

Chairman's Statement

To Our Shareholders:

I am pleased to present the first annual report of the Company for the year ended 30 June 2016 ("FY2016" or the "Year") since its public listing. The year 2015 was a memorable year. The shares of the Company were successfully listed on the Main Board of the Stock Exchange (the "Listing") on 10 December 2015. The Listing represents a significant milestone for the Group as it provides us with access to a more effective fund-raising platform that supports us in achieving our goals, including, among others, tapping the Hong Kong, Mainland China and Macau markets — all of which hold immense development potential. The Listing has demonstrated the Group's intrinsic value, which combined with a stronger balance sheet, will enable us to seize opportunities for future ventures and collaboration, particularly on large-scale projects in these regions. It is also worth noticing that the Listing has provided us with fresh impetus to further strengthen and optimise the Group's corporate governance and capital structure, which are core to its sustainable development over the long term.

Looking back over the past year, the complex macroeconomic dynamics and volatile geopolitics has led to a surge in worldwide financial risks. The global economy has experienced a wide range of challenges and market uncertainties arising from US monetary policies, weakness in commodity prices, rising concerns on China's economic growth prospects, capital outflows from the emerging economies and, most recently, the victory for Brexit in the United Kingdom. Against this backdrop, the Hong Kong economy maintained its growth at a low level during the first quarter of 2016 and the operating environment in the city for businesses across different sectors will continue to be difficult to varying degrees. Leveraging our 40 years of industry experience, and a solid reputation that has been built through good times and bad, we are not new to economic and other challenges, such as those we are currently facing. Indicative of our ability is not only our perseverance, but also our strength in continuing to progress. This can be seen as the Group again delivered creditable financial results during the Year, with profit attributable to equity holders increasing by HK\$11.9 million or 8.0%. If the one-off listing expenses were excluded, profit attributable to equity holders would have increased by HK\$23.5 million or 15.2%. The Board has proposed a final dividend of HK9.4 cents per share for the Year. Including an interim dividend of HK5.0 cents per share for the six months ended 31 December 2015, the total dividend payout for the Year is HK14.4 cents per share, with a payout ratio of 40.2%.

Though the global economic growth is likely to remain sluggish in the near future, the Hong Kong Government is expected to unveil a range of supportive initiatives for the construction and E&M engineering industry. Already, the Policy Address delivered by Hong Kong's Chief Executive on 13 January 2016 has demonstrated the Hong Kong Government's commitment to continuing to rezone sites, increase the intensity of land development and conduct reviews to achieve optimal land usage. In addition, leveraging on its solid fiscal position, the forecast expenditure of Capital Works Reserve Fund is to increase from HK\$84.5 billion in this fiscal year to HK\$121.9 billion in fiscal year 2020/21. Without the prolonged contentious debates on infrastructure projects in the HKSAR Legislative Council, the schedule for new public works will not be delayed and should consequently lead to an upswing in infrastructure, public housing and private housing projects, which in turn will help drive the construction, E&M engineering and environmental engineering industries towards healthier growth ahead. To capitalise on the various infrastructure investments that are set to take place in Hong Kong, we plan to bolster the Group's capabilities in ELV (*extra-low voltage*) system works and increase human resources aimed at enhancing work quality and engineering design capability. These efforts will thus strengthen our already extensive capabilities in Hong Kong, and consolidate our presence in this key market.

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As in previous years, the Group is committed to maintaining its presence in Mainland China. In adhering to this commitment, it is continuing with a disciplined approach in business development within this market. Despite the problems of structural overcapacity faced by China's economy, current economic fundamentals of China remain positive. Moreover, with the implementation of structural reforms already underway, complemented by prudent fiscal and monetary policies aimed at encouraging long-term sustainable growth, urbanisation should gather speed. The 13th Five-Year Plan has clearly stated at the outset that it will not only bring about upgrades to the coastal cities, but also rejuvenate the construction and economic activities of urban and rural areas in the central and western regions. This strategic direction should encourage the rebalancing of the local economy and create enormous demand for housing and related commercial developments with fresh opportunities for the construction and E&M engineering industry. As the Group is among one of the few Hong Kong-based companies in Mainland China that possesses the Class I Qualification for E&M engineering general contractors, its strategy is to forge ties with selected partners in order to expand its footprint in this crucial market. Nevertheless, we remain vigilant about any possible changes in the economic climate and the risks which may accompany business opportunities in this region.

In respect of our Macau market, the Macau SAR Government has embarked on several initiatives to alleviate the challenging global macroeconomic and political conditions. These initiatives include developing a new urban zone, promoting development of integrated tourism, and reinforcing non-gaming leisure and entertainment, all of which will diversify Macau's economy and create opportunities for the Group.

Regarding our environmental management services business, the increase in public awareness of environmental issues is boosting demand for associated environmental engineering services and projects. The Group fully intends to capitalise on this trend by providing customers with total solutions that combine energy efficient, environmentally friendly, and renewable energy technologies.

On behalf of the board of directors of the Company, I would like to welcome Mr. Patrick Lam and Dr. Paul Tong who joined the Company and take this opportunity to express my sincere gratitude to all of our shareholders, customers, and business partners for their unwavering support. I wish to also thank the management team and my fellow staff members for their wholehearted support. As always, we are fully committed to maintaining the Group's long-term development and ensuring fair returns for our shareholders.

Dr. Cheng Kar Shun, Henry

Chairman

Hong Kong, 22 September 2016