRS 3. Customer relationship meets the contractual-legal criterion as the relevant subsidiary has a practice of establishing contracts with its customers, regardless of whether a contract exist at the acquisition date. Details are set out in note 26.

Customer contracts and customer relationship have finite useful lives and are amortised on a straight-line basis over the useful life of 5 years.

16. DEFERRED TAXATION

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

	Accelerated depreciation allowance HK$'000	Intangible assets HK$'000	Total HK$'000
At 1 July 2016	112	—	112
Charge to profit or loss (note 10)	(89)	—	(89)
At 30 June 2017	23	—	23
Acquired on acquisition of a subsidiary	—	(615)	(615)
Credit to profit or loss (note 10)	16	10	26
At 30 June 2018	39	(605)	(566)

	2018 HK$'000	2017 HK$'000
Presented as:		
Deferred tax assets	**39**	23
Deferred tax liabilities	**(605)**	—
	(566)	23

The Group has estimated unused tax losses of HK$3,026,000 (2017: nil) available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Deposits	3,507	999
Payment for a life insurance policy (note)	8,534	8,366
Other receivables	660	—
Prepayments and others	1,028	1,442
	13,729	10,807
Analysed for reporting purposes as:		
Non-current assets	11,328	8,834
Current assets	2,401	1,973
	13,729	10,807

Note: The Group entered into a life insurance policy to insure a director of the Company. Under this policy, the Group is the beneficiary and policy holder and the total insured sum is United States dollars ("**US$**") 2,000,000. The Group is required to pay a single premium of US$1,049,379 (equivalent to approximately HK$8,139,000) to the insurance company at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("**Account Value**") at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge deducted from Account Value. The insurance company will pay the Group a guaranteed interest rate of 4% per annum for the first year and a variable return per annum afterwards (with guaranteed minimum interest rate of 2%) during the effective period of the policy.

At the inception date, the gross premium paid by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy. The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the policy and the deposit placed is measured at amortised cost using the effective interest method.

In the view of the directors of the Company, the Group will not terminate the policy nor withdraw cash prior to the end of 18th policy year and the expected life of the policy remained unchanged since its initial recognition. The balance of the deposit of the life insurance policy is denominated in US$, being a currency other than the functional currency of the relevant group entity.

18. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**49,627**	50,449
Less: allowance for bad and doubtful debts	**(6,524)**	(2,296)
	43,103	48,153

The Group allows a credit period of 30 to 60 days to its customers for construction works, and allows no credit to its customers for building management services. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	2018 HK$'000	2017 HK$'000
0 – 30 days	**34,007**	37,889
31 – 60 days	**4,860**	856
61 – 180 days	**3,222**	—
181 – 365 days	**125**	—
Over 365 days	**889**	9,408
	43,103	48,153

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 65% (2017: 80%) of trade receivables as at 30 June 2018, that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$14,906,000 (2017: HK$9,408,000) which are past due at the end of the reporting period, for which the Group has not provided for impairment loss. The directors of the Company consider that these receivables are still recoverable as there has not been a significant change in credit quality of these customers and there are continuous subsequent settlements from these customers. The Group does not hold any collateral over these balances. The average age of these receivables is 71 days (2017: 456 days).

18. TRADE RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
0 – 30 days	5,810	—
31 – 60 days	4,860	—
61 – 180 days	3,222	—
181 – 365 days	125	—
Over 365 days	889	9,408
Total	14,906	9,408

The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgement including the creditworthiness and the past collection history of each customer. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customers from the date credit was initially granted up to the end of each reporting period.

Movement in allowance for bad and doubtful debts

	2018 HK$'000	2017 HK$'000
Balance at beginning of the year	2,296	2,106
Impairment loss recognised (note)	4,228	190
Balance at end of the year	6,524	2,296

Note: Impairment losses are recognised on individual trade receivables (including any retention sum) that are past due at the end of the reporting period and in which management of the Group believes they are unlikely to be recovered based on past collection history and credit worthiness of each customer.

19. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**1,508,519**	1,695,298
Less: Progress billings	**(1,445,191)**	(1,600,793)
Total	**63,328**	94,505
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**65,623**	95,501
Amounts due to customers for contract work	**(2,295)**	(996)
	63,328	94,505

Unbilled retention receivables relating to contracts in progress of HK$56,414,000 (2017: HK$59,888,000) are included in amounts due from customers for contract work as at 30 June 2018. Retention monies will be released after completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective construction contracts, of which approximately HK$19,627,000 (2017: HK$25,386,000) and HK$36,787,000 (2017: HK$34,502,000) are recoverable within one year and after one year, respectively.

20. PLEDGED BANK BALANCES/BANK BALANCES AND CASH

Pledged bank balances represent bank deposits pledged to secure the banking facilities (including the bank borrowings and performance guarantee) granted to the Group, and carry interest at prevailing market rate ranging from 0.01% to 1.15% (2017: 0.01% to 1.15%) per annum.

Bank balances and cash comprise of cash on hand and short-term bank deposits with an original maturity of three months or less, and carry interest at prevailing market rate ranging from 0.01% to 1.15% (2017: 0.01% to 1.15%) per annum.

21. TRADE PAYABLES

The credit period granted to the Group by suppliers and subcontractors is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0 – 30 days	**17,216**	21,771
31 – 60 days	**288**	—
61 – 180 days	**—**	6,324
	17,504	28,095

22. OTHER PAYABLES, RETENTION PAYABLES AND ACCRUED CHARGES

	2018 HK$'000	2017 HK$'000
Accrued charges for construction	**22,634**	53,130
Other accrued charges	**1,946**	4,455
Retention payables (note i)	**51,966**	52,417
Contingent consideration payable (note 26)	**294**	—
Other payable (note ii)	**3,160**	—
	80,000	110,002
Analysed for reporting purposes as:		
Non-current liabilities	**294**	—
Current liabilities	**79,706**	110,002
	80,000	110,002

Notes:

(i) Retention monies payable to subcontractors of contract works will be released by the Group after completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of the respective construction contracts, of which approximately HK$21,455,000 (2017: HK$18,563,000) and HK$30,511,000 (2017: HK$33,854,000) are due within one year and after one year, respectively.

(ii) Amount represents payable to the non-controlling shareholders which is non-trade nature, unsecured, interest-free, and has no fixed term of repayment.

23. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Revolving bank loan	**5,000**	5,000
Term loan	**3,540**	—
	8,540	5,000
Carrying amount repayable based on scheduled repayment dates set out in loan agreements:		
Revolving bank loan – on demand	**5,000**	5,000
Within one year	**732**	—
More than one year, but not exceeding two years	**783**	—
More than two year, but not exceeding five years	**2,025**	—
	8,540	5,000
Less: Carrying amount of bank borrowings that are repayable on demand or contain a repayment on demand clause and shown under current liabilities	**(8,540)**	(5,000)
	—	—

Revolving bank loan carries interest at one-month Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.0% (2017: one-month HIBOR plus 2.0%) per annum. Term loan carries interest at fixed rate of 3.47% (2017: nil) per annum.

The revolving bank loan, term loan, performance guarantee (as detailed in note 30), and other banking facilities are secured by:

(i) the pledged bank balances of HK$62,060,000 (2017: HK$77,736,000);

(ii) a deposit of a life insurance policy as disclosed in note 17;

(iii) project proceeds from certain construction contracts of the Group;

(iv) corporate guarantee by the Company;

(v) two properties owned by the non-controlling shareholders with 50.94% equity interest in the relevant subsidiary, with details set out in note 39; or

(vi) personal guarantee by the non-controlling shareholders with 50.94% equity interest in the relevant subsidiary, with details set out in note 39.

24. PROVISIONS

	Long service payments and annual leave HK$'000
At 1 July 2016	1,724
Provided for the year	45
At 30 June 2017	1,769
Acquired on acquisition of a subsidiary	392
Eliminated on disposal of subsidiaries	(144)
Utilised during the year	(242)
At 30 June 2018	1,775

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision represents management's best estimate of the probable future payments which have been earned by the employees from their services to the Group up to the end of the reporting period.

25. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 July 2016, 30 June 2017 and 30 June 2018	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2016, 30 June 2017 and 30 June 2018	800,000,000	8,000

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

26. ACQUISITION OF A SUBSIDIARY

On 30 May 2018, the Group acquired 49.06% of the issued share capital of Unimax for a cash consideration of HK$9,800,000. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$4,895,000. Unimax is engaged in building management services in Hong Kong. The acquisition of Unimax could provide an opportunity to the Group to integrate its operations in building management services so as to improve the profitability.

Consideration transferred

	HK$'000
Cash	9,800
Fair value of contingent consideration (note)	294
	10,094

Note: Pursuant to the sale and purchase agreement, if the accumulated net profits after tax for the three years ending 31 March 2021 is more than HK$7,500,000, the Group is obliged to pay 30% of the excess amount to the vendor. This amount represents the fair value of the contingent consideration at the date of acquisition.

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Plant and equipment	337
Customer contracts and customer relationship	3,726
Trade receivables	13,646
Other receivables, deposits and prepayments	1,494
Bank balances and cash	2,037
Other payables and accrued charges	(407)
Amounts due to directors	(3,160)
Tax payable	(312)
Bank borrowings	(5,756)
Provisions	(392)
Deferred tax liabilities	(615)
	10,598

The fair value of trade receivables and other receivables amounted to approximately HK$13,646,000 and HK$718,000, respectively, at the date of acquisition. Based on the best estimate by the directors of the Company, there is no contractual cash flows not expected to be collected at acquisition date.

26. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	10,094
Plus: non-controlling interest	5,399
Less: net assets acquired	(10,598)
	4,895

The non-controlling interests representing 50.94% in Unimax recognised at the acquisition date was measured by reference to their respective proportionate share of the fair value of assets and liabilities of Unimax.

Goodwill arose in the acquisition of Unimax because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Unimax. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Unimax

	HK$'000
Cash consideration paid	9,800
Less: cash and cash equivalent balances acquired	(2,037)
	7,763

Included in the profit for the year is approximately HK$29,000 attributable to the additional business generated by Unimax. Revenue for the year includes approximately HK$8,058,000 generated from Unimax.

Had the acquisition been completed on 1 July 2017, revenue for the year would have been approximately HK$585,796,000, and profit for the year would have been approximately HK$9,962,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2017, nor is it intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARIES

On 28 December 2017, the Group disposed its entire equity interest in Focus Achieve Limited and W.M. Foundation Company Limited (together, the "**Disposal Group**") for a cash consideration of HK$2,500,000 to an independent third party. The consideration of the Disposal Group was determined after arm's length negotiations between the Group and the acquirer, taking into account the Disposal Group's profile, experience and goodwill in carrying out foundation and piling works in Hong Kong. The net assets of the Disposal Group at the date of disposal are as follows:

Analysis of assets and liabilities over which control was lost

	HK$'000
Tax recoverable	180
Amount due to the Group	(26)
Provision	(144)
	10

Gain on disposal of a subsidiary

	HK$'000
Consideration received	2,500
Less: net assets disposed of	(10)
	2,490

Net cash inflow arising on disposal

	HK$'000
Cash consideration received	2,500

28. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases for office premises with independent third parties, which fall due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**1,555**	1,184
In the second to fifth year inclusive	**1,350**	19
	2,905	1,203

Leases and rentals are negotiated and fixed for a term of three months to two years.

29. PLEDGE OF ASSETS

At 30 June 2018, the Group has pledged the deposit placed for the life insurance policy and certain bank balances, details of which are disclosed in notes 17 and 20 respectively, to secure the bank borrowings and certain banking facilities granted to the Group. Also, the performance bonds granted by the banks are secured by the project proceeds from certain construction contracts of the Group.

30. PERFORMANCE GUARANTEE

At 30 June 2018, performance guarantee of approximately HK$47,530,000 (2017: HK$58,893,000) are given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks for any claims from customers under the guarantee due to the failure of the Group's performance. The performance guarantee will be released upon completion of the contract works.

At the end of both reporting periods, the directors of the Company do not consider it is probable that a claim will be made against the Group.

31. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group does not have any material related party transaction for both years.

Compensation of key management personnel

The remuneration of directors of the Company, who represent the key management personnel during the year, are set out in note 6.

32. RETIREMENT BENEFITS SCHEMES

The MPF Schemes are registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Schemes, the employer and its employees are each required to make contributions to the MPF Schemes at rates specified in the rules. The only obligation of the Group with respect to the MPF Schemes is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Schemes is available to reduce the contribution payable in future years. The cap of contribution amount is HK$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Schemes charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The Group's contributions to the retirement benefits schemes charged to profit or loss in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$1,527,000 (2017: HK$1,093,000).

33. SHARE-BASED PAYMENTS

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 9 March 2016 for the primary purpose of providing incentives to directors and eligible employees. Unless otherwise terminated or amended, the Share Option Scheme will remain in force for 10 years. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 30 June 2018, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 26,500,000 (2017: nil), which if exercised in full representing 3.31% (2017: nil) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted were exercisable from 29 November 2017 to 28 November 2022 (both days inclusive). The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of options granted during the year are as follows:

Option type	Number of share options	Date of grant	Exercise period (both dates inclusive)	Exercise price HK$	Fair value at grant date HK$
2017	31,500,000	29 November 2017	29 November 2017 to 28 November 2022	0.371	0.138

33. SHARE-BASED PAYMENTS (CONTINUED)

Details and movements of the number of share options are as follows:

Eligible participants	Outstanding at 1.7.2016 and 30.6.2017	Options granted during the year	Forfeited during the year	**Outstanding at 30.6.2018**
Directors	—	31,000,000	(5,000,000)	**26,000,000**
Employees	—	500,000	—	**500,000**
	—	31,500,000	(5,000,000)	**26,500,000**
Exercisable at 30.6.2018				**26,500,000**
Weighted average exercise price	N/A	HK$0.371	HK$0.371	**HK$0.371**

The fair value of the share options granted during the current year is calculated using the Binomial Option Pricing Model. The inputs into the model are as follows:

Weighted average share price	HK$0.37
Exercise price	HK$0.371
Validity period	5 years
Risk-free rate	1.498%
Expected volatility	44.31%
Expected dividend yield	0%
Expected early exercise multiplier	2.80

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 6 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised an expense of HK$4,337,000 for the year ended 30 June 2018 (2017: nil) in relation to share options granted by the Company.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payable HK$'000	Bank borrowings HK$'000	Total HK$'000
At 1 July 2017	—	5,000	5,000
Financing cash flows	(159)	(2,216)	(2,375)
Acquisition of a subsidiary	—	5,756	5,756
Finance costs recognised	159	—	159
At 30 June 2018	—	8,540	8,540

35. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes bank borrowings as disclosed in note 23, and equity of the Group, comprising issued share capital and reserves. Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares, raise of new borrowings or repayment of existing borrowings.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**207,437**	207,009
Financial liabilities		
Amortised cost	**105,750**	143,097
FVTPL	**294**	—

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, payment for a life insurance policy, pledged bank balances, bank balances and cash, trade payables, other payables, retention payables and accrued charges and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has limited currency exposure as both revenue and direct costs are denominated in the functional currency of the respective group entities. Accordingly, management considers that the Group's exposure to foreign currency risk is minimal.

However, at 30 June 2018, the payment for a life insurance policy of HK$8,534,000 (2017: HK$8,366,000) is denominated in US$, a currency other than the functional currency of the relevant group entity.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

As HK$ is pegged to US$, the directors of the Company consider that the currency risk of US$ is insignificant. Accordingly, no sensitivity analysis is presented.

Interest rate risk

The Group's cash flow interest rate risk primarily relates to payment for a life insurance policy (note 17), pledged bank balances and bank balances (note 20) as well as floating-rate bank borrowing (note 23), which mainly concentrate on the fluctuation of HIBOR.

The Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank borrowing (note 23).

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

Sensitivity analysis

No sensitivity analysis is presented as the directors of the Company consider that the interest rate fluctuation on interest income or expenses charged on payment for a life insurance policy, pledged bank balances and bank balances, and bank borrowings, is insignificant.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, payment for a life insurance policy, pledged bank balances and bank balances.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

Management adopted a policy on providing credit to new customers. A credit investigation, including assess to financial information, advice from business partners on the creditability of the potential customers and credit search, would be performed before providing credit to new customers. The level of credit granted must not exceed a predetermined level set by management. Credit evaluation is performed on a regular basis.

The Group has concentration of credit risks with exposure limited to certain customers. Top three customers amounting to HK$26,896,000 (2017: HK$31,410,000) representing approximately 62% (2017: 65%) of the Group's trade receivables at the end of the reporting period. The directors of the Company closely monitor the subsequent settlement from customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for pledged bank balances, payment for a life insurance policy and bank balances is considered insignificant as such amounts are placed at banks with good reputations.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, the Group's bank borrowings are repayable on demand. The payment dates for other financial liabilities are based on the agreed repayment dates. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand	Within 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2018						
Trade payables	**N/A**	**—**	**17,504**	**—**	**17,504**	**17,504**
Other payables, retention payables and accrued charges	**N/A**	**3,160**	**76,546**	**—**	**79,706**	**79,706**
Contingent consideration payable	**15.30**	**—**	**—**	**440**	**440**	**294**
Bank borrowings	**3.24**	**8,540**	**—**	**—**	**8,540**	**8,540**
		11,700	**94,050**	**440**	**106,190**	**106,044**
At 30 June 2017						
Trade payables	N/A	—	28,095	—	28,095	28,095
Other payables, retention payables and accrued charges	N/A	—	110,002	—	110,002	110,002
Bank borrowings	2.38	5,000	—	—	5,000	5,000
		5,000	138,097	—	143,097	143,097

The amounts included above for variable interest rate are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

At 30 June 2018, bank borrowings with a repayment on demand clause re included in the "repayable on demand" time band in the above maturity analysis. The aggregate carrying amount of these bank borrowings amounted to approximately HK$3,540,000 (2017: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Assuming the banks will not exercise their discretionary rights to demand immediate repayment, the aggregate principal and interest cash outflows for such bank borrowings amounted to approximately HK$930,000 (2017: nil), HK$930,000 (2017: nil) and HK$2,169,000 (2017: nil) in the banding of "within 1 year", "1 to 2 years" and "2 to 5 years", respectively.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value of the Company's financial instruments that are measured at fair value on a recurring basis

The Group's contingent consideration payable is measured at fair value at the end of each reporting period, and is categorised Level 3 fair value measurement. At the end of each reporting period, the chief financial officer ("**CFO**") works closely with the independent qualified professional valuer to establish and determine the appropriate valuation technique(s) and input(s) to be used in determining the fair value of the financial instrument. Discussions on valuation process and results are held between CFO and the directors of the Company at least once a year.

The following table gives information about how the fair value of the financial instrument is determined (in particular, the valuation technique(s) and input(s) used).

Financial instrument	Fair value at 30 June 2018	Fair value at 30 June 2017	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of input(s) to fair value
Contingent consideration payable	HK$294,000	—	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	(i) Discount rate of 15.3% (ii) Probability adjusted revenues and profits, with a range from HK$101,523,000 to HK$117,841,000 and a range from HK$2,162,000 to HK$3,968,000 respectively	The higher the discount rate, the lower the fair value The higher the probability adjusted revenues and profits, the higher the fair value

There is no transfer into or out of Level 3 for both years.

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current assets		
Investments in subsidiaries	**9,802**	2
Current assets		
Amounts due from subsidiaries	**9,208**	7,510
Bank balances and cash	**53,567**	44,272
	62,775	51,782
Current liabilities		
Other payables and accrued charges	**963**	994
Tax payable	**54**	85
	1,017	1,079
Net current assets	**61,758**	50,703
	71,560	50,705
Capital and reserves		
Share capital	**8,000**	8,000
Reserves	**63,560**	42,705
	71,560	50,705

Movement in the Company's reserves

	Share premium HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2016	40,903	—	1,370	42,273
Profit and total comprehensive income for the year	—	—	432	432
At 30 June 2017	40,903	—	1,802	42,705
Profit and total comprehensive income for the year	—	—	16,518	16,518
Recognition of equity-settled share-based payments	—	4,337	—	4,337
Share options forfeited	—	(688)	688	—
At 30 June 2018	40,903	3,649	19,008	63,560

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company as at 30 June 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Issued and fully paid share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			2018	2017	
			%	%	
Direct subsidiaries					
Focus Achieve Limited	BVI/Hong Kong	US$100	—	100	Investment holding
Well Joint Limited	BVI/Hong Kong	US$100	**100**	100	Investment holding
Focus Wealth Investments Limited	BVI/Hong Kong	US$100	**100**	100	Investment holding
King Victory Investment Limited	Hong Kong	HK$1	**100**	N/A	Investment holding
Indirect subsidiaries					
W.M. Construction Limited	Hong Kong	HK$5,000,000	**100**	100	Building construction in Hong Kong
W.M. Engineering Company Limited	Hong Kong	HK$10	**100**	100	Construction and engineering works with focus on minor and supplementary works in Hong Kong
W.M. Foundation Company Limited	Hong Kong	HK$1	—	100	Construction and engineering works with focus on foundation and piling in Hong Kong
Unimax	Hong Kong	HK$530,000	**49.06**	—	Building management services in Hong Kong

None of the subsidiaries had issued any debt securities at the end of the respective reporting periods.

39. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of the non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests		Proportion of voting power held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017	2018	2017
		%	%	%	%	HK$'000	HK$'000	HK$'000	HK$'000
Unimax	Hong Kong	**50.94**	N/A	**40**	N/A	**15**	N/A	**5,414**	N/A

Unimax is a private company incorporated in Hong Kong with limited liability. Although the Group has only 49.06% ownership in Unimax, the directors of the Company concluded that the Group has sufficient voting power to direct the relevant activities of Unimax in board meetings as detailed in note 4 and therefore the Group has control over Unimax.

39. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of Unimax since acquisition is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	2018 HK$'000
Current assets	**15,303**
Non-current assets (note)	**3,997**
Current liabilities	**8,067**
Non-current liabilities	**605**
Equity attributable to owners of the Company	**5,214**
Non-controlling interests	**5,414**
Revenue	**8,058**
Expenses	**8,029**
Profit and total comprehensive income for the year	**29**
Profit and total comprehensive income for the year attributable to owners of the Company	**14**
Profit and total comprehensive income for the year attributable to non-controlling interests	**15**
	29
Net cash inflow from operating activities	**371**
Net cash outflow from financing activities	**(2,238)**
Net cash outflows	**(1,867)**

Note: Goodwill with a carrying amount of HK$4,895,000 attributable to the Group at the end of the reporting period are not included.

FINANCIAL SUMMARY

RESULTS

	For the year ended 30 June				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**498,638**	651,426	560,280	566,194	425,359
Profit for the year	**8,340**	5,905	6,010	18,469	12,544
Profit for the year attributable to:					
Owners of the Company	**8,325**	5,905	6,010	18,469	12,544
Non-controlling interests	**15**	—	—	—	—
	8,340	5,905	6,010	18,469	12,544

ASSETS AND LIABILITIES

	At 30 June				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**283,681**	304,701	277,683	197,644	165,783
Total liabilities	**(111,751)**	(150,847)	(129,734)	(106,771)	(90,379)
Total equity	**171,930**	153,854	147,949	90,873	75,404