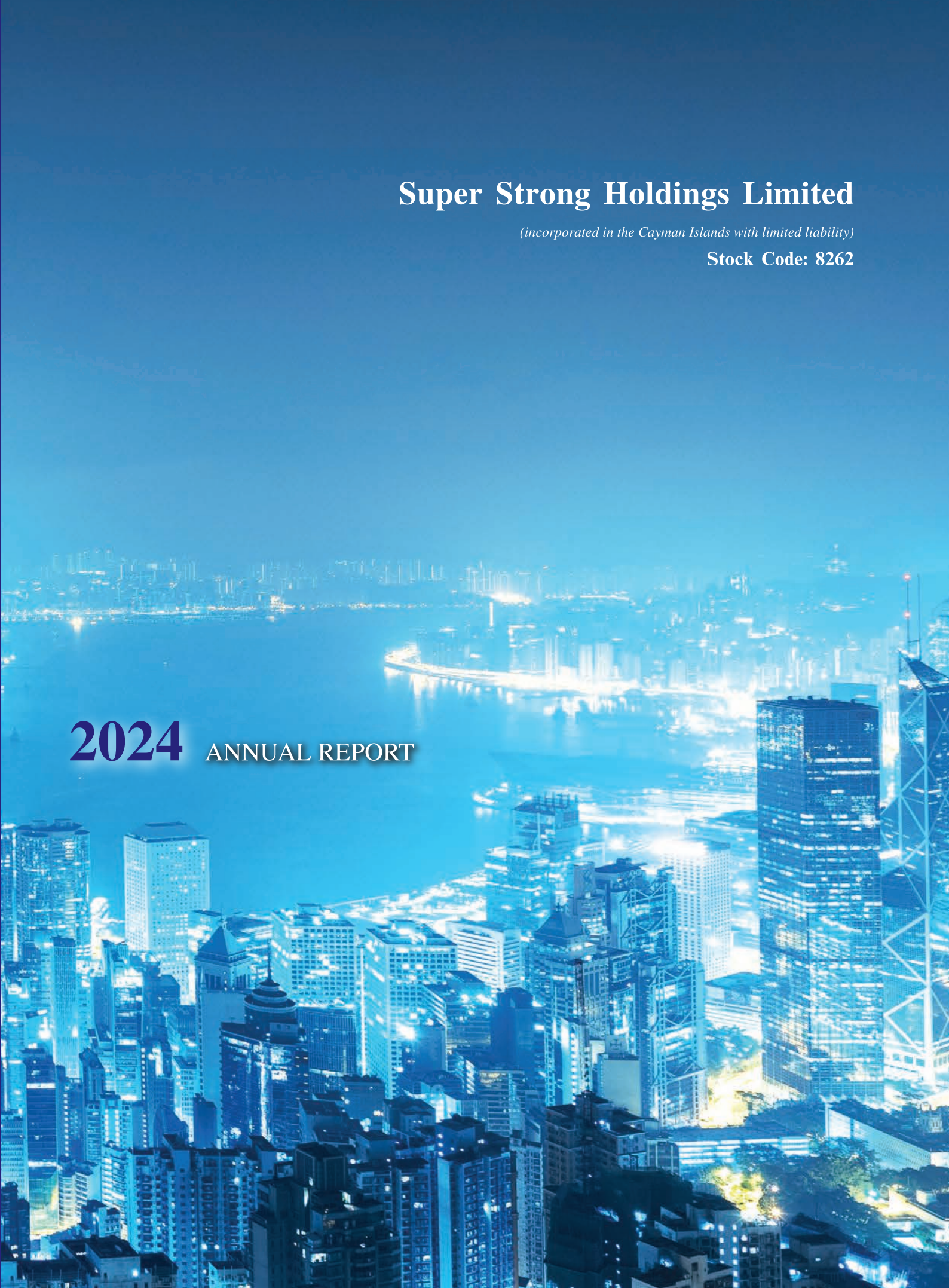


# Super Strong Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 8262

**2024** ANNUAL REPORT





## CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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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*)  
Mr. Tam Brown Lun (appointed on 12 January 2024)  
Ms. Wong Hui Yu (re-designated on 12 April 2024)  
Ms. Kwok Pui Sze (appointed on 12 April 2024)  
Mr. Ko Chun Hay Kelvin (*Chief Executive Officer*)  
(resigned on 29 November 2023)  
Mr. Ng Man Li (re-designated on 29 November 2023 and  
resigned on 12 April 2024)  
Mr. Qiu Haiquan (resigned on 30 June 2024)

#### Non-Executive Director

Ms. Wong Hui Yu (appointed on 12 January 2024 and  
re-designated to an executive Director  
on 12 April 2024)

#### Independent Non- Executive Directors

Mr. Leung Tze Wai (appointed on 12 January 2024)  
Ms. Fung Yuk Yiu (appointed on 31 May 2024)  
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)  
Mr. Ng Man Li (re-designated to an executive Director  
on 29 November 2023)  
Ms. Wong Shuk Fong (resigned on 31 May 2024)  
Mr. Donald William Sneddon (resigned on 31 May 2024)

### BOARD COMMITTEE

#### Audit Committee

Mr. Leung Tze Wai (*Chairman*)  
(appointed on 12 January 2024)  
Ms. Fung Yuk Yiu (appointed on 31 May 2024)  
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)  
Ms. Wong Shuk Fong (resigned on 31 May 2024)  
Mr. Donald William Sneddon (resigned on 31 May 2024)

#### Remuneration Committee

Mr. Leung Tze Wai (*Chairman*)  
(appointed on 12 January 2024)  
Mr. Kwok Tung Keung  
Ms. Fung Yuk Yiu (appointed on 31 May 2024)  
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)  
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)  
Mr. Ng Man Li (resigned on 12 April 2024)  
Ms. Wong Shuk Fong (resigned on 31 May 2024)  
Mr. Donald William Sneddon (resigned on 31 May 2024)

#### Nomination Committee

Mr. Kwok Tung Keung (*Chairman*)  
Mr. Leung Tze Wai (appointed on 12 January 2024)  
Ms. Fung Yuk Yiu (appointed on 31 May 2024)  
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)  
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)  
Mr. Ng Man Li (resigned on 12 April 2024)  
Ms. Wong Shuk Fong (resigned on 31 May 2024)  
Mr. Donald William Sneddon (resigned on 31 May 2024)

#### COMPANY SECRETARY

Ms. Wong Hui Yu (appointed on 12 April 2024)  
Mr. Ng Man Li (appointed on 29 November 2023 and  
resigned on 12 April 2024)  
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)

#### AUTHORISED REPRESENTATIVES

Mr. Kwok Tung Keung  
Ms. Wong Hui Yu (appointed on 12 April 2024)  
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)  
Mr. Ng Man Li (appointed on 29 November 2023 and  
resigned on 12 April 2024)

#### AUDITOR

ZHONGHUI ANDA CPA Limited  
*Certified Public Accountants*

#### LEGAL ADVISER

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

#### REGISTERED OFFICE

Maples Corporate Services Limited  
PO Box 309, Uglan House  
Grand Cayman KY1-1104  
Cayman Islands

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D, 3/F., Freder Centre  
3 Mok Cheong Street, Tokwawan  
Kowloon, Hong Kong

## **CORPORATE INFORMATION**

### **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 Hongkong and Shanghai Banking Corporation Limited  
Bank of Communications (Hong Kong) Limited

### **COMPANY WEBSITE**

[www.wmcl.com.hk](http://www.wmcl.com.hk)  
(information of this website does not form part of this  
report)

### **STOCK CODE**

08262



## CHAIRMAN'S STATEMENT

Dear Shareholders,

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

As societies around the globe have reopened following the challenging period of the COVID-19 pandemic, it is evident that the global economy has not fully recovered as anticipated. Due to a slowdown in investment by developers, there has been a decrease in private construction projects, which has affected job opportunities. The impacts of the construction industry are gradually becoming more apparent.

We have observed that the recovery of the Chinese market, particularly in the property sector, has been sluggish. Major property developers in China have faced significant challenges that have impacted the overall property market in the country. Furthermore, the increase in interest rates by the US Federal Reserve has placed considerable pressure on the property market. As a Main contractor in the Hong Kong property sector, our group has been significantly affected by these unfavorable conditions. The construction market has become highly competitive, leading to narrow profit margins.

Considering the challenging business environment in the Hong Kong property market, we will continue to assess projects meticulously, ensuring a balance between risk and return. In light of the intense competition in the construction industry, we will actively seek out new business and investment opportunities that can yield favorable returns for our shareholders. This may include acquisitions or strategic partnerships with firms from various sectors, ultimately enhancing our group's long-term profitability.”

Despite the challenges we have faced, we remain optimistic about the future. Our group is resilient, and we are confident in our ability to navigate through these complex market conditions. We appreciate your continued support and trust in our strategic vision.

**Super Strong Holdings Limited**  
**Kwok Tung Keung**  
*Chairman*

Hong Kong, 27 September 2024



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

Over the course of the Reporting Period, the Group actively pursued a range of business opportunities, submitting 28 tenders for construction projects totaling approximately HK\$2,510.7 million. Given the challenging economic conditions, the Group adopted a cautious strategy, concentrating on tenders that offered reasonable profit margins to mitigate operational risks and reduce overall risk exposure. However, due to increased competition and a decline in the Hong Kong property market, our success rate in securing tenders remained low. During the Reporting Period, we successfully launched a new project with a contract sum of around HK\$97 million. In addition, we monitored the progress of five projects that were substantially completed in previous years. Our Group has also upheld a robust financial position, marked by a notably low gearing ratio.

The Directors recognize that future business opportunities for the Group will be determined by competition within the construction market and the performance of Hong Kong's property sector. The rise in interest rates has led to a decline in local property prices, influencing the Directors' decision to refrain from participating in tenders with thin profit margins. We look forward to the implementation of various policies by the Hong Kong Government to foster economic recovery, along with the anticipated positive impact of future US Federal Reserve rate cuts on the property sector. We are optimistic about the gradual improvement of existing circumstances and appreciate the government's ongoing commitment to land development and increasing the supply of public housing in Hong Kong. The Board aims to build on our existing competitive strengths to achieve long-term business objectives and sustainability.

Furthermore, the Group has pursued diversification within the construction industry, seeking complementary opportunities to improve overall profitability for our shareholders. Although our efforts to expand into the Chinese market were hindered by unfavorable conditions, we will continue to monitor its progress and any potential signs of improvement, as it represents a significant market opportunity.

Looking to the future, the Directors will carefully assess projects, weighing risk against potential returns. In light of the intense competition within the construction sector, we will maintain our focus on identifying new business and investment opportunities that can deliver favorable returns for our shareholders. This may involve pursuing acquisitions or forming strategic partnerships with entities across various sectors to bolster our Group's long-term profitability.

### **FINANCIAL REVIEW**

#### **Revenue**

Our revenue decreased from approximately HK\$116.1 million for the year ended 30 June 2023 to approximately HK\$90.3 million for the year ended 30 June 2024, representing a decrease of approximately 22.2%. Such decrease was mainly due to keen competition and a drop of construction orders being taken up during the year.

#### **Direct Cost**

Our direct costs decreased from approximately HK\$110.1 million for the year ended 30 June 2023 to approximately HK\$80.3 million for the year ended 30 June 2024, representing a decrease of approximately 27.1%. Such decrease were in line with the drop of revenue.

#### **Gross Profit**

Gross profit of the Group increased of approximately 66.7% from approximately HK\$6.0 million for the year ended 30 June 2023 to approximately HK\$10.0 million for the year ended 30 June 2024. The gross profit margin increased from approximately 5.2% for the year ended 30 June 2023 to approximately 11.1% for the year ended 30 June 2024.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative Expenses

Administrative expenses of the Group increased of approximately 22.0% from approximately HK\$18.2 million for the year ended 30 June 2023 to approximately HK\$22.2 million for the year ended 30 June 2024. The increase was mainly due to the increase of staff costs, entertainment and legal and professional fees.

### Other Income, Gains and (Losses)

Other losses for the Group increase from approximately HK\$3.6 million for the year ended 30 June 2023 to approximately HK\$9.4 million for the year ended 30 June 2024, representing an increase of approximately 161.1%. Such increase was mainly due to the increase of the loss on litigation.

### Income Tax Credit/(Expenses)

The income tax expense of approximately HK\$5 thousand for the year ended 30 June 2023 has changed to an income tax credit of approximately HK\$37 thousand for the year ended 30 June 2024. This change is primarily due to the net effect of an increase in Hong Kong Profits Tax for the current year and an increase in deferred taxation credits.

### Loss and Total Comprehensive Expense for the Year Ended 30 June 2024 Attributable to Owners of the Company

Loss and total comprehensive expense for the year attributable to owners of the Company was approximately HK\$19.2 million for the year ended 30 June 2024 (30 June 2023: approximately HK\$14.1 million). The increase of loss was primarily attributable to the net effect of (i) the increase in gross profit; (ii) the increase in administrative expenses; and (iii) the increase in other losses for the year ended 30 June 2024.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy liquidity position during the year ended 30 June 2024. As at 30 June 2024, the Group had bank balances and cash of approximately HK\$17.1 million (30 June 2023: approximately HK\$45.5 million), time deposit of approximately HK\$6.0 million (30 June 2023: HK\$nil) and pledged bank balances of approximately HK\$11.6 million (30 June 2023: approximately HK\$11.1 million). There was no outstanding interest-bearing borrowings as at 30 June 2024 (30 June 2023: Nil), and the current ratio as at 30 June 2024 was approximately 1.9 times (30 June 2023: approximately 2.6 times).

As at 30 June 2024, the Group had total assets of approximately HK\$136.4 million (30 June 2023: approximately HK\$144.9 million), which was financed by total liabilities and shareholders' equity of approximately HK\$52.0 million (30 June 2023: approximately HK\$41.2 million) and approximately HK\$84.4 million (30 June 2023: approximately HK\$103.7 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 2024, there was no outstanding interest-bearing borrowings and the gearing ratio is nil (30 June 2023: nil).

## 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 2024. 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.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PLEDGE OF ASSETS**

As at 30 June 2024, the Group pledged its bank deposits to a bank of approximately HK\$11.6 million (30 June 2023: approximately HK\$11.1 million) as collateral to secure bank facilities (2023: bank facilities and performance guarantee) granted to the Group.

As at 30 June 2024, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.3 million (30 June 2023: approximately HK\$9.2 million) as collateral to secure bank facilities (2023: bank facilities and performance guarantee) granted to the Group. Also, the Group has pledged the cash deposits of approximately HK\$25.0 million (30 June 2023: approximately HK\$29.2 million) to secure the performance bonds granted by the third parties.

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

### **FOREIGN EXCHANGE EXPOSURE**

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong Dollars. For the year ended 30 June 2024, 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 2024, the Company's issued share capital was HK\$7,959,400 (30 June 2023: HK\$7,959,400) and the number of its issued ordinary shares was 795,940,000 (30 June 2023: 795,940,000) of HK\$0.01 each. There was no change in capital structure during the year ended 30 June 2024.

### **COMMITMENTS**

As at 30 June 2024, the Group did not have any capital commitment (30 June 2023: HK\$nil).

### **SEGMENT INFORMATION**

Segmental information is presented for the Group as disclosed on note 6 to the consolidated financial statements.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have any plans for material investments or capital assets as of 30 June 2024.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

### **CONTINGENT LIABILITIES**

Performance guarantee are given by banks and third parties 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 and the third parties for any claims from customers under the guarantee due to the failure of the Group's performance.

At 30 June 2023, performance guarantees of approximately HK\$10,758,000 given by banks were secured by the certain bank deposit and the deposit placed for the life insurance policy and guaranteed by corporate guarantee by the Company, which will be released upon completion of the contract works. At 30 June 2024, no performance guarantee is given by banks.

At 30 June 2024, performance guarantees of approximately HK\$25,000,000 (30 June 2023: HK\$37,729,000) given by third parties were secured by the Group's cash deposits, which will be released upon completion of the contract works.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 31 employees (30 June 2023: 36 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$20.0 million for the year ended 30 June 2024 (30 June 2023: approximately HK\$20.7 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 2024.

### 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 2024.

### 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 2024, 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Suppliers and Subcontractors**

During the year ended 30 June 2024, 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 2024. The Group did not have any significant disputes with any of its top five suppliers and subcontractors during the year ended 30 June 2024.

### **Employees**

The Group recognises employees as valuable assets of the Group and during the year ended 30 June 2024, 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 2024. 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 2024.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is committed to the long-term sustainability of the environments and communities in which it operates. Acting in an environmentally responsible manner is a key priority for the Group. The Group endeavors to comply with all applicable environmental protection laws and regulations. It also actively adopts measures to promote the efficient use of resources, energy conservation, and waste reduction. This includes implementing green office practices such as redeploying furniture, encouraging the use of recycled paper, double-sided printing, and reducing energy consumption by switching off idle equipment.

Furthermore, the Group is dedicated to the principle and practice of recycling and waste minimization across its operations. These efforts are aimed at preserving natural resources and mitigating the Group's environmental footprint. By embedding sustainability into its business practices, the Group is working to create long term value for its stakeholders while fulfilling its responsibility as a corporate citizen. The Group remains steadfast in its commitment to environmental stewardship and supporting the well-being of the communities it serves.





## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Kwok Tung Keung (郭棟強) (“Mr. Kwok”)**, aged 65, is our Chairman and executive Director. He was appointed as an executive Director and the Chairman of the Board since 21 December 2015. Mr. Kwok is responsible for all of the operational aspects of our Group, and is responsible for the daily operation of construction business and 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.

Mr. Kwok has over 40 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 obtained a Bachelor of Science in Building Construction & Management degree from the University of Reading in the United Kingdom in July 1984. He also a fellow member of Hong Kong Institute of Construction Managers.

**Mr. Tam Brown Lun (譚秉麟) (“Mr. Tam”)**, aged 62, was appointed as our executive Director on 12 January 2024.

Mr. Tam obtained a Bachelor of Science with Honours degree in Building Technology from University of Manchester in the United Kingdom in 1983. He is currently a member of Royal Institution of Chartered Surveyors, a member of Hong Kong Institute of Construction Managers and a member of Chartered Institute of Building.

Mr. Tam has over 40 years of experience in the construction industry including developers, consultants and contractors. He joined W.M. Construction Limited, a wholly owned subsidiary of the Company, in 2018 and is currently a senior project manager of the Subsidiary.

**Ms. Wong Hui Yu (黃煦榆) (“Ms. Wong”)**, aged 30, was appointed as our non-executive Director on 12 January 2024 and re-designated as our executive Director on 12 April 2024. She was also appointed as our Company Secretary on 12 April 2024.

Ms. Wong obtained a Bachelor of Arts with Honours degree in Business Administration from Coventry University in the United Kingdom and a Master of Corporate Governance degree from The Hong Kong Polytechnic University respectively. She is currently an associate of Hong Kong Chartered Governance Institute.

Ms. Wong has over 10 years of experience in business administration in construction industry. She joined W.M. Construction Limited, a wholly owned subsidiary of the Company in 2016 and currently a company secretary of the Subsidiary.

**Ms. Kwok Pui Sze (郭佩詩) (“Ms. Kwok”)**, aged 37, was appointed as our executive Director on 12 April 2024.

Ms. Kwok obtained a Bachelor of Social Sciences with Honours degree from Lingnan University in 2009.

Ms. Kwok has extensive experience in business administration and operation management. She is currently the Chief Administrative Officer of an educational training group offering superior educational training to clients in Hong Kong and the broader Asian region.

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mr. Leung Tze Wai (梁子煒) (“Mr. Leung”)**, aged 41, was appointed as our independent non-executive Director on 12 January 2024.

Mr. Leung holds a Bachelor of Commerce degree in Accounting from the University of Adelaide in Australia. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia.

Mr. Leung has over 15 years of experience in the auditing, accounting and financial sectors. He was the chief financial officer and company secretary of Legendary Education Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8195) between May 2016 and September 2017. From August 2020 to September 2021, he has also served as the company secretary of Legendary Education Group Limited. He is the company secretary of certain companies listed on GEM and Main Board of the Stock Exchange.

**Ms. Fung Yuk Yiu (馮鈺堯) (“Ms. Fung”)**, aged 30, was appointed as our independent non-executive Director on 31 May 2024.

Ms. Fung obtained a Bachelor of Business Administration degree in Accountancy from The Hong Kong Polytechnic University in September 2016. She is a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Fung has over seven years of experience in auditing, accounting and financial management. She worked in the audit and assurance division of two audit and accounting firms from October 2016 to July 2021. Since September 2021, Ms. Fung has been serving as the company secretary and an authorized representative of Legendary Education Group Limited (stock code: 8195), whose shares are listed on GEM of the Stock Exchange.

**Mr. Cheng Wai Man Clement (鄭渭文) (“Mr. Cheng”)**, aged 65, was appointed as our independent non-executive Director on 31 May 2024.

Mr. Cheng obtained a Bachelor of Science degree in Civil Engineering from the University of Manitoba in Canada in May 1981 and a Master of Business Administration degree from The Chinese University of Hong Kong in December 1987. Mr. Cheng was admitted as a graduate member of the Hong Kong Institution of Engineers in November 1983.

From 1982 to 1987, he worked for the Hong Kong branch of Mott, Hay & Anderson, being a renowned consulting engineering firm based in England. Besides, he served as a parttime lecturer delivering evening courses relating to project management at The Hong Kong Polytechnic University from 1982 to 1983. Since 1987, he has been holding senior positions in managing and overseeing the operation of companies principally engaged in, among others, the printing and publishing business, the medical and healthcare related business as well as the equity and property investment.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

The following are the senior management team of our Group:

**Mr. Wong Che Keung Andy (黃自強) (“Mr. Wong”)**, aged 57, 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. Wong has over 25 years of experience in surveying works. Mr. 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, and 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. He was elected as a Member of the Hong Kong Institute of Surveyors in July 2009, and became a Registered Professional Surveyor in October 2010.

**Mr. Lee Kai Man (李啟民) (“Mr. Lee”)**, aged 49, 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 20 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 and 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 2024.

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 "**CG Code**") in Appendix 15 of the GEM Listing Rules.

During the year ended 30 June 2024, the Company has complied with the CG Code.

### **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 CG 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 CG 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 seven Directors, four executive Directors 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*)

Mr. Tam Brown Lun (appointed on 12 January 2024)

Ms. Wong Hui Yu (appointed as a Non-Executive Director on 12 January 2024 and re-designated as an Executive Director on 12 April 2024)

Ms. Kwok Pui Sze (appointed on 12 April 2024)

## CORPORATE GOVERNANCE REPORT

### Independent Non- Executive Directors

Mr. Leung Tze Wai (appointed on 12 January 2024)

Ms. Fung Yuk Yiu (appointed on 31 May 2024)

Mr. Cheng Wai Man Clement (appointed on 31 May 2024)

Note:

1. Except for Mr. Kwok Tung Keung, all the remaining directors are subject to re-election in the forthcoming AGM.

In compliance with Rule 5.02D of the GEM Listing Rules which took effect on 31 December 2023, Mr. Tam Brown Lun who was appointed as an executive Director on 12 January 2024, Mr. Leung Tze Wai who was appointed as an independent non-executive Director on 12 January 2024, Ms. Wong Hui Yu who was appointed as a non-executive Director on 12 January 2024 and re-designated to be an executive Director on 12 April 2024, Ms. Kwok Pui Sze who was appointed as an executive Director on 12 April 2024, Mr. Cheng Wai Man Clement who was appointed as an independent non-executive Director on 31 May 2024 and Ms Fung Yuk Yiu who was appointed as an independent non-executive Director on 31 May 2024, obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 5 January 2024, 5 January 2024, 5 January 2024, 11 April 2024, 28 May 2024 and 29 May 2024 respectively, and each of them has confirmed that he/she understood his/her obligations as a director of the Company.

Pursuant to rule 5.05(1) of the GEM Listing Rules, every board of directors of an issuer must include at least three INEDs. Pursuant to rule 5.28 of the GEM Listing Rules, the Audit Committee must comprise a minimum of three members.

During the period from 29 November 2023 and 12 January 2024, the Company had two INEDs and two members in the Audit Committee. Following the appointment of Mr. Leung Tze Wai as an INED and a member of the Audit Committee on 12 January 2024 (who was subsequently re-designated as the Chairman of the Audit Committee on 31 May 2024), the Company has re-complied with rules 5.05(1) and 5.28 of the GEM Listing Rules, with at least one INED possessing professional qualifications or accounting or related financial management expertise.

Details of the above were set out in the Company's announcements dated 29 November 2023 and 12 January 2024 respectively.

During the year ended 30 June 2024 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 CG 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 Director, Mr. Leung Tze Wai has entered into a letter of appointment with the Company for a term of two years commencing from 12 January 2024. The independent non-executive Director, Ms. Fung Yuk Yiu has entered into a letter of appointment with the Company for a term of two years commencing from 31 May 2024. The independent non-executive Director, Mr. Cheng Wai Man Clement has entered into letter of appointment with the Company for a term of two years commencing from 31 May 2024. 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 16.19 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.

## CORPORATE GOVERNANCE REPORT

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.

### Board and General Meetings

For the year ended 30 June 2024, 12 board meetings were held. The annual general meeting (the “AGM”) and extraordinary general meeting (the “EGM”) was held on 28 November 2023 and 17 June 2024 respectively.

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

	Number of attendance/ number of meetings (Note)	Attendance of the AGM (Note)	Attendance of the EGM (Note)
<b>Executive Directors</b>			
Mr. Kwok Tung Keung ( <i>Chairman</i> )	12/12	1/1	1/1
Mr. Tam Brown Lun (appointed on 12 January 2024)	5/5	N/A	1/1
Ms. Wong Hui Yu (re-designated on 12 April 2024)	5/5	N/A	1/1
Ms. Kwok Pui Sze (appointed on 12 April 2024)	3/3	N/A	1/1
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)	4/4	1/1	N/A
Mr. Ng Man Li (resigned on 12 April 2024)	8/8	1/1	N/A
Mr. Qiu Haiquan (resigned on 30 June 2024)	0/11	0/1	0/1
<b>Independent Non- Executive Directors</b>			
Mr. Leung Tze Wai (appointed on 12 January 2024)	5/5	N/A	1/1
Ms. Fung Yuk Yiu (appointed on 31 May 2024)	2/2	N/A	1/1
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)	2/2	N/A	1/1
Ms. Wong Shuk Fong (resigned on 31 May 2024)	9/9	1/1	N/A
Mr. Donald William Sneddon (resigned on 31 May 2024)	9/9	1/1	N/A

Note: Attendances of the Directors during the year ended 30 June 2024 were made by reference to the number of such meeting(s) held during their respective tenures. Mr. Qiu Haiquan was unable to attend the meetings due to other business engagements.

### RELATIONSHIPS AMONG THE MEMBERS OF THE BOARD

Mr. Kwok is the executive Director and the controlling shareholder 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.



## CORPORATE GOVERNANCE 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 relevant required standard of dealings set out in the Code of Conduct during the year ended 30 June 2024.

### DIRECTORS’ CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Pursuant to the code provision A.6.5 of the CG 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 2024, 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 2024 is summarised below:

	Attending training course(s) relevant to corporate governance	Reading materials relevant to corporate governance
<b>Executive Directors</b>		
Mr. Kwok Tung Keung ( <i>Chairman</i> )	✓	✓
Mr. Tam Brown Lun (appointed on 12 January 2024)	✓	✓
Ms. Wong Hui Yu (re-designated on 12 April 2024)	✓	✓
Ms. Kwok Pui Sze (appointed on 12 April 2024)	✓	✓
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)	✓	✓
Mr. Ng Man Li (resigned on 12 April 2024)	✓	✓
Mr. Qiu Haiquan (resigned on 30 June 2024)	✓	✓
<b>Independent Non-Executive Directors</b>		
Mr. Leung Tze Wai (appointed on 12 January 2024)	✓	✓
Ms. Fung Yuk Yiu (appointed on 31 May 2024)	✓	✓
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)	✓	✓
Ms. Wong Shuk Fong (resigned on 31 May 2024)	✓	✓
Mr. Donald William Sneddon (resigned on 31 May 2024)	✓	✓

### 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 CG 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 CG 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 CG 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 CG Code. The relevant terms of reference of each of the three committees can be found on the Group’s website ([www.wmcl.com.hk](http://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.

## **CORPORATE GOVERNANCE REPORT**

### **AUDIT COMMITTEE**

The Audit Committee currently consists of three members, namely Mr. Leung Tze Wai (Chairman), Ms. Fung Yuk Yiu and Mr. Cheng Wai Man Clement, all being INEDs. Mr. Leung Tze Wai 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](http://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;
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.



## CORPORATE GOVERNANCE REPORT

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 30 June 2024 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 2024, 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)
Mr. Leung Tze Wai ( <i>Chairman</i> ) (appointed on 12 January 2024)	2/2
Ms. Fung Yuk Yiu (appointed on 31 May 2024)	N/A
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)	N/A
Ms. Wong Shuk Fong (resigned on 31 May 2024)	4/4
Mr. Donald William Sneddon (resigned on 31 May 2024)	4/4

Note: Attendances of the Directors during the year ended 30 June 2024 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 and the effectiveness of its internal audit function.

There is no disagreement between the Directors and the Audit Committee regarding the selection, appointment resignation or dismissal 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, effectiveness of the Group's internal audit function and financial reporting matters including the audited financial statements for the year ended 30 June 2024.

### REMUNERATION COMMITTEE

The Remuneration Committee currently consists of four members, namely Mr. Leung Tze Wai (Chairman)(INED), Mr. Kwok Tung Keung (ED), Ms. Fung Yuk Yiu (INED) and Mr. Cheng Wai Man Clement (INED).

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](http://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;

## **CORPORATE GOVERNANCE REPORT**

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 2024, 5 meetings of the Remuneration Committee were held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management, assessed the performance of executive directors and made recommendations to the Board.

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

	<b>Number of attendance/ number of meetings</b> (Note)
Mr. Leung Tze Wai ( <i>Chairman</i> ) (appointed on 12 January 2024)	2/2
Mr. Kwok Tung Keung	5/5
Ms. Fung Yuk Yiu (appointed on 31 May 2024)	N/A
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)	N/A
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)	1/1
Mr. Ng Man Li (resigned on 12 April 2024)	3/3
Ms. Wong Shuk Fong (resigned on 31 May 2024)	4/4
Mr. Donald William Sneddon (resigned on 31 May 2024)	4/4

Note: Attendances of the Directors during the year ended 30 June 2024 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 12 to the consolidated financial statements.

### **NOMINATION COMMITTEE**

The Nomination Committee currently consists of four members, namely Mr. Kwok Tung Keung (Chairman) (ED), Mr. Leung Tze Wai (INED), Ms. Fung Yuk Yiu (INED) and Mr. Cheng Wai Man Clement (INED).



## CORPORATE GOVERNANCE REPORT

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](http://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 2024, 5 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 2023 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 ( <i>Chairman</i> )	6/6
Mr. Leung Tze Wai (appointed on 12 January 2024)	3/3
Ms. Fung Yuk Yiu (appointed on 31 May 2024)	1/1
Mr. Cheng Wai Man Clement (appointed on 31 May 2024)	1/1
Mr. Ko Chun Hay Kelvin (resigned on 29 November 2023)	1/1
Mr. Ng Man Li (resigned on 12 April 2024)	3/3
Ms. Wong Shuk Fong (resigned on 31 May 2024)	4/4
Mr. Donald William Sneddon (resigned on 31 May 2024)	4/4

Note: Attendances of the Directors during the year ended 30 June 2024 were made by reference to the number of such meeting(s) held during their respective tenures.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. During the year, the Nomination Committee reviewed the structure, size and composition of the Board.

## CORPORATE GOVERNANCE REPORT

### BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (“**Board Diversity Policy**”) setting out the approach to achieve diversity on the Board. The Company considered diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Based on recommendations from the Nomination Committee, the Board will set measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 4 male directors and 3 female directors. Gender diversity of the Board has been achieved.

The gender ratio in the workforce of the Group has been disclosed in the Environmental, Social and Governance Report.

### AUDITOR’S 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 2024, 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:

	<b>Fees paid/payable for the services rendered</b> HK\$’000
Statutory audit services	650

### COMPANY SECRETARY

Ms. Wong Hui Yu was appointed as the company secretary of the Company on 12 April 2024. Please refer to the section “Biographical details of Directors and Senior Management” for her biographical information.

During the year ended 30 June 2024, Ms. Wong Hui Yu 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.

### CHIEF EXECUTIVE OFFICER (“CEO”)

Under the code provision A.2.1 of the Code, the roles of the chairman and the CEO should be separate and should not be performed by the same individual. Mr. Ko Chun Hay Kelvin resigned as the CEO of the Company on 29 November 2023. The Board is in the process of finding an appropriate person to fill the vacancy of the CEO as soon as practicable. Meanwhile, the Board considers that the existing Board members are able to share the power and responsibilities of CEO among themselves.



## CORPORATE GOVERNANCE REPORT

### 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 its 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 and reviewing their effectiveness. The Board have reviewed all materials controls, including financial, operational and compliance controls.

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.

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 2024 has been prepared on this basis.



## **CORPORATE GOVERNANCE REPORT**

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 forthcoming AGM ("2024 AGM") will be held on Friday, 20 December 2024. A circular containing the details of 2024 AGM and the notice of 2024 AGM and form of proxy accompanying thereto will be dispatched to the shareholders of the Company in due course.

### **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 one 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 10% 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 10% 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.





## CORPORATE GOVERNANCE REPORT

### 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](http://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.

## SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide the Shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure the Shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. The annual general meeting and other general meetings of the Company are primary forums for communication between the Company and its shareholders. The Company provides shareholders with relevant information on the resolution(s) proposed at general meetings in a timely manner in accordance with the GEM Listing Rules. The information provided is reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s).

The Board has reviewed the shareholder communication as above and found that the measures above allows direct and two-way communications between the Company and Shareholders. The measures above were effective.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

In accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) of the GEM Listing Rules issued by The Stock Exchange of Hong Kong Limited (“**HKEX**”), the Company has complied with all “comply or explain” provisions set out in the ESG Reporting Guide and following reporting principles in the preparation of this Report: Materiality, Quantitative, Balance and Consistency. Super Strong Holdings Limited (the “**Company**”, “**we**”, “**our**” and “**us**”) presents this Environmental, Social and Governance (“**ESG**”) Report for the year ended 30 June 2024 (“**Reporting Period**”).

### **SCOPE OF THIS REPORT**

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 version that have been used for this ESG Report is the version effective up to 30 June 2024.

### **ESG GOVERNANCE**

We commit to upholding ESG principles in our businesses and take every possible step in incorporating ESG elements into our business decisions and daily operations, thereby fostering sustainable development of the Company as well as society. In order to fulfill the social expectation of our ESG strategies, along with our operational and financial performance, we have established an ESG workforce which comprises of our senior management (the “**Management**”) to enhance our ESG governance. While the Board of Directors holds the overall responsibility for the achievement of green and sustainable development of the Company, the ESG workforce is responsible for effective implementation of our ESG strategies. We have summarized the major responsibilities and process of the ESG workforce as follows:

- Develop the ESG vision, missions and values of the Company
- Identify, assess and handle the ESG risks and issues
- Monitor and review the ESG management system for effective operation
- Report regularly to the Board the material ESG issues and achievements

Under our governance structure, our ESG workforce is enabled by the Board of Directors to perform its duties such as stakeholder engagement and materiality assessment at the expenses of the Company.

In addition to the environmental issues, we are also dedicated to complying with applicable laws and regulations of our operating locations. Therefore, we have established interactive and bilateral communication channels for both our internal and external stakeholders for reporting and communication of potential irregularities.

We believe an effective risk management system is of a high importance in achieving our ESG strategies, therefore our ESG workforce and the Board review regularly our risk management system in order to identify, assess and handle the material ESG risks. We design and implement internal control measures for corresponding ESG risks. Please refer to the “RISK MANAGEMENT AND INTERNAL CONTROL” section of our “CORPORATE GOVERNANCE REPORT” for details of the effectiveness of risk management and internal control systems.

### **DATA COLLECTION AND CONFIRMATION**

The Report is compiled based on the Company’s official documents, statistical data, and management and operational information. With the assistance of an external consulting firm, the information disclosed has been checked internally by the Company to ensure its accuracy and completeness, compliance with the ESG Reporting Guide, and to present a fair picture throughout the Report.

On 27 September 2024, the Report was reviewed and approved by the board of directors of the Company.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

We emphasize stakeholders' involvement as a major element in our ESG strategic planning and implementation process therefore we engage our stakeholders through various channels during our daily operation. We have included our engagement processes for our stakeholders in the follows:

#	Our Stakeholders	Engagement Processes
1	Employees	<ul style="list-style-type: none"> <li>• Internal email and brochure</li> <li>• Meetings and briefings</li> <li>• Staff trainings</li> <li>• Staff activities</li> <li>• Performance appraisal</li> </ul>
2	Customers	<ul style="list-style-type: none"> <li>• Group's website</li> <li>• Customer service hotline</li> <li>• Customer service questionnaire</li> <li>• Business meetings</li> </ul>
3	Investors and Shareholders	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Annual and interim reports</li> <li>• Circulars and announcements</li> </ul>
4	Suppliers and Business Partners	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Supplier evaluation</li> <li>• Field visit</li> </ul>
5	Government and Supervising Authorities	<ul style="list-style-type: none"> <li>• Public consultation</li> </ul>
6	Social Groups and Public	<ul style="list-style-type: none"> <li>• Charitable events</li> <li>• Email communication</li> </ul>
7	Media	<ul style="list-style-type: none"> <li>• Press conference</li> </ul>

## MATERIALITY ASSESSMENT

In accordance with the ESG Reporting Guide, we have conducted a materiality assessment in order to identify and assess our material ESG issues. The materiality assessment has been performed according to the following steps:

Identification of ESG issues	We engaged our stakeholders to identify the potential ESG issues of the Company.
Assessment of ESG issues	We designed and distributed questionnaires to our stakeholders for rating the ESG issues applicable to the Company.
Validation of ESG issues	We summarized the result of the questionnaires and reported the ESG issues to our management and the Board. The material ESG issues that are of importance will be presented in this ESG Report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the result of our materiality assessment, we have summarized our material ESG issues as follows:

	Area	Material ESG issues
<b>A. Environment</b>	Emissions	<ul style="list-style-type: none"> <li>• Air Emissions</li> <li>• Water Discharges</li> <li>• Greenhouse Gas (“GHG”) Emissions</li> <li>• Waste Disposal</li> </ul>
	Use of Resources	<ul style="list-style-type: none"> <li>• Energy and Resources Conservation</li> <li>• Energy Consumption</li> <li>• Water Consumption</li> </ul>
	The Environment and Natural Resources	<ul style="list-style-type: none"> <li>• Noise Management</li> </ul>
<b>B. Employment</b>	Working Condition	<ul style="list-style-type: none"> <li>• Staff Remuneration and Welfares</li> <li>• Equal Opportunities</li> <li>• Other Employment Practices</li> </ul>
	Health and Safety	<ul style="list-style-type: none"> <li>• Health and Safety Measures</li> </ul>
	Development and Training Labour Standards	<ul style="list-style-type: none"> <li>• Staff Training</li> <li>• Anti-Child and Forces Labour</li> </ul>
<b>C. Operating Practices</b>	Supply Chain Management	<ul style="list-style-type: none"> <li>• Supplier and Subcontractor Management</li> </ul>
	Product Responsibility	<ul style="list-style-type: none"> <li>• Quality Management System</li> <li>• Project Quality Control</li> <li>• Data Privacy</li> </ul>
	Anti-corruption	<ul style="list-style-type: none"> <li>• Anti-fraud Policies</li> </ul>
<b>D. Community Involvement</b>	Community Investment	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility</li> </ul>

### ENVIRONMENTAL ASPECTS

#### 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 but not limited to the Air Pollution Control Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance, Noise Control Ordinance, Ozone Layer Protection Ordinance, Dumping at Sea Ordinance, Environmental Impact Assessment Ordinance, Hazardous Chemicals Control Ordinance, Product Eco-responsibility Ordinance, and Motor Vehicle Idling (Fixed Penalty) Ordinance. During the Reporting Period, we have not identified any material non-compliance of environment-related laws and regulations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

The Company commissioned a professional consultant to conduct carbon assessment to quantify the greenhouse gas emissions in its operation. The quantitative process is based on the guidelines issued by the Electrical and Mechanical Services Department of Hong Kong. The Company target on reducing the GHG emissions 2 – 3% for next year.

In a bid to reduce air emissions, the Company has been encouraging employees to practice green driving and providing video conferencing facilities to minimise overseas business travel.

### *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 <sup>1</sup>	Unit	2024 Amount	2023 Amount
Nitrogen oxides (“ <b>NOx</b> ”)	kg	<b>0.40</b>	0.40
Sulphur oxides (“ <b>SOx</b> ”)	kg	<b>0.02</b>	0.03
Particulate Matter (“ <b>PM</b> ”)	kg	<b>0.03</b>	0.03

Compared to 2023, the emission of our vehicles decreased because of the decrease in total fuel consumption and total distance travelled.

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.

<sup>1</sup> The calculation of emissions is based on Reporting Guidance on Environmental Key Performance Indicators published by Stock Exchange of Hong Kong Limited. (“**HKEX**”).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Greenhouse Gas (“GHG”) Emissions<sup>2</sup>

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

Source	Unit	2024 Amount	2023 Amount
*Scope 1 – Direct emissions	Tonnes CO <sub>2</sub> e	9	12
*Scope 2 – Energy indirect emissions	Tonnes CO <sub>2</sub> e	19	19
*Scope 3 – Other indirect emissions	Tonnes CO <sub>2</sub> e	2	2
<b>Total gross GHG emission</b>	Tonnes CO <sub>2</sub> e	<b>30</b>	33
<b>GHG emissions intensity (per staff of the Company)</b>	Tonnes CO <sub>2</sub> e	<b>0.97</b>	0.92
<b>GHG emissions reduction</b>	Tonnes CO <sub>2</sub> e	<b>(19)</b>	(19)

\*Scope 1: The direct emission from the business operations owned or controlled by the Company, including the emission from the Company’s vehicle fleet.

\*Scope 2: The “indirect energy” emissions from the internal purchased electricity consumption by the Company.

\*Scope 3: Refers to all other indirect emissions that occur outside the company, including both upstream and downstream emissions. It includes the emissions produced indirectly from commercial business travel and paper wastes disposed at landfills.

During the Reporting Period, the Company has recycled 4.0 (2023: 4.0) tonnes of paper, which accounts for reduction of 19.2 (2023: 19.2) tonnes of carbon dioxide equivalent (“CO<sub>2</sub>e”) GHG.

Compared to 2023, we have produced a lower amount of gross GHG emission which is attributed to less electricity purchased, a lower amount of paper consumed and decreased total distance travelled by our employees in business trips.

### Waste Disposal<sup>3</sup>

During the Reporting Period, we did not produce significant amount of 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	2024		2023	
		Amount	Intensity (per staff of the Group)	Amount	Intensity (per staff of the Group)
Construction waste	Tonnes	1,465	47.26	1,495	41.53

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 Company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With regard to an unexpected market condition leading to lower business demand, as well as our successful waste handling measures, we have reduced our construction waste by 2% in 2024.

The Company works on waste reduction in its operations and encourages waste recycling wherever possible.

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.

### 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.

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.

#### *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	2024		2023	
		Amount	Intensity (per staff of the Company)	Amount	Intensity (per staff of the Company)
<b>Direct Energy</b>	N/A	–	–	–	–
<b>Indirect Energy</b>					
Electricity	kWh	<b>36,921</b>	<b>1,191.00</b>	36,824	1,022.89
Petrol	Litre	<b>1,080</b>	<b>34.84</b>	1,100	30.56

Compared to 2023, we have consumed more electricity in 2024 because of the unexpected market condition as well as the increased business development activities.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company target on reducing the energy consumption 2 – 3% for next year.

We have adopted the following measures:

- Use more environmentally-friendly and energy-saving electrical appliances
- Use LED tubes in offices and site
- Re-arrange employees seating to centralise the application of air-conditioning and lighting for energy-saving
- Encourage employees to switch off monitors or activate energy-saving mode during lunch hours
- Switch off the air-conditioners when the office is not in operation
- Continue to explore site equipment with higher energy efficiency

### *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	2024		2023	
		Amount	Intensity (per staff of the Company)	Amount	Intensity (per staff of the Company)
Water	m <sup>3</sup>	<b>375</b>	<b>12.10</b>	365	10.14

Compared to 2023, the unexpected market condition as well as the increased business development activities occurred. Therefore our water consumption amount increased by 2.74% in 2024.

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.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company target on reducing the water consumption 2 – 3% for next year.

We have adopted the following measures:

- Use containers as far as possible to get water for cleaning mop and cloth
- Prevent excessive use of detergents for reducing rinsing water

### The Environment and Natural Resources

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 14001:2015 and ISO 45001:2018.

#### *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.

### Climate Change

Climate change is the most pressing global challenge. Against the backdrop of global climate actions, the Company has implemented measures to conserve energy and reduce greenhouse gas emissions. The Company is conscious that the frequency of extreme weather is increasing, which could impact its business operations.

Managing the possible impact of extreme weather on human security and infrastructure, precautionary measures have been taken by the Company, including work arrangements in the case of adverse weather conditions such as Black Rainstorm Warning and Typhoon Signal No. 8, as well as insurance coverage for fire, flood and typhoon damages to equipment and assets.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### SOCIAL ASPECTS

#### Employment and Labour Practices

##### Employment

##### Employee Profile:

As at end of the Reporting Period, the Company had a workforce of 29 full-time employees and 2 part-time employees. The breakdown by gender, function, age group, employment type and geographical location are as follows.

	2024	2023
By gender		
– Male	20	22
– Female	11	14
By function		
– Senior Management	10	10
– Operational team	12	16
– Back office	9	10
By age group		
– Below 30	1	2
– 30 – 50	16	18
– Above 50	14	16
By employment type		
– Full Time	29	32
– Part-Time	2	4
By geographical region		
– Hong Kong	31	36
– Mainland China	–	–



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Turnover Rates:

	2024	2023
	Turnover Rate	Number of Turnovers
		Turnover Rate
		Number of Turnovers
By gender		
– Male	9%	2
– Female	21%	3
By age group		
– Below 30	0%	0
– 30 – 50	22%	4
– Above 50	6%	1
By geographical region		
– Hong Kong	14%	5
– Mainland China	–	–

### 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 emphasise the importance of compliance with local employment laws and regulations such as the Employment Ordinance, Minimum Wage Ordinance, and Employees' Compensation Ordinance. During the Reporting Period, we have not identified any material non-compliance to employment laws and regulations.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

### **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 such as the Occupational Safety and Health Ordinance 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 and improve our safety management in order to mitigate relevant risks. Our safety plan 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 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 was no (2023: nil, 2022: one) concluded case of minor deviations against the Construction Sites (Safety) Regulations. The deviation was mainly related to the use of safety equipment and the total amount of the fine was HK\$ nil (2023: HK\$ nil, 2022: HK\$8,500). 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 have been trainings for use of toolbox. During the Reporting Period, there were no work-related fatality nor work injury occurred.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 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 emphasise 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.

The following figures show the employee training statistic during the Year:

	2024	2023
The number of employees received training	<b>31</b>	36
Total training hours	<b>88</b>	105
Percentage of employees received training	<b>100%</b>	100%
Average training hours per employee	<b>3 Hours</b>	3 Hours
Percentage of employees received training by gender		
Male:	<b>100%</b>	100%
Female:	<b>100%</b>	100%
Percentage of employees received training by function		
Senior Management:	<b>100%</b>	100%
Operations:	<b>100%</b>	100%
Back Office:	<b>100%</b>	100%
Average training hours completed per employee by gender		
Male:	<b>3 Hours</b>	3 Hours
Female:	<b>3 Hours</b>	2 Hours
Average training hours completed per employee by function		
Senior Management:	<b>3 Hours</b>	3 Hours
Operations:	<b>4 Hours</b>	4 Hours
Back Office:	<b>1 Hours</b>	1 Hours

#### 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).

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

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 implemented corresponding control measures to prevent from violation of child and forced labour-related laws and regulations such as the Employment Ordinance. During the Reporting Period, we have not identified any material non-compliance of child and forced labour-related laws and regulations.

### **OPERATING PRACTICES**

#### **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 with 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.

During the Reporting Period, there were 10 suppliers and all them were located in Hong Kong.

Caring about the ESG performance of its supplier chain, the Company requests its suppliers to integrate sustainable and responsible practices into their business operations, including maintaining high safety standards, and managing environmental and social risks.

##### – Safety:

Safety policies and systems are in place, and safety trainings are provided to employees

##### – Environmental Protection:

No conduct or incident that violate environmental related laws and regulations

##### – Ethics:

No benefits are to be offered to Company employees in business transactions

However, some parts of the supply chain require additional attention to promote more sustainable and responsible practices. The Company has identified the sourcing of material as one of these priority parts due to potential environmental protection risks.

In response to positive industry practice, the Company collects information about its suppliers and checks their compliance and performance to ensure that they consistently meet the relevant requirements of the Company.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 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.

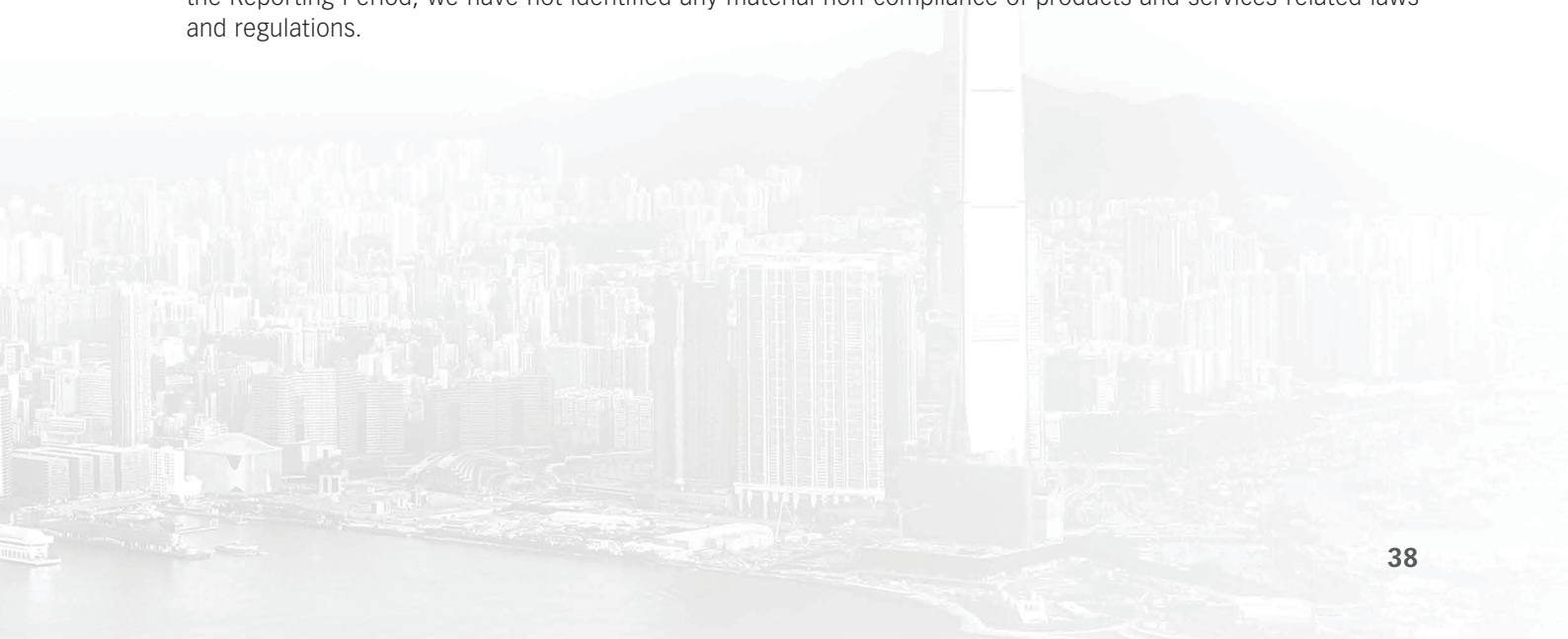
#### *Project Quality Control*

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 emphasises 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.

Regarding our supply of services and personal data protection areas, we strongly adhere to the applicable laws and regulations such as Supply of Services (Implied Terms) Ordinance and Personal Data (Privacy) Ordinance. During the Reporting Period, we have not identified any material non-compliance of products and services-related laws and regulations.



## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

### **Anti-corruption**

#### *Anti-fraud Policies*

The Company believes that honesty, integrity and fairness are of vital importance to its business operations. All employees are also 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.

Familiarising directors and employees with all aspects of anti-corruption and helping them identify and mitigate associated risks is integral. The Company's directors and staff have received the anti-corruption training plan. The Company has the plan to adopt the directors' training package jointly developed by the Independent Commission Against Corruption and the Hong Kong Business Ethics Development Centre to ensure that all directors are aware of corruption, fraud, conflict of interest, cross-border bribery, shell listing and insider trading.

We are aware of the compliance with the local laws and regulations such as the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong. During the Reporting Period, we have not identified any material non-compliance of corruption and anti-money laundering-related laws and regulations.

### **COMMUNITY INVOLVEMENT**

#### **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.

The Company donated approximately HK\$819,000 (2023: HK\$1,014,700) to the organization during the Reporting Period.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)		Reference/Response
<b>Subject Area A. Environmental</b>		
<b>Aspect A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water andland, and generation of hazardous and non-hazardous waste	Emissions
KPI A1.1	The types of emissions and respective emissions data	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them	Emissions



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)		Reference/Response
<b>Aspect A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not relevant to the Company's business
<b>Aspect A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources
<b>Aspect A4 Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Climate Change



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)	Reference/Response
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## Subject Area B. Social

### Employment and Labour Practice

#### Aspect B1 Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment

#### Aspect B2 Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety
KPI B2.2	Lost days due to work injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety

#### Aspect B3 Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category	Development and Training

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)		Reference/Response
<b>Employment and Labour Practice</b>		
<b>Aspect B4 Labour standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when Discovered	Labour Standards
<b>Operating Practices</b>		
<b>Aspect B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are Implemented and monitored	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally Preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)	Reference/Response
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### Aspect B6 Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting Intellectual property rights	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Product Responsibility

### Operating Practices

#### Aspect B7 Anti-corruption

General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No cases
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs (Note 1)		Reference/Response
<b>Community</b>		
<b>Aspect B8 Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment

Note 1: All general disclosure made under each aspect and KPIs in the "Environmental" subject area are report on the "comply or explain" provisions while others are recommended disclosure set out in the ESG





## REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 30 June 2024.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the provision of general building works and specialised building works. The principal activity of the Company is investment holding. The names and principal activities of its subsidiaries are set out in note 35 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 2024.

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 5 to 9 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 2024 by operating segment is set out in note 6 to the consolidated financial statements.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 June 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 56 to 57 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (30 June 2023: HK\$nil).

### DIVIDEND POLICY

The Company has a dividend policy pursuant to which the Company may declare and distribute dividends to the shareholders of the Company, provided that the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 105 of this annual report.

### PLANT AND EQUIPMENT

Details of the movements during the year ended 30 June 2024 in the plant and equipment of the Group are set out in note 15 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 2024 amounted to approximately HK\$0.9 million (30 June 2023: approximately HK\$1.2 million).

### SHARE CAPITAL

Details of the movements during the year ended 30 June 2024 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 2024, 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\$46.5 million.

## REPORT OF THE DIRECTORS

### SHARE OPTION SCHEME

The Company adopted the 2024 share scheme (the “**Share Scheme**”) and terminated the Existing Share Option Scheme on 17 June 2024. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 30 June 2024, the total number of share options available for grant under the scheme mandate and available for issue under the Share Scheme was 79,594,000.

Particulars of the Scheme are set out in note 31 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 2024, 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 (“ <b>Mr. Kwok</b> ”)	Interest in controlled corporation (Note 1)	250,000,000	-	-	31.41%
	Beneficial owner	-	7,900,000	7,900,000	-
Ms. Kwok Pui Sze	Beneficial Owner	30,000,000	-	-	3.77%

Note:

- 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.

##### (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%



## REPORT OF THE DIRECTORS

Save as disclosed above, as at 30 June 2024, 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 2024, 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	31.41%
Ko Chun Hay Kelvin	Beneficial owner	67,400,000	Long	8.47%

Save as disclosed above, as at 30 June 2024, 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 2024, the Group's five largest customers accounted for approximately 84.5% (30 June 2023: approximately 92.5%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 29.4% (30 June 2023: approximately 43.4%) 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 2024, the Group's five largest suppliers and subcontractors accounted for approximately 54.8% (30 June 2023: approximately 45.7%) of the total direct costs of the Group and the largest subcontractor of the Group accounted for approximately 32.4% (30 June 2023: approximately 14.9%) 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.

## **REPORT OF THE DIRECTORS**

### **DIRECTORS**

The Directors during the year ended 30 June 2024 and up to the date of this annual report were:

#### **Executive Directors**

Mr. Kwok Tung Keung (*Chairman*)  
Mr. Tam Brown Lun  
Ms. Wong Hui Yu  
Ms. Kwok Pui Sze

#### **Independent Non-Executive Directors**

Mr. Leung Tze Wai  
Ms. Fung Yuk Yiu  
Mr. Cheng Wai Man Clement

Information regarding directors' emoluments is set out in note 12(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.

### **BIOGRAPHICAL DETAILS OF DIRECTORS**

Brief biographical details of the Directors are set out on pages from 10 to 11 of this annual report.

### **DIRECTORS' SERVICE CONTRACTS**

Each of the Directors has entered into a service agreement with the Company and was appointed for a specific term, any of which is not more than 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 16.19 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.

## REPORT OF THE DIRECTORS

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 2024.

### **CONTROLLING SHAREHOLDERS' INTEREST**

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 note 12, 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 Company has adopted the Share Option Scheme to provide an incentive to the Directors and eligible employees, details of which are set out in the section headed "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 2024.

### **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 2024.

### **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 2024.

## **REPORT OF THE DIRECTORS**

### **RELATED PARTY TRANSACTIONS**

The related party transactions are set out in note 29 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 2024 have been audited by ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**"). ZHONGHUI shall retire in the forthcoming AGM and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of ZHONGHUI 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 2024 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 13 to 24.

### **PRE-EMPTIVE RIGHTS**

There is no provision 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 2024.

### **EVENT AFTER THE REPORTING PERIOD**

On 5 June 2024 (after trading hours), the Company and a merchant (the "**Vendor**") entered into the sale and purchase agreement, pursuant to which, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 45% of the entire equity interest in the target company at a consideration of up to HK\$4,500,000 (including the initial consideration of HK\$3,500,000, if any, the earn-out consideration A of HK\$500,000 and, if any, the earn-out consideration B of HK\$500,000).

On 4 July 2024, the Company completed the acquisition transaction. Details of the transaction were set out in the Company's announcements dated 5 June 2024, 2 August 2024 and 21 August 2024 respectively.





## REPORT OF THE DIRECTORS

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 December 2024 to Friday, 20 December 2024, 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 Monday, 16 December 2024.

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

Hong Kong, 27 September 2024



## INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF SUPER STRONG HOLDINGS LIMITED**  
*(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 56 to 104, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**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.

### Revenue and profit recognition of construction service and contract assets

Refer to Note 6 and Note 20 to the consolidated financial statements.

The Group’s carrying value of the contract assets balances as well as the revenue and profit recognised are based on estimates of costs to complete. These estimates are significant to our audit because the contract assets of HK\$18,486,000 as at 30 June 2024 and the construction services revenue of HK\$90,277,000 for the year then ended are material to the consolidated financial statements. In addition, the Group’s estimates involve application of judgement and can be affected by a variety of uncertainties that depend on the outcome of future events resulting in revisions throughout the contract period.



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS (CONTINUED)

#### Revenue and profit recognition of construction service and contract assets (continued)

Our audit procedures included, among others:

- Evaluating the Group's estimation process;
- Agreeing contract sums and budgeted costs to signed contracts and approved budgets;
- Challenging the reasonableness of key judgements and assumptions inherent in the approved budgets;
- Assessing the reliability of the approved budgets by comparing the actual outcome against estimates; and
- Checking arithmetical accuracy of the related calculations.

We consider that the Group's estimates of the contract assets balance as well as the revenue and profit recognised are supported by the available evidence.

#### Trade receivables and contract assets

Refer to Note 19 and Note 20 to the consolidated financial statements.

The Group tested the amounts of trade receivables and contract assets for impairment. This impairment test is significant to our audit because the balances of trade receivables and contract assets of HK\$28,290,000 and HK\$18,486,000 respectively, as at 30 June 2024 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the trade receivables;
- Assessing creditworthiness of the customers;
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements; and
- Testing subsequent contract work certification and settlement of contract assets and receivables respectively after the end of the reporting period on a sample basis.

We consider that the Group's impairment test for trade receivables and contract assets is supported by the available evidence.

### OTHER INFORMATION

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

## **INDEPENDENT AUDITOR'S REPORT**

### **OTHER INFORMATION (CONTINUED)**

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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

#### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

#### **Yeung Hong Chun**

*Audit Engagement Director*

Practising Certificate Number P07374

Hong Kong, 27 September 2024



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	6	90,277	116,132
Direct costs		(80,311)	(110,111)
<b>Gross profit</b>		<b>9,966</b>	6,021
Interest revenue	7	2,207	1,815
Other incomes, gains and (losses)	8	(9,398)	(3,585)
Administrative expenses		(22,213)	(18,245)
<b>Loss from operation</b>		<b>(19,438)</b>	(13,994)
Finance costs	9	(123)	(82)
Gain on disposal of subsidiaries	33	279	–
<b>Loss before tax</b>		<b>(19,282)</b>	(14,076)
Income tax credit/(expense)	10	37	(5)
<b>Loss for the year</b>	11	<b>(19,245)</b>	(14,081)
<b>Other comprehensive (expense)/income after tax:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
– Fair value changes of equity investment at fair value through other comprehensive income		–	(35)
<i>Items that may be reclassified to profit or loss:</i>			
– Exchange differences on translating foreign operations		–	1
– Exchange differences reclassified to profit or loss on disposal of subsidiaries	33	(1)	–
		(1)	1
<b>Other comprehensive expense for the year, net of tax</b>		<b>(1)</b>	(34)
<b>Total comprehensive expense for the year</b>		<b>(19,246)</b>	(14,115)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Loss for the year attributable to:</b>			
Owners of the Company		(19,242)	(14,079)
Non-controlling interests		(3)	(2)
		(19,245)	(14,081)
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		(19,243)	(14,113)
Non-controlling interests		(3)	(2)
		(19,246)	(14,115)
<b>Loss per share</b>			
Basic (HK cents)	14	(2.42)	(1.77)
Diluted (HK cents)		(2.42)	(1.77)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Plant and equipment	15	983	800
Right-of-use assets	16	2,561	1,869
Deferred tax assets	17	77	19
Deposits and prepayments	18	34,263	34,206
		<b>37,884</b>	36,894
<b>Current assets</b>			
Trade receivables	19	28,290	7,386
Other receivables, deposits and prepayments	18	17,145	25,411
Contract assets	20	18,486	18,582
Pledged bank balances	21	11,572	11,093
Time deposit	21	6,000	–
Bank balances and cash	21	17,085	45,535
		<b>98,578</b>	108,007
<b>Current liabilities</b>			
Trade payables	22	19,491	5,936
Other payables, retention payables and accrued charges	23	28,460	26,121
Contract liabilities	20	1,185	6,966
Tax payable		328	307
Lease liabilities	24	1,449	1,541
		<b>50,913</b>	40,871
<b>Net current assets</b>		<b>47,665</b>	67,136
<b>Total assets less current liabilities</b>		<b>85,549</b>	104,030
<b>Non-current liabilities</b>			
Lease liabilities	24	1,118	356
<b>Net assets</b>		<b>84,431</b>	103,674

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Capital and reserves</b>			
Share capital	25	7,959	7,959
Reserves	26	76,472	95,715
Equity attributable to owners of the Company		84,431	103,674
Non-controlling interests		–	–
<b>Total equity</b>		<b>84,431</b>	<b>103,674</b>

The consolidated financial statements on pages 56 to 104 were approved and authorised for issue by Board of Directors on 27 September 2024 and are signed on behalf of by:

**Kwok Tung Keung**  
*Director*

**Tam Brown Lun**  
*Director*



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total HK\$'000
	Share capital	Share premium	Capital contribution	Share options reserve	Revaluation reserve	Translation reserve	Retained profits	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 July 2022	8,000	40,537	11,572	5,916	-	-	51,621	117,646	2	117,648	
Total comprehensive expense for the year	-	-	-	-	(35)	1	(14,079)	(14,113)	(2)	(14,115)	
Recognition of equity-settled share-based payments	-	-	-	141	-	-	-	141	-	141	
Lapse of share options	-	-	-	(3,921)	-	-	3,921	-	-	-	
Cancellation of repurchased shares	(41)	41	-	-	-	-	-	-	-	-	
Transfer	-	-	-	-	35	-	(35)	-	-	-	
At 30 June 2023	7,959	40,578	11,572	2,136	-	1	41,428	103,674	-	103,674	
At 1 July 2023	7,959	40,578	11,572	2,136	-	1	41,428	103,674	-	103,674	
Total comprehensive expense for the year	-	-	-	-	-	(1)	(19,242)	(19,243)	(3)	(19,246)	
Lapse of share options	-	-	-	(2,136)	-	-	2,136	-	-	-	
Disposal of subsidiaries (note 33)	-	-	-	-	-	-	-	-	3	3	
At 30 June 2024	7,959	40,578	11,572	-	-	-	24,322	84,431	-	84,431	

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(19,282)	(14,076)
Adjustment for:		
Depreciation of plant and equipment	419	575
Depreciation of right-of-use assets	1,685	1,655
Equity-settled share option expense	–	141
Finance costs	123	82
Gain on disposal of plant and equipment	–	(6)
Gain on disposal of subsidiaries	(279)	–
Gain on lease termination	(7)	–
Interest income	(2,207)	(1,815)
Provision/(reversal) of allowance for bad and doubtful debts for trade receivables, net	581	(2,352)
Provision of allowance for bad and doubtful debts for other receivables	450	–
(Reversal)/provision of allowance for bad and doubtful debts for contract assets, net	(960)	6,344
Operating loss before working capital changes	(19,477)	(9,452)
Change in trade receivables	(21,485)	20,962
Change in other receivables, deposits and prepayments	8,919	2,303
Change in contract assets	1,056	2,694
Change in trade payables	13,555	(5,333)
Change in other payables, retention payables and accrued charges	2,396	(3,233)
Change in contract liabilities	(5,781)	2,389
Cash (used in)/generated from operations	(20,817)	10,330
Income tax refund	–	2,391
<b>Net cash (used in)/generated from operating activities</b>	<b>(20,817)</b>	<b>12,721</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from investing activities</b>			
Interest received		1,007	1,059
Net cash outflow arising on disposal of subsidiaries	33	(11)	–
Proceeds from disposal of plant and equipment		–	6
Purchase of plant and equipment		(327)	(379)
Placement of pledged bank balances		(479)	(329)
Placement of time deposit with original maturity over three months		(6,000)	–
Proceeds from disposal of equity investment at fair value through other comprehensive income		–	2
<b>Net cash (used in)/generated from investing activities</b>		<b>(5,810)</b>	359
<b>Cash flows from financing activities</b>			
Interest paid		(123)	(82)
Repayment of bank borrowings		–	(5,000)
Repayment of lease liabilities		(1,700)	(1,633)
<b>Net cash used in financing activities</b>		<b>(1,823)</b>	(6,715)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(28,450)</b>	6,365
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>			
		<b>45,535</b>	39,169
Net foreign exchange difference		–	1
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>			
		<b>17,085</b>	45,535
<b>Analysis of cash and cash equivalents</b>			
Bank balances and cash		<b>17,085</b>	45,535

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 1. GENERAL INFORMATION

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 Cheong 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 services in Hong Kong.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Consolidation (continued)

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

#### Foreign currency translation

##### (a) *Functional and presentation currency*

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

##### (b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Foreign currency translation (continued)

##### (c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation of plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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%

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

The gain or loss on disposal of plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Leases

##### *The Group as lessee*

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

- Land and buildings 1-2 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

#### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

#### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **Financial assets (continued)**

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

#### **Loss allowances for expected credit losses**

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

#### **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

#### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

#### Other revenue

Interest income is recognised using the effective interest method.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **Employee benefits**

##### *(a) Employee leave entitlements*

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

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

##### *(b) Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (“**MPF Scheme**”) in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

##### *(c) Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

#### **Share-based payments**

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. 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 option reserve will be transferred to retained earnings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

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

#### Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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

Deferred tax is calculated 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 that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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 amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **Segment reporting**

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

#### **Related parties**

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and receivables 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 any impairment loss. Where 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (net of amortisation or depreciation) 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

#### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **4. KEY ESTIMATES**

#### **Key sources of estimation uncertainty**

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

(a) *Revenue and profit recognition*

The Group estimated the percentage of completion of the construction contracts by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contracts. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue and profit or loss recognised in the period in which such determination is made. Budget cost of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

(b) *Impairment loss for bad and doubtful debts*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables and contract assets, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and loan receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

### **5. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) **Foreign currency risk**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. However, at 30 June 2024, the payment for a life insurance policy of HK\$9,263,000 (2023: HK\$9,206,000) is denominated in United States Dollar ("**US\$**"), the currency other than the functional currency of the relevant group entity. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Credit risk

The carrying amount of the bank balances and cash, time deposit, pledged bank balances, trade and other receivables, and contract assets included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentration of credit risk.

It has policies in place to ensure that sales and loans are made to customers with an appropriate credit history.

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Credit risk (continued)

The Group uses two categories for non-trade loan receivables which reflect their risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

	Third Parties HK\$'000
<b>At 30 June 2024</b>	
Loan to	15,000
Provision for loss allowance	(750)
Carrying amount	14,250
<b>At 30 June 2023</b>	
Loan to	15,000
Provision for loss allowance	(300)
Carrying amount	14,700

All of these loans are considered to have low risk and under the "Performing" category because they have a low risk of default and have strong ability to meet their obligations.

Expected credit loss rate

2024	5%
2023	2%

	HK\$'000
Loss allowance at 1 July 2022, 30 June 2023, 1 July 2023	300
Increase in provision in 2024	450
Loss allowance at 30 June 2024	750

The increase in loss allowance is due to increase in expected credit loss rates.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Total HK\$'000
<b>At 30 June 2024</b>			
Trade payables	19,491	–	19,491
Other payables, retention payables and accrued charges	25,488	2,604	28,092
	<b>44,979</b>	<b>2,604</b>	<b>47,583</b>

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Total HK\$'000
<b>At 30 June 2023</b>			
Trade payables	5,936	–	5,936
Other payables, retention payables and accrued charges	20,005	5,450	25,455
	<b>25,941</b>	<b>5,450</b>	<b>31,391</b>

#### (d) Interest rate risk

The Group's exposure to interest-rate risk arises from its payment for a life insurance policy, pledged bank balances and bank balances and cash. These deposits bear interests at variable rates varied with the then prevailing market condition.

The Group's loan to third parties bear interest at fixed interest rates and therefore are subject to fair value interest rate risks.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED) (e) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets:</b>		
Financial assets at amortised cost (including cash and cash equivalents)	<b>114,355</b>	123,631
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	<b>47,583</b>	31,391

#### (f) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

### 6. REVENUE AND SEGMENT INFORMATION

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

	2024 HK\$'000	2023 HK\$'000
Construction services	<b>90,277</b>	116,132

#### 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 physically located in Hong Kong.

#### Timing of revenue recognition

All timing of revenue recognition is over time for the years ended 30 June 2024 and 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### 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:

	2024 HK\$'000	2023 HK\$'000
Customer A	13,836	33,594
Customer B	12,044	50,426
Customer C	9,245	9,976*
Customer D	14,636	76*
Customer E	26,528	N/A

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

#### Construction service fee income

The Group provides construction service to the customers. When the progress towards complete satisfaction of the performance obligations of a construction contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a construction contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

### 7. INTEREST REVENUE

	2024 HK\$'000	2023 HK\$'000
Bank interest income	699	659
Interest income on payment for a life insurance policy	308	256
Interest income on loan to third parties	1,200	900
	2,207	1,815

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 8. OTHER INCOMES, GAINS AND (LOSSES)

	2024 HK\$'000	2023 HK\$'000
Exchange loss	(34)	(13)
Gain on disposal of plant and equipment	–	6
Gain on lease termination	7	–
Government subsidy	–	348
Loss on litigation (note 36)	(9,300)	–
(Provision)/reversal of allowance for bad and doubtful debts for trade receivables, net	(581)	2,352
Provision of allowance for bad and doubtful debts for other receivables	(450)	–
Reversal/(provision) of allowance for bad and doubtful debts for contract assets, net	960	(6,344)
Sundry income	–	66
	<b>(9,398)</b>	<b>(3,585)</b>

### 9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	–	21
Interest on lease liabilities	123	61
	<b>123</b>	<b>82</b>

### 10. INCOME TAX (CREDIT)/EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– Current year	21	–
– Under-provision in prior years	–	10
	<b>21</b>	<b>10</b>
Deferred taxation – current year (note 17)	(58)	(5)
	<b>(37)</b>	<b>5</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 10. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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%.

Hong Kong Profit Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profit over HK\$2 million for the year ended 30 June 2024. No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2023 as the Group did not generate any assessable profits arising in Hong Kong during that year.

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

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	<b>(19,282)</b>	(14,076)
Tax at the domestic tax rate	<b>(3,181)</b>	(2,323)
Tax effect of expenses not deductible for tax purpose	<b>261</b>	1,353
Tax effect of income not taxable for tax purpose	<b>(291)</b>	(538)
Tax effect of estimated tax losses not recognised	<b>3,206</b>	1,503
Tax effect of utilisation of tax losses not previously recognised	<b>(5)</b>	–
Tax effect of two-tiered profits tax rates regime	<b>(24)</b>	–
Under-provision in prior years	–	10
Others	<b>(3)</b>	–
Income tax (credit)/expense	<b>(37)</b>	5

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 11. LOSS FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
The Group's loss for the year is stated after charging/(crediting) the following:		
Auditor's remuneration	650	688
Directors' remuneration (note 12)	7,272	3,884
Other staff costs:		
Salaries and other benefits	12,344	16,310
Equity-settled share option expense	–	5
Retirement benefit schemes contributions	350	522
Total staff costs*	19,966	20,721
Depreciation of plant and equipment	419	575
Depreciation of right-of-use assets	1,685	1,655
Gain on disposal of plant and equipment	–	(6)
Gain on lease termination	(7)	–
Gain on disposal of subsidiaries	(279)	–

\* The staff costs were expensed in direct costs and administrative expenses amounting to HK\$9,777,000 (2023: HK\$12,488,000) and HK\$10,189,000 (2023: HK\$8,233,000) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 12. 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:

	Fee	Salaries and other benefits	Performance and discretionary bonus (note i)	Equity-settled share option expense	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive directors (note xiii)</b>						
Mr. Kwok Tung Keung	3,000	–	3,000	–	6	6,006
Mr. Ko Chun Hay Kelvin (note ii)	–	–	–	–	–	–
Mr. Qiu Haiquan (note iii)	120	–	–	–	–	120
Mr. Ng Man Li (note iv)	228	–	–	–	–	228
Mr. Tam Brown Lun (note v)	225	–	–	–	6	231
Ms. Wong Hui Yu (note vi)	282	–	–	–	9	291
Ms. Kwok Pui Sze (note vii)	90	–	–	–	–	90
<b>Independent non-executive directors (note xiv)</b>						
Ms. Wong Shuk Fong (note viii)	110	–	–	–	–	110
Mr. Donald William Sneddon (note ix)	110	–	–	–	–	110
Mr. Leung Tze Wai (note x)	56	–	–	–	–	56
Ms. Fung Yuk Yiu (note xi)	20	–	–	–	–	20
Mr. Cheng Wai Man Clement (note xii)	10	–	–	–	–	10
<b>Total for 2024</b>	<b>4,251</b>	<b>–</b>	<b>3,000</b>	<b>–</b>	<b>21</b>	<b>7,272</b>

	Fee	Salaries and other benefits	Performance and discretionary bonus (note i)	Equity-settled share option expense	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

#### Executive directors (note xiii)

Mr. Kwok Tung Keung	3,000	–	250	136	18	3,404
Mr. Ko Chun Hay Kelvin (note ii)	–	–	–	–	–	–
Mr. Qiu Haiquan (note iii)	120	–	–	–	–	120

#### Independent non-executive directors (note xiv)

Ms. Wong Shuk Fong (note viii)	120	–	–	–	–	120
Mr. Donald William Sneddon (note ix)	120	–	–	–	–	120
Mr. Ng Man Li (note iv)	120	–	–	–	–	120

<b>Total for 2023</b>	<b>3,480</b>	<b>–</b>	<b>250</b>	<b>136</b>	<b>18</b>	<b>3,884</b>
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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)**

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

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. Ko Chun Hay Kelvin has resigned as an executive director on 29 November 2023.
- (iii) Mr. Qiu Haiquan has resigned as an executive director on 30 June 2024.
- (iv) Mr. Ng Man Li has re-designated from independent non-executive director to an executive director on 29 November 2023 and resigned as an executive director on 12 April 2024.
- (v) Mr. Tam Brown Lun has appointed as an executive director on 12 January 2024.
- (vi) Ms. Wong Hui Yu has appointed as a non-executive director on 12 January 2024 and re-designated from non-executive director to an executive director on 12 April 2024.
- (vii) Ms. Kwok Pui Sze has appointed as an executive director on 12 April 2024.
- (viii) Ms. Wong Shuk Fong has resigned as an independent non-executive director on 31 May 2024.
- (ix) Mr. Donald William Sneddon has resigned as an independent non-executive director on 31 May 2024.
- (x) Mr. Leung Tze Wai has appointed as an independent non-executive director on 12 January 2024.
- (xi) Ms. Fung Yuk Yiu has appointed as an independent non-executive director on 31 May 2024.
- (xii) Mr. Cheng Wai Man Clement has appointed as an independent non-executive director on 31 May 2024.
- (xiii) The emoluments of the executive directors are for their services in connection with the management of the affairs of the Company and the Group.
- (xiv) The emoluments of the non-executive director and independent non-executive directors are for their services as the directors of the Company.

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 2023, 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 31 to the Group's consolidated financial statements.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

#### (b) Employees' emoluments

The five highest paid individuals include one (2023: one) director whose emolument is presented in the disclosures in (a) above. The emoluments of the remaining four (2023: four) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	3,448	3,262
Performance and discretionary bonus	271	271
Retirement benefit schemes contributions	54	54
	<b>3,773</b>	<b>3,587</b>

Their emoluments are within the following bands:

	2024 Number of employees	2023 Number of employees
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	1	1
	<b>4</b>	<b>4</b>

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.

### 13. DIVIDENDS

No dividend was proposed for the years ended 30 June 2024 and 30 June 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

#### Loss

	2024 HK\$'000	2023 HK\$'000
Loss for the purpose of calculating basic and diluted loss per share	<b>(19,242)</b>	(14,079)

#### Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>795,940</b>	795,940

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 15. 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
<b>COST</b>						
At 1 July 2022	187	1,444	1,174	438	2,522	5,765
Addition	-	-	-	-	379	379
Disposal	-	-	-	-	(247)	(247)
At 30 June 2023 and 1 July 2023	187	1,444	1,174	438	2,654	5,897
Addition	-	-	-	-	602	602
Write off	-	-	-	-	(441)	(441)
At 30 June 2024	187	1,444	1,174	438	2,815	6,058
<b>ACCUMULATED DEPRECIATION</b>						
At 1 July 2022	187	1,444	1,174	438	1,526	4,769
Charge for the year	-	-	-	-	575	575
Disposal	-	-	-	-	(247)	(247)
At 30 June 2023 and 1 July 2023	187	1,444	1,174	438	1,854	5,097
Charge for the year	-	-	-	-	419	419
Write off	-	-	-	-	(441)	(441)
At 30 June 2024	187	1,444	1,174	438	1,832	5,075
<b>CARRYING AMOUNT</b>						
At 30 June 2024	-	-	-	-	983	983
At 30 June 2023	-	-	-	-	800	800

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 16. RIGHT-OF-USE ASSETS

Disclosure of lease-related items:

	2024 HK\$'000	2023 HK\$'000
At 30 June:		
Right-of-use assets		
– Land and buildings	<b>2,561</b>	1,869
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	<b>1,560</b>	1,655
– Between 1 and 2 years	<b>1,148</b>	363
	<b>2,708</b>	2,018
Year ended 30 June:		
Depreciation of right-of-use assets		
– Land and buildings	<b>1,685</b>	1,655
Lease interests	<b>123</b>	61
Total cash outflow for leases	<b>1,823</b>	1,694
Additions to right-of-use assets	<b>2,606</b>	1,150
Gain on lease termination	<b>7</b>	–

The Group leases various land and buildings. Lease agreements are typically made for fixed periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 17. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group.

	Accelerated depreciation allowance HK\$'000
At 1 July 2022	14
Credit to profit or loss (note 10)	5
At 30 June 2023 and 1 July 2023	19
Credit to profit or loss (note 10)	58
At 30 June 2024	77

The Group has estimated unused tax losses of HK\$54,330,000 (2023: HK\$41,760,000) 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 unrecognised tax losses of HK\$54,330,000 (2023: HK\$41,641,000) may be carried forward indefinitely. And as at 30 June 2023, the other unrecognised tax losses of HK\$119,000 will expire in 2026 to 2027.

### 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Deposits (note i)	25,882	34,077
Payment for a life insurance policy (note ii)	9,263	9,206
Other receivables	338	878
Loan to third parties (note iii)	14,250	14,700
Interest receivables (note iii)	1,675	756
	<b>51,408</b>	59,617
Analysed for reporting purposes as:		
Non-current assets	34,263	34,206
Current assets	17,145	25,411
	<b>51,408</b>	59,617

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes:

(i) Cash deposits of HK\$25,000,000 (2023: HK\$29,182,000) were pledged to third parties to secure surety bonds of HK\$25,000,000 (2023: HK\$37,729,000) as disclosed in note 28.

(ii) 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.

(iii) On 29 October 2019, King Victory Investment Limited (“**KV**”), a wholly owned subsidiary of the Group, borrowed the loan amounting to HK\$15,000,000 to the directors of Grand Paradise Development Company Limited (“**Grand Paradise**”), a non-wholly owned subsidiary of the Group. The loan is secured by the 35% shareholdings of Grand Paradise, interest bearing at 3% per annum and repayable within 12 months from the date of the loan agreement.

On 24 June 2021, the Group disposed Grand Paradise to a third party. As at 30 June 2022, pursuant to the fifth supplemental agreement, the loan is secured by the 35% shareholdings of Grand Paradise, interest bearing at 6% per annum and repayable on 31 August 2022.

On 5 September 2022 (after trading hours), the lender, KV, has entered into the sixth supplemental agreement with Mr. Chan Hon Wing and Ms. Yuen Sau Lin Florence (the “**Borrowers**”), pursuant to which the lender has agreed to extend the repayment date of the loan for another 3 months from 1 September 2022 to 30 November 2022.

The Borrowers failed to repay the outstanding principal and related interest amounts on the maturity date. Therefore, KV commenced a legal action on 5 December 2022. Details of the legal action is disclosed in note 36.

Details of impairment assessment of loan to third parties is disclosed in note 5(b).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 19. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	29,943	8,458
Less: allowance for bad and doubtful debts	(1,653)	(1,072)
	<b>28,290</b>	7,386

The Group allows a credit period of 30 to 60 days to its customers for construction works. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	28,290	5,780
31 – 60 days	–	1,232
61 – 180 days	–	374
	<b>28,290</b>	7,386

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 100% (2023: 78%) of trade receivables as at 30 June 2024, 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\$nil (2023: HK\$1,606,000) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 19. TRADE RECEIVABLES (CONTINUED)

The movements in the allowance for doubtful debts during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Balance at beginning of year	1,072	3,424
Provision/(reversal) of impairment losses recognised, net	581	(2,352)
Balance at end of year	1,653	1,072

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 90 days past due	Over 90 days past due	Over 180 days past due	Over 1 year past due	Total
At 30 June 2024						
Weighted average expected loss rate	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	28,290	-	-	-	1,653	29,943
Loss allowance (HK\$'000)	-	-	-	-	1,653	1,653
At 30 June 2023						
Weighted average expected loss rate	0%	20%	50%	0%	100%	
Receivable amount (HK\$'000)	5,780	1,540	748	-	390	8,458
Loss allowance (HK\$'000)	-	308	374	-	390	1,072



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 20. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 30 June 2024 HK\$'000	As at 30 June 2023 HK\$'000	As at 1 July 2022 HK\$'000
Contract assets – construction	<b>18,486</b>	18,582	27,620
Contract liabilities – construction	<b>1,185</b>	6,966	4,577
Contract receivables (included in trade receivables)	<b>28,290</b>	7,386	25,996

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

– 2024	N/A	63,995
– 2025	30,496	83,642
– 2026	26,528	26,474
– 2027	17,295	–
	74,319	174,111

Year ended 30 June

	2024 HK\$'000	2023 HK\$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	<b>6,966</b>	4,577

Significant changes in contract assets and contract liabilities during the year:

	2024 Contract assets HK\$'000	2024 Contract liabilities HK\$'000	2023 Contract assets HK\$'000	2023 Contract liabilities HK\$'000
Increase due to operations in the year	<b>18,486</b>	<b>1,185</b>	18,582	6,966
Increase/(decrease) due to reversal/(provision) of impairment of contract assets, net	<b>960</b>	<b>N/A</b>	(6,344)	N/A
Transfer of contract assets to receivables	<b>(19,542)</b>	<b>N/A</b>	(21,276)	N/A
Transfer of contract liabilities to revenue	<b>N/A</b>	<b>(6,966)</b>	N/A	(4,577)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 20. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Unbilled retention receivables relating to contracts in progress of HK\$14,091,000 (2023: HK\$5,004,000) are included in contract assets as at 30 June 2024. 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\$9,898,000 (2023: HK\$3,254,000) and HK\$4,193,000 (2023: HK\$1,750,000) are recoverable within one year and after one year, respectively.

### 21. PLEDGED BANK BALANCES/TIME DEPOSIT/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 of 3.5% (2023: ranging from 0.02% to 4.5%) per annum.

Time deposit represents a bank deposit with an original maturity of six months, and carries interest at prevailing market rate of 3.07% 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 0.001% to 3.49% (2023: 0.001% to 4.56%) per annum.

### 22. 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:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	19,491	5,654
31 – 60 days	–	32
61- 180 days	–	–
Over 180 days	–	250
<b>Total</b>	<b>19,491</b>	<b>5,936</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 23. OTHER PAYABLES, RETENTION PAYABLES AND ACCRUED CHARGES

	2024 HK\$'000	2023 HK\$'000
Accrued charges for construction	18,683	14,997
Other accrued charges	1,413	536
Retention payables (note i)	7,811	9,836
Amount due to a director (note ii)	185	86
Provision (note iii)	368	666
	<b>28,460</b>	26,121

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\$5,207,000 (2023: HK\$4,386,000) and HK\$2,604,000 (2023: HK\$5,450,000) are due within one year and after one year, respectively.
- (ii) The amount is non-trade nature, unsecured, interest-free and has no fixed term of repayment.
- (iii) The Group provides for the probable future long services 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.

### 24. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Within one year	1,560	1,655	1,449	1,541
In the second to fifth years, inclusive	1,148	363	1,118	356
	<b>2,708</b>	2,018		
Less: Future finance charges	(141)	(121)		
Present value of lease liabilities	<b>2,567</b>	1,897	<b>2,567</b>	1,897
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,449)	(1,541)
Amount due for settlement after 12 months			<b>1,118</b>	356

At 30 June 2024, the average borrowing rate was 5.78% (2023: 5.25%). Interest rate are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 25. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	2,000,000,000	20,000
Issued and fully paid:		
At 1 July 2022	800,000,000	8,000
Cancellation of repurchased shares (note)	(4,060,000)	(41)
At 30 June 2023, 1 July 2023 and 30 June 2024	795,940,000	7,959

Note: The Company's annual general meeting approved a share repurchase plan on 3 November 2021, pursuant to which the Company is allowed to repurchase a maximum of 80,000,000 ordinary shares, being 10% of fully-paid issued shares of the Company on GEM. For the year ended 30 June 2022, the Company repurchased an aggregate of 4,060,000 shares at an average price of HK\$0.09 for an aggregate consideration of HK\$366,000 under this share repurchase plan, among which 4,060,000 shares are not cancelled. On 12 July 2022, the Company cancelled 4,060,000 shares. The total amount paid to acquire the shares has been deducted from the share capital and share premium account.

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

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, 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 26. RESERVES

#### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

#### (b) Company

	Share premium HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2022	40,537	5,916	3,202	49,655
Total comprehensive expense for the year	–	–	(1,454)	(1,454)
Recognition of equity-settled share-based payments	–	141	–	141
Lapse of share options	–	(3,921)	3,921	–
Cancellation of repurchased shares	41	–	–	41
At 30 June 2023 and 1 July 2023	40,578	2,136	5,669	48,383
Total comprehensive expense for the year	–	–	(1,863)	(1,863)
Lapse of share options	–	(2,136)	2,136	–
At 30 June 2024	40,578	–	5,942	46,520

#### (c) Nature and purpose of reserves

##### (i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

##### (ii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

##### (iii) Capital contribution

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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2024

### **27. PLEDGE OF ASSETS**

At 30 June 2024, the Group has pledged the deposit placed for the life insurance policy of approximately HK\$9,263,000 (2023: HK\$9,206,000) and certain bank balances of approximately HK\$11,572,000 (2023: HK\$11,093,000), details of which are disclosed in notes 18 and 21 respectively, to secure the certain banking facilities (2023: the certain banking facilities and performance guarantee) granted to the Group. Also, the Group has pledged the cash deposits as disclosed in note 18 to third parties to secure the performance bonds granted by the third parties for the both years.

### **28. PERFORMANCE GUARANTEE**

Performance guarantee are given by banks and third parties 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 and the third parties for any claims from customers under the guarantee due to the failure of the Group's performance.

At 30 June 2023, performance guarantees of approximately HK\$10,758,000 given by banks were secured by the certain bank deposit as disclosed in note 21 and the deposit placed for the life insurance policy as disclose in note 18 and guaranteed by corporate guarantee by the Company, which will be released upon completion of the contract works. At 30 June 2024, no performance guarantee is given by banks.

At 30 June 2024, performance guarantees of approximately HK\$25,000,000 (2023: HK\$37,729,000) given by third parties were secured by the Group's cash deposits as disclosed in note 18, which 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.

### **29. 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 12.

### **30. 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\$371,000 (2023: HK\$540,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 31. 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 2024, there is no outstanding option was granted under the Share Option Scheme.

At 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 16,800,000, which if exercised in full representing 2.11% 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.

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.

Grantee	Date of grant of share options	Exercisable period	Balance as at 01.07.2022	Number of share options				Balance as at 30.06.2023
				Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
Directors	3/12/2018	3/12/2018-2/12/2023	7,900,000	-	-	-	-	7,900,000
		3/12/2019-2/12/2023	2,000,000	-	-	-	-	2,000,000
		3/12/2020-2/12/2023	2,000,000	-	-	-	-	2,000,000
		3/12/2021-2/12/2023	2,000,000	-	-	-	-	2,000,000
		3/12/2022-2/12/2023	1,900,000	-	-	-	-	1,900,000
			15,800,000	-	-	-	-	15,800,000
Employee	3/12/2018	3/12/2018-2/12/2023	200,000	-	-	-	-	200,000
		3/12/2019-2/12/2023	200,000	-	-	-	-	200,000
		3/12/2020-2/12/2023	200,000	-	-	-	-	200,000
		3/12/2021-2/12/2023	200,000	-	-	-	-	200,000
		3/12/2022-2/12/2023	200,000	-	-	-	-	200,000
			1,000,000	-	-	-	-	1,000,000
			16,800,000					16,800,000
Exercisable at the end of the reporting period			14,700,000					16,800,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 31. SHARE-BASED PAYMENTS (CONTINUED)

Grantee	Date of grant of share options	Exercisable period	Balance as at 01.07.2023	Number of share options				Balance as at 30.06.2024
				Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
Directors	3/12/2018	3/12/2018-2/12/2023	7,900,000	-	-	(7,900,000)	-	-
		3/12/2019-2/12/2023	2,000,000	-	-	(2,000,000)	-	-
		3/12/2020-2/12/2023	2,000,000	-	-	(2,000,000)	-	-
		3/12/2021-2/12/2023	2,000,000	-	-	(2,000,000)	-	-
		3/12/2022-2/12/2023	1,900,000	-	-	(1,900,000)	-	-
			15,800,000	-	-	(15,800,000)	-	-
Employee	3/12/2018	3/12/2018-2/12/2023	200,000	-	-	(200,000)	-	-
		3/12/2019-2/12/2023	200,000	-	-	(200,000)	-	-
		3/12/2020-2/12/2023	200,000	-	-	(200,000)	-	-
		3/12/2021-2/12/2023	200,000	-	-	(200,000)	-	-
		3/12/2022-2/12/2023	200,000	-	-	(200,000)	-	-
			1,000,000	-	-	(1,000,000)	-	-
			16,800,000					-
<b>Exercisable at the end of the reporting period</b>			16,800,000					-

The Company adopted the 2024 share scheme (the “**2024 Share Scheme**”) and terminated the Share Option Scheme pursuant to the extraordinary general meeting held on 17 June 2024, which is valid and effective for a term of ten years from the date of its adoption. Under the 2024 Share Scheme, the Company may grant the share options and/or share awards to the eligible persons as defined in the 2024 Share Scheme. The maximum number of shares in respect of which options may be granted under the 2024 Share Scheme shall be 10% of the issued share capital of the Company as at the adoption date. No options and awards have been granted under the 2024 Share Scheme since its adoption.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year.

	Bank borrowings HK\$'000	Interest payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 July 2022	5,000	–	2,380	7,380
Changes in cash flows	(5,000)	(82)	(1,633)	(6,715)
Non-cash changes:				
– addition of lease liabilities	–	–	1,150	1,150
– interest charged	–	82	–	82
At 30 June 2023 and 1 July 2023	–	–	1,897	1,897
Changes in cash flows	–	(123)	(1,700)	(1,823)
Non-cash changes:				
– addition of lease liabilities	–	–	2,606	2,606
– lease termination	–	–	(236)	(236)
– interest charged	–	123	–	123
At 30 June 2024	–	–	2,567	2,567

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 33. DISPOSAL OF SUBSIDIARIES

On 30 December 2023, the Group disposed its entire equity interests in its subsidiaries, King Shiny Development Limited (“**King Shiny**”) and King Shiny’s subsidiaries (together, the “**Disposal Subsidiaries**”), at a cash consideration of HK\$240,000.

Net liabilities of the Disposal Subsidiaries at the date of disposal were as follows:

	HK\$'000
Other receivables	5
Bank balances and cash	11
Other payables	(57)
<hr/>	
Net liabilities disposed of	(41)
Release of foreign currency translation reserve	(1)
Non-controlling interests	3
Gain on disposal of subsidiaries	279
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Total consideration – satisfied by cash (included in other receivables)	240
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Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(11)
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investments in subsidiaries	2	2
Current assets		
Amounts due from subsidiaries	55,886	56,648
Other receivables	26	26
Bank balances and cash	–	127
	<b>55,912</b>	56,801
Current liabilities		
Other payables and accrued charges	1,435	461
Net current assets	<b>54,477</b>	56,340
Net assets	<b>54,479</b>	56,342
Capital and reserves		
Share capital	7,959	7,959
Reserves	46,520	48,383
	<b>54,479</b>	56,342

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the major subsidiaries directly and indirectly held by the Company as at 30 June 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Authorised share capital	Issued and fully paid share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
				2024	2023	
				%	%	
<b>Direct subsidiaries</b>						
Well Joint Limited	BVI/Hong Kong	US\$100	US\$100	100	100	Investment holding
Focus Wealth Investments Limited	BVI/Hong Kong	US\$100	US\$100	100	100	Investment holding
KV	Hong Kong	HK\$1	HK\$1	100	100	Investment holding
King Shiny	Hong Kong	HK\$1	HK\$1	-	100	Dormant
<b>Indirect subsidiaries</b>						
W.M. Construction Limited ("WM Construction")	Hong Kong	HK\$12,000,000 (2023: HK\$11,000,000)	HK\$12,000,000 (2023: HK\$11,000,000)	100	100	Building construction in Hong Kong
W.M. Engineering Company Limited	Hong Kong	HK\$10	HK\$10	100	100	Construction and engineering works with focus on minor and supplementary works in Hong Kong
King Full International Limited	Hong Kong	HK\$1	HK\$1	100	100	Investment holding
Super Solar International Holdings Limited	Hong Kong	HK\$10,000	HK\$10,000	-	55	Dormant
廣西宏富立建築工程有限公司 (Guangxi Hongfuli Construction Engineering Co., Ltd.)*	the PRC	RMB10,000,000	-	-	100	Dormant
廣西佳昇科技發展有限公司 (Guangxi Jiasheng Technology Development Co., Ltd.)*	the PRC	RMB10,000,000	-	-	100	Dormant
廣西強卓建築勞務有限公司 (Guangxi Qiangzhuo Construction Labor Service Co., Ltd.)*	the PRC	RMB2,000,000	-	-	100	Dormant
廣西聚利宏貿易有限公司 (Guangxi Julihong Trade Co., Ltd.)*	the PRC	RMB2,000,000	-	-	100	Dormant

\* The English names of certain subsidiaries of the Company referred herein represent the management's best efforts in translating the Chinese name of these companies as no English names have been registered.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 36. LITIGATIONS

#### Sanctioned payment to a sub-contractor

There was a legal action by a sub-contractor (“**the Plaintiff**”) against another sub-contractor (“**the 1st Defendant**”) and WM Construction (“**the 2nd Defendant**”), an indirect wholly-owned subsidiary of the Company, for a total sum of HK\$10,328,249.29 being an alleged outstanding payment owed to the Plaintiff. The management offered a sanctioned payment of HK\$9,300,000 to court for the final settlement of the claim. On 9 February 2024, the Plaintiff accepted the payment into court totaling HK\$9,300,000 in settlement of the whole of the claim.

#### Loan to third parties

On 5 December 2022, KV, a wholly owned subsidiary of the Group, commenced a legal action for the outstanding loan amounting to HK\$15,000,000, related interest and costs of the action from the Borrowers. On 19 July 2023, KV received a written judgment (the “**Judgment**”) from the Registrar of the High Court which states the Borrowers need to pay the outstanding amounts, interest and legal costs to KV. On 3 September 2024, the Court of Appeal dismissed the Borrowers’ application for stay of execution of the Judgment.

#### Claim

On 21 August 2024, More Wealth Development Limited (the “**Plaintiff**”) made a claim to KV arose from a joint venture agreement. The Plaintiff states KV breached the clauses of the joint venture agreement and claims against KV for damages, interest, costs and further and/or other relief. As the legal proceeding is at the beginning stage, the outcome is undetermined at the moment. The directors of the Company do not expect that the outcome of this legal proceeding will have a material adverse effect on the Group’s financial position or results of operations.

### 37. EVENT AFTER THE REPORTING PERIOD

On 5 June 2024 (after trading hours), the Company and a merchant (the “**Vendor**”) entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 45% of the entire equity interest in the target company at a consideration of up to HK\$4,500,000 (including the initial consideration of HK\$3,500,000, if any, the earn-out consideration A of HK\$500,000 and, if any, the earn-out consideration B of HK\$500,000). On 4 July 2024, the Company completed the acquisition transaction.

### 38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 September 2024.



## FINANCIAL SUMMARY

### RESULTS

	For the year ended 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	<b>90,277</b>	116,132	132,945	138,692	217,287
(Loss)/profit for the year	<b>(19,245)</b>	(14,081)	(11,958)	(22,947)	2,034
(Loss)/profit for the year attributable to:					
Owners of the Company	<b>(19,242)</b>	(14,079)	(11,956)	(22,474)	2,363
Non-controlling interests	<b>(3)</b>	(2)	(2)	(473)	(329)
	<b>(19,245)</b>	(14,081)	(11,958)	(22,947)	2,034

### ASSETS AND LIABILITIES

	As at 30 June				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	<b>136,462</b>	144,901	170,228	179,525	242,209
Total liabilities	<b>(52,031)</b>	(41,227)	(52,580)	(49,916)	(82,623)
Total equity	<b>84,431</b>	103,674	117,648	129,609	159,586

