

SHENG TANG HOLDINGS LIMITED

聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

ANNUAL REPORT

2025



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*This report, for which the directors (the “**Directors**”) of Sheng Tang Holding 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.*

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and be posted on the website of the Company at www.tongkee.com.hk.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Heung Chung Sum (*Chairman*)
 Ms. Li Lo Wan (Appointed on 14 May 2025 and
 resigned on 1 January 2026)

Non-executive Directors

Ms. Heung Joe Yee (Resigned on 12 September 2025 and
 appointed on 1 January 2026)
 Mr. Liang Bin
 Ms. Xu Chunli (Appointed on 12 September 2025)
 Mr. Xu Yongqiang (Appointed on 14 May 2025)

Independent non-executive Directors

Dr. Ip Wai Hung
 Mr. Ko, Wilson Wai Shun
 Mr. Chan Chi Hang

COMPANY SECRETARY

Mr. Chau Yun Cheung

COMPLIANCE OFFICER

Mr. Heung Chung Sum

AUTHORISED REPRESENTATIVES

Mr. Heung Chung Sum
 Mr. Chau Yun Cheung

AUDIT COMMITTEE

Mr. Chan Chi Hang (*Chairman*)
 Dr. Ip Wai Hung
 Mr. Ko, Wilson Wai Shun

REMUNERATION COMMITTEE

Dr. Ip Wai Hung (*Chairman*)
 Mr. Ko, Wilson Wai Shun
 Mr. Chan Chi Hang

NOMINATION COMMITTEE

Dr. Ip Wai Hung (*Chairman*)
 Mr. Ko, Wilson Wai Shun
 Mr. Chan Chi Hang
 Ms. Heung Joe Yee

AUDITOR

D & Partners CPA Limited
*Public Interest Entity Auditor registered in accordance with
 the Financial Reporting Council Ordinance*
 2201, 22/F, West Exchange Tower
 322 Des Voeux Road Central
 Sheung Wan, Hong Kong

REGISTERED OFFICE

P.O. Box 1350
 Windward 3
 Regatta Office Park
 Grand Cayman, KY1-1108
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1901-1905
 19/F, Delta House
 3 On Yiu Street, Shatin, New Territories
 Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
 P.O. Box 1350
 Windward 3
 Regatta Office Park
 Grand Cayman, KY1-1108
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 Level 54, Hopewell Centre
 183 Queen's Road East
 Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
 DBS Bank (Hong Kong) Limited

COMPANY'S WEBSITE

www.tongkee.com.hk

STOCK CODE

8305

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of the Group for the year ended 31 December 2025.

MARKET OVERVIEW AND BUSINESS PERFORMANCE

The year 2025 presented a challenging landscape for Hong Kong's construction industry, with a notable slowdown affecting various sectors. Despite these headwinds, our Group demonstrated resilience through our established RMAA, new construction works, and corrosion protection services. While we experienced a reduction in the number of projects undertaken — 190 in 2025 compared to 238 in 2024 — we maintained our commitment to delivering high-quality services to our valued clients.

STRATEGIC DIVERSIFICATION

In response to the evolving market conditions, I am particularly proud to highlight our strategic diversification into the distribution of dairy products. This bold initiative, launched during 2025, has already proven to be remarkably successful, generating approximately HK\$33 million in revenue within just seven months of operation. This achievement underscores the Group's agility and foresight in identifying and capitalizing on new market opportunities.

FUTURE OUTLOOK

Looking ahead to 2026 and beyond, I am genuinely optimistic about the Group's prospects. While we will continue to leverage our expertise and reputation in our traditional construction-related segments, we are increasingly focusing on expanding our dairy products distribution business. Our plans to strengthen our distributor network in the PRC and venture into retail operations to directly serve end customers represent significant growth opportunities that we are eager to pursue.

The Board firmly believes that this strategic shift will not only enhance our resilience against market fluctuations but also create substantial long-term value for our shareholders. The vast potential of the PRC market, coupled with our operational expertise and commitment to excellence, positions us well for sustainable growth in this new business segment.

CHAIRMAN'S STATEMENT

APPRECIATION

I would like to express my sincere gratitude to our management team and staff for their dedication and adaptability during this transformative period. Their efforts have been instrumental in our successful entry into the dairy products distribution business while maintaining our standards of excellence in our traditional segments.

I also extend my heartfelt thanks to our shareholders, customers, business partners, and other stakeholders for their unwavering support and confidence in our vision. As we continue to evolve and grow, we remain committed to delivering value and building a stronger, more diversified Group that can thrive in changing market conditions.

We look forward to sharing our continued success with you in the years ahead.

Heung Chung Sum

Chairman

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group, a long-established multi-disciplinary contractor in Hong Kong, has built a strong reputation for delivering high-quality services in RMAA (repair, maintenance, alteration, and addition), new construction works, and corrosion protection works. Over the years, we have been entrusted with the management, implementation, and supervision of a wide range of projects, including the development of work programmes, procurement of materials, site operations, coordination with customers or their consultants, and ensuring the highest standards of quality control across all works carried out by our employees and subcontractors.

In our RMAA segment, we have consistently delivered repair, maintenance, alteration, modification, rehabilitation, civil, steel, and demolition works for diverse venues such as residential and commercial buildings, carparks, roads, footbridges, and theme parks in Hong Kong. Similarly, our new construction works have included noise mitigation projects, architectural metalwork, bus shelters, dangerous goods storage facilities, and innovative structures such as air balloons. For corrosion protection, the Group has provided cutting-edge solutions, including sacrificial anodes protection and impressed current systems.

Despite our strong track record, the year 2025 presented challenges due to the overall slowdown in Hong Kong's construction sector. This led to a decline in revenue from our traditional business segments, with the number of projects undertaken by the Group decreasing to 190 (2024: 238 projects). The contraction in the construction market, coupled with rising labour and material costs, has inevitably impacted the Group's performance in these areas.

In light of these challenges, the Group has taken a bold and strategic step to diversify its business portfolio. In 2025, we successfully entered a new and promising segment: the distribution of dairy products. This venture has already proven to be a transformative milestone for the Group, generating approximately HK\$33.1 million in revenue within just seven months of operation. The success of this new segment underscores our ability to identify and capitalize on emerging opportunities, and it reinforces our confidence in the long-term potential of this business line.

Looking ahead, the Group is cautiously optimistic about the future of the distribution of dairy products segment and is committed to making it a cornerstone of our business. In 2026, we plan to deepen our presence in the People's Republic of China (the "PRC") market by expanding our network of distributors, tapping into the vast growth potential of one of the world's largest consumer markets. Furthermore, we are excited to announce our plans to enter the retail space, bringing our high-quality dairy products directly to end customers. This move reflects our belief in the value of this segment and our vision to create a strong and sustainable business that delivers long-term growth and profitability.

The Group is gradually shifting its core focus toward this new segment, while continuing to leverage our expertise in RMAA and corrosion protection works. This strategic transformation is not only a response to the challenges in the construction sector but also a forward-looking initiative to ensure the Group remains resilient and well-positioned for future opportunities.

The Directors firmly believe that this transition will bring significant benefits to all stakeholders of the Group. By capitalizing on the growth potential of the distribution of dairy products market and expanding our footprint in the PRC, we are confident that this strategic direction will unlock new revenue streams, enhance shareholder value, and secure the long-term sustainability of the Group. We are excited about the journey ahead and remain committed to delivering on our promise to create value for all our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue increased from approximately HK\$150.0 million for the year ended 31 December 2024 to approximately HK\$161.9 million for the year ended 31 December 2025, representing an increase of approximately 7.9%. Approximately HK\$33.1 million revenue was generated from the distribution of dairy segment, while the remaining are from the construction service amounted to HK\$128.8 million. Such decrease in position of construction works was mainly due to the decrease in number of projects of RMAA and new works projects undertaken by the Group as a result of the overall development in the construction industry in Hong Kong.

Cost of sales and services

The cost of sales and services increased from approximately HK\$140.2 million for the year ended 31 December 2024 to approximately HK\$145.6 million for the year ended 31 December 2025, representing an increase of approximately 3.8%. Such increase was mainly attributable from the new segment and in line with the revenue increase during the year.

Gross profit

Gross profit of the Group increased by approximately HK\$6.4 million from approximately HK\$9.8 million for the year ended 31 December 2024 to approximately HK\$16.2 million for the year ended 31 December 2025. The overall gross profit margin increased from approximately 6.5% for the year ended 31 December 2024 to approximately 10.0% for the year ended 31 December 2025 as the projects undertaken by the Group during the year ended 31 December 2025 generally had higher gross profit margin, also the extent of increase in subcontracting charges, staff salary and construction material costs was outweighed by the increase in revenue for the year ended 31 December 2025.

Administrative expenses

Administrative expenses of the Group increased by approximately HK\$0.8 million or 5.4% from approximately HK\$14.7 million for the year ended 31 December 2024 to approximately HK\$15.5 million for the year ended 31 December 2025.

Administrative expenses primarily consist of staff costs, depreciation, transportation and motor vehicle expense, professional service and other cost incurred for daily operation. The increase was mainly attributable from the distribution of dairy products which is newly developed in current year.

Other income

Other income decreased by approximately HK\$0.9 million from HK\$1.3 million for the year ended 31 December 2024 to HK\$0.4 million for the year ended 31 December 2025. The amount in prior year mainly represented the gain on disposal of motor vehicles which the Group does not have such during the year.

Provision for/reversal of impairment on contract assets

In current year, the Group provided approximately HK\$18.4 million provision for impairment on contract assets while in 2024 the Group reversed approximately HK\$0.8 million. The Group applies a simplified approach and individual assess approach in calculating ECL allowance and recognises a loss allowance based on lifetime ECL at each reporting period for contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL allowance, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

MANAGEMENT DISCUSSION AND ANALYSIS

The individually impaired contract assets related to customers that were credit-impaired or in default payments and no receivables are expected to be recovered.

Finance costs

The finance costs for the Group remain steady at HK\$0.3 million for the year ended 31 December 2024 and HK\$0.4 million for the year ended 31 December 2025.

Income tax expense

No current income tax expense for the Group for the year ended 31 December 2024. For the year ended 31 December 2025, the tax expense for the year was solely derived from deferred tax and the income tax from the PRC's distribution of dairy products business.

Loss and total comprehensive expense for the year attributable to the owners of the Company

As a result of foregoing, the Group recognised a loss and total comprehensive expense for the year of approximately HK\$19.3 million for the year ended 31 December 2025 as compared to loss and total comprehensive expense for the year attributable to the owners of the Company of approximately HK\$3.1 million for the year ended 31 December 2024.

Such increase was primarily attributable to the combined effect of (i) the increase in gross profit for the year ended 31 December 2025; (ii) increase in provision for impairment on contract assets which was incurred for the year ended 31 December 2025; and (iii) the increase in the administrative expenses for the year ended 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio increased from approximately 1.4 times as at 31 December 2024 to approximately 2.8 times as at 31 December 2025.

As at 31 December 2025, the Group had bank and other borrowings of approximately HK\$9.3 million (2024: HK\$4.9 million). The gearing ratio, calculated based on the bank and other borrowings divided by total equity at the end of the year and multiplied by 100%, decreased from approximately 9.9% as at 31 December 2024 to approximately 8.5% as at 31 December 2025 due to the increase in total equity. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to maintain its business operation.

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. 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.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 4 July 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the Company's issued share capital was HK\$16,220,000 and the number of its issued ordinary shares was 1,622,000,000 of HK\$0.01 each.

As at 31 December 2024, the Company's issued share capital was HK\$12,600,000 and the number of its issued ordinary shares was 1,260,000,000 of HK\$0.01 each.

COMMITMENTS

The Group has no capital commitments as at 31 December 2024 and 2025.

SEGMENTAL INFORMATION

The Group has entered into a new segment, distribution of dairy products during the year ended 31 December 2025. Segmental information is presented for the Group as disclosed in note 5.1 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, no contingent liabilities of the Group is noted.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in HK\$ and RMB. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE OF GROUP'S ASSETS

As at 31 December 2025, the Group pledged certain amount of land and buildings, certain trade receivables and guarantee deposits to secure bank and other borrowings of the Group. For details, please refer to note 20 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of 64 employees (2024: 67 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$22.3 million for the year ended 31 December 2025 (2024: HK\$25.9 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company successfully completed the placement of new shares under the general mandate on 8 September 2025 (the “**Placing 2025**”). After deducting related expenses, the net proceeds from the Placing 2025 amounted to approximately HK\$48.7 million. A breakdown of the utilization of these net proceeds from the Placing 2025 date up to the date of this annual report is provided below:

	Use of net proceeds as disclosed in the announcement dated 18 August 2025	Actual use of net proceeds from placing 2025 date to the date of this annual report	Expected timeline of full utilization of the balance
	HK\$ million	HK\$ million	
Business operation for construction business	19.7	10.0	June 2026
Development for distribution of dairy products	17.0	17.0	–
Repayment of bank borrowings	4.0	4.0	–
General working capital	8.0	6.0	June 2026

The Company successfully completed the placement of new shares under the general mandate on 10 December 2024 (the “**Placing 2024**”). After deducting related expenses, the net proceeds from the Placing 2024 amounted to approximately HK\$11.2 million. A breakdown of the utilization of these net proceeds from the Placing 2024 date up to the date of this annual report is provided below:

	Use of net proceeds as disclosed in the announcement dated 20 November 2024	Actual use of net proceeds from placing 2024 date to the date of this annual report	Expected timeline of full utilization of the balance
	HK\$ million	HK\$ million	
Repayment of bank borrowings	2.0	2.0	–
General working capital	9.2	9.2	–

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Since the Listing, the Board has recognised that the transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Heung Chung Sum currently assumes the role chairman of the Company and Mr. Shen Peng being the chief executive officer of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2025.

BOARD OF DIRECTORS

As at 31 December 2025, the Board comprised six Directors, including two executive Directors, namely Mr. Heung Chung Sum Ms. Li Lo Wan and two non-executive Directors are Ms. Xu Chunli, Mr. Xu Yongqing and Mr. Liang Bin, and three independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

Mr. Heung Chung Sum is the chairman (the "Chairman") of the Board.

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors should make decisions objectively in the interests of the Company. The Board has the full support from the executive Directors and the senior management of the Company to discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the executive Director(s) and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, and the Nomination Committee.

The biographical details of the Directors and other senior management are set out in the section headed with "Biographical Details of Directors and Senior Management" of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Heung Chung Sum currently assumes the role of Chairman of the Company and the chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") for the year ended 31 December 2025 and up to the date of this corporate governance report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Measurable objectives

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

Implementation and monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

BOARD MEETING, GENERAL MEETING AND PROCEDURES

The Board is scheduled to meet in person or through other electronic means of communication at least four times a year among other matters, review past financial and operating performance and discuss the Group's direction and strategy. During the year ended 31 December 2025, four Board meetings were held. The attendance record of each Director at the Board meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Board meetings
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	4/4
Ms. Li Lo Wan (Appointed on 14 May 2025)	3/4
Non-executive Directors	
Ms. Heung Joe Yee (Resigned on 12 September 2025)	3/4
Mr. Liang Bin	4/4
Ms. Xu Chunli (Appointed on 12 September 2025)	2/4
Mr. Xu Yongqiang (Appointed on 14 May 2025)	3/4
Independent non-executive Directors	
Dr. Ip Wai Hung	4/4
Mr. Ko, Wilson Wai Shun	4/4
Mr. Chan Chi Hang	4/4

The attendance record of each Director at the annual general meeting is set out in the table below:

Name of Directors	Number of attendance/ number of general meeting
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	1/1
Ms. Li Lo Wan (Appointed on 14 May 2025)	
Non-executive Directors	
Ms. Heung Joe Yee (Resigned on 12 September 2025)	1/1
Mr. Liang Bin	1/1
Ms. Xu Chunli (Appointed on 12 September 2025)	-/1
Mr. Xu Yongqiang (Appointed on 14 May 2025)	-/1
Independent non-executive Directors	
Dr. Ip Wai Hung	1/1
Mr. Ko, Wilson Wai Shun	1/1
Mr. Chan Chi Hang	1/1

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "**Articles**") provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independency pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers these independent non-executive Directors to be independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

According to the training record maintained by the Company, during the year ended 31 December 2025, all Directors had participated in continuous professional development in the following manner:

Name of Directors	Type of trainings
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	i and ii
Ms. Li Lo Wan	i and ii
Non-executive Directors	
Ms. Heung Joe Yee	i and ii
Mr. Liang Bin	i and ii
Ms. Xu Chunli	i and ii
Mr. Xu Yongqiang	i and ii
Independent non-executive Directors	
Dr. Ip Wai Hung	i and ii
Mr. Ko, Wilson Wai Shun	i and ii
Mr. Chan Chi Hang	i and ii

- i. reading journals and newspaper updates on corporate governance and directors' duties and responsibility.
- ii. attending training/seminars/conferences arranged by the professional firms/organisations.

BOARD COMMITTEES

The Board has established three board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**").

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Chan Chi Hang, Dr. Ip Wai Hung and Mr. Ko, Wilson Wai Shun. The chairman of the Audit Committee is Mr. Chan Chi Hang, who has appropriate professional qualifications and experience in accounting matters.

CORPORATE GOVERNANCE REPORT

The Audit Committee is mainly responsible for the followings:

- (a) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure coordination where more than one audit firm is involved;
- (c) monitor the integrity of the Company's annual report, interim financial reports and quarterly reports before submission to the Board, and focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting.
- (d) Oversight of the Company's financial reporting system, risk management and internal control systems:
 - (i) reviewing the Company's financial controls, accounting policies and the risk management and internal control systems;
 - (ii) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
 - (iii) where an internal audit function exists, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
 - (iv) reviewing the external auditor's management letter and management's response;
 - (v) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, two Audit Committee meetings were held. The attendance record of each Director at the Audit Committee meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Audit Committee meetings
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	2/2
Ms. Li Lo Wan (Appointed on 14 May 2025)	2/2
Non-executive Directors	
Ms. Heung Joe Yee (Resigned on 12 September 2025)	2/2
Mr. Liang Bin	2/2
Ms. Xu Chunli (Appointed on 12 September 2025)	-/2
Mr. Xu Yongqiang (Appointed on 14 May 2025)	2/2
Independent non-executive Directors	
Dr. Ip Wai Hung	2/2
Mr. Ko, Wilson Wai Shun	2/2
Mr. Chan Chi Hang	2/2

Remuneration Committee

The Remuneration Committee of the Company was established comprising three independent non-executive Directors, namely Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang, with Dr. Ip Wai Hung as the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The main roles and functions of the Remuneration Committee include the followings:

- (a) establish a formal and transparent procedure for developing remuneration policy;
- (b) recommend to the Board the policy and structure for the remuneration of directors and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;
- (c) determine the remuneration of directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The chairman and/or the chief executive shall be consulted respectively about their proposals relating to the remuneration of the chief executive and/or senior management, as the case may be;
- (d) review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management which shall be consistent with contractual terms and fair and not excessive;

CORPORATE GOVERNANCE REPORT

- (e) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and
- (f) consider the annual performance bonus for executive directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to corporate goals and objectives resolved by the Board, and make recommendation of the Board.

During the year ended 31 December 2025, two Remuneration Committee meetings were held. The attendance record of each Director at the Remuneration Committee meetings is set out in the table below:

Name of Directors	Number of attendance/ number of Remuneration Committee meetings
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	2/2
Ms. Li Lo Wan (Appointed on 14 May 2025)	1/2
Non-executive Directors	
Ms. Heung Joe Yee (Resigned on 12 September 2025)	2/2
Mr. Liang Bin	2/2
Ms. Xu Chunli (Appointed on 12 September 2025)	-/2
Mr. Xu Yongqiang (Appointed on 14 May 2025)	1/2
Independent non-executive Directors	
Dr. Ip Wai Hung	2/2
Mr. Ko, Wilson Wai Shun	2/2
Mr. Chan Chi Hang	2/2

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 10 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee was established comprising three independent non-executive Directors, namely Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun, Ms. Heung Joe Yee and Mr. Chan Chi Hang, with Dr. Ip Wai Hung as the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of The Stock Exchange.

The main roles and functions of the Nomination Committee include the followings:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually to complement the Company's corporate strategy;
- (b) identify and nominate qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise;
- (c) make recommendations to the Board on matters relating to the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- (d) assess the independence of independent non-executive Directors; and
- (e) implement and review the Board Diversity Policy to ensure its effectiveness; and make disclosure of its review results in the corporate governance report of the Company's annual report.

During the year ended 31 December 2025, two Nomination Committee meetings were held. The attendance record of each Director at the Nomination Committee meeting is set out in the table below:

Name of Directors	Number of attendance/ number of Nomination Committee meetings
Executive Directors	
Mr. Heung Chung Sum (<i>Chairman</i>)	2/2
Ms. Li Lo Wan (Appointed on 14 May 2025)	1/2
Non-executive Directors	
Ms. Heung Joe Yee (Resigned on 12 September 2025)	2/2
Mr. Liang Bin	2/2
Ms. Xu Chunli (Appointed on 12 September 2025)	-/2
Mr. Xu Yongqiang (Appointed on 14 May 2025)	1/2
Independent non-executive Directors	
Dr. Ip Wai Hung	2/2
Mr. Ko, Wilson Wai Shun	2/2
Mr. Chan Chi Hang	2/2

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, D & PARTNERS CPA LIMITED, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on pages 39 to 43 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management system. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly. The Directors consider that the Group has implemented appropriate procedures safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, execution with appropriate authority and compliance of the relevant laws and regulations.

The Group recognises that good risk management is essential for the long-term development on the Group's business. Management is responsible for establish, implement, review and evaluate the sound and effective internal control system underpinning the risk management framework. While taking into full account of the new requirements effective from the Listing Date under the GEM Listing Rules brought by Hong Kong Exchanges and Clearing Limited relating to risk management and internal control, the management has formulated the risk management and control framework. All employees are committed to implement the risk management framework into the daily operation.

OBJECTIVES OF RISK MANAGEMENT AND INTERNAL CONTROL

The objectives of the risk management and internal control framework of the Group are to identify and manage the risk of the Group's with the acceptable safety levels and achieve the Group's strategic objectives. The Group has adopted a three line risk management approach to identify, analysis, evaluation, mitigate and handle risks. At the first line of defence, staff in office/on site who must understand their roles and responsibilities are responsible for identifying, assessing and monitoring risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the risk management activities of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the advices and opinions from the external professional party (such as the external auditor) conducted the review in annual basis and ensures that the first and second lines of defence are performed effective.

CORPORATE 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 31 December 2025, 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:

	2025 HK\$'000	2024 HK\$'000
Fees paid/payable for the services rendered		
Statutory audit services	900	750

COMPANY SECRETARY

Mr. Chau Yun Cheung was appointed as the company secretary of the Company on 28 March 2024. Mr. Chau has taken no less than 15 hours of relevant professional training for the year ended 31 December 2025. The biographical details of Mr. Chau are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

SHAREHOLDERS' RIGHTS

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

- (a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;
- (b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Room 2502, 25/F., 148 Electric Road, North Point, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for the attention of the Board and/or the Company Secretary;

CORPORATE GOVERNANCE REPORT

- (c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;
- (d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;
- (e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

PROCEDURES FOR RAISING ENQUIRIES

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

Should there are 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 Room 2502, 25/F., 148 Electric Road, North Point, 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.

CORPORATE GOVERNANCE REPORT

INVESTORS 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.tongkee.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.

During the year ended 31 December 2025, there had been no significant change in the Company's constitutional documents.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Heung Chung Sum (向從心先生), aged 69, is the co-founder, the executive Director, the Chairman and the compliance officer of the Group. Mr. Heung was appointed as an executive Director on 10 April 2017, the Chairman on 25 October 2017 and the compliance officer on 25 October 2017. Mr. Heung is primarily responsible for the overall business development and financial and strategic planning of the Group and ensuring compliance with the Group's policies and objectives.

Mr. Heung has over 36 years of experience in providing building construction services in Hong Kong and over 21 years of experience in providing cathodic protection services. Prior to founding the Group in 1994, Mr. Heung had accumulated 13 years of experience in the construction industry in Hong Kong, he served as a junior foreman with Gammon-Leighton Joint Venture from 1981 to 1983. From 1983 to 1985, he served with Leighton Contractors Pty. Ltd. as an electrical foreman. From 1985 to 1988, Mr. Heung worked as a freelancer in providing steel structuring and electrical engineering works. He established a sole proprietorship Tong Kee Engineering Co in 1987 and further expanded Tong Kee Engineering Co's operation to fitting-out works and cathodic protection works until the incorporation of TKEL in 1994.

Mr. Heung was awarded with a Fellowship by the Asian College of Knowledge Management in 2011. He is a life member of the Association of Electrical Contractors and a corporate member of Association for Materials Protection and Performance, Inc (Former name is NACE International).

Ms. Li Lo Wan (李潞昀), aged 24, was appointed as an executive Director on 14 May 2025. Ms. Li Lo Wan is primarily responsible for the business development and strategic planning for the new segment.

Ms. Li Lo Wan holds a Master of Science in Machine Learning and Data Science from Northwestern University and a Bachelor of Arts in Mathematics with a Minor in Data Science from New York University. She has been a financial data analyst from June 2024 to August 2024 at Calamos Investments. She has been a machine learning engineer from September 2024 to December 2024 in ConAgra Brands. She has extensive experience in data analysis, machine learning, and financial modeling.

NON-EXECUTIVE DIRECTORS

Ms. Heung Joe Yee (向祖兒女士), aged 41, was appointed as the Group's non-executive Director on 25 October 2017. She has resigned on 12 September 2025, Ms. Heung Joe Yee is responsible for providing judgement on the Group's strategy, performance, resources and standard of conduct. She is the daughter of Mr. Heung.

Prior to joining the Group, Ms. Heung's career began at Ocean Park Hong Kong from 2011, where she first worked as a marine mammal trainer, nurturing her fascination with marine species. After a year, she transitioned to the veterinary department, further expanding her skill set and eventually taking on the role of Veterinary Hospital Supervisor. Her time at Ocean Park provided her with extensive hands-on experience in animal health management and care. She joined Zodiac Pet & Exotic Hospital as Hospital Manager from 2023.

Ms. Heung Joe Yee obtained a Bachelor of Commerce (Accounting) degree and a Bachelor of Science (Marine Science) degree from the University of Queensland in 2008 and 2009, respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liang Bin (梁斌先生), aged 37, was appointed as the non-executive Director on 24 December 2024. Mr. Liang Bin is responsible for providing judgement on the Group's Strategy, performance, resources and standard of conduct.

Mr. Liang Bin has nearly 10 years of experience in business management, and sales and marketing. Since 2014, he has been the Regional Director of Shenzhen Region of Classy Kiss Dairy (Shenzhen) Co., Ltd (卡士乳業(深圳)有限公司). He joined Shenzhen Boling Dairy Co., Ltd (深圳市博羚乳業有限公司) in August 2022 and is the general manager up until now, in charge of the daily operation and management. Mr. Liang holds a Bachelor's degree in Finance from The Open University of China (formerly known as the China Central Radio and TV University).

Mr. Xu Yongqiang (徐永強), aged 33, was appointed as a non-executive Director on 14 May 2025. He is responsible for providing judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Xu Yongqiang has nearly 11 years of experience in business management. Since 2014, he has been the supervisor of Boling Dairy (Shanghai) Co., Ltd (博羚乳業(上海)有限公司), and he became the general manager of Boling Dairy (Xian) Co., Ltd (博羚乳業(西安)有限公司) in 2023 and up until now, in charge of the daily operation and management.

Ms. Xu Chunli, aged 40, was appointed as a non-executive Director on 12 September 2025. She is responsible for providing judgement on the Group's strategy, performance, resources and standard of conduct.

Ms. Xu Chunli holds a Bachelor's degree in Teaching Chinese as a Foreign Language from Henan Normal University. She has 15 years of experience in sales management. From 2010 to 2012, She served as Deputy General Manager of Shenzhen Jiuyang Daming Industrial Co., Ltd., where she led several major projects to completion. From 2013 to 2019, she was Deputy General Manager at Shenzhen Guangda Dongfang Investment Management Co., Ltd., accumulating extensive experience in corporate strategic planning and resource integration. Since 2020, She has been serving as Deputy General Manager of Tiancai Holdings Group (Shenzhen) Co., Ltd., deeply involved in the Group's business layout and market expansion, driving multiple business innovations and growth. She currently oversees the Group's operations management and business development.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Ip Wai Hung (葉偉雄博士), aged 68, was appointed as an independent non-executive Director on 4 June 2018. Dr. Ip is responsible for providing independent advice to the Board. He has more than 30 years of experience in the education industry and consultancy industry. He received his Doctor of Philosophy degree from Loughborough University of Technology (U.K.), a Master of Business Administration degree from Brunel University (U.K.), a Master of Science in Industrial Engineering specialising in management science from Cranfield Institute of Technology, and Bachelor of Laws (Hons) degree from the University of Wolverhampton (U.K.). Dr. Ip is now the adjunct professor of Mechanical Engineering at the University of Saskatchewan, Canada; the senior research fellow in the department of industrial and systems engineering of the Hong Kong Polytechnic University, and the visiting lecturer of Integrated Graduate Development Scheme (IGDS). He was previously an associate professor of the same department from April 1986 to August 2017.

In 2015, Dr. Ip was awarded the “Gold Medal with the Congratulations of Jury” and the “Thailand Award for Best International Invention” in the 43rd International Exhibition of Inventions Geneva. He was also awarded the “Natural Science Award — Second Class” in 2014 of the Ministry of Education Higher Education Outstanding Scientific Research Output Awards by the Ministry of Education of China. He is also the chief editor of Enterprise Information Systems (SCI indexed) and chief editor of the International Journal of Engineering Business Management (ESCI Indexed) and editorial member of various international journals. He is a senior member of the Institute of Electrical and Electronics Engineers (IEEE), and a member of the Hong Kong Institution of Engineers (HKIE).

He is a visiting professor of South China Normal University, Shenzhen University of Mainland China, and Honorary Fellow of the Warwick Manufacturing Group, The University of Warwick (U.K.).

Dr. Ip was an independent non-executive Director of Grand Peace Group Holdings Limited (stock code: 8108), from June 2000 to 17 August 2001 and Interactive Entertainment China Cultural Technology Investment Limited (stock code: 8081) from January 2011 to December 2011. He is an independent non-executive Director of Sunny Side Up Culture Holdings Limited (stock code: 8082) from September 2021 until now. He is also an independent non-executive Director of Ying Kee Tea House Group Limited (stock code: 8241) from March 2025 until now.

Mr. Ko, Wilson Wai Shun (高偉舜先生), aged 55, was appointed as an independent non-executive Director on 4 June 2018.

Mr. Ko graduated from the Technical University of Nova Scotia (now known as Dalhousie Technical University) in May 1993 with a Bachelor of Environmental Design Studies. Mr. Ko further graduated from the University of Leeds, United Kingdom in July 1994 with a Bachelor of Laws. Mr. Ko was admitted as a solicitor of the High Court in Hong Kong in 1997. Mr. Ko is a member of the Law Society of Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

From November 2000 to June 2004, Mr. Ko was employed at United UOB Asia (Hong Kong) Limited as a representative where he was mainly responsible for advising listed and private companies on corporate finance matters. From June 2004 to March 2010, Mr. Ko was employed by Boulton Capital Asia Limited as a senior manager and was mainly responsible for advising listed and private companies on corporate finance matters. From April 2010 to July 2010, Mr. Ko was employed by Shenyin Wanguo Capital (H.K.) Ltd as an associate director and was mainly responsible for advising listed and private companies on corporate finance matters. From July 2010 to November 2012, Mr. Ko was employed by OSK Capital Hong Kong Limited as a director and was mainly responsible for marketing, deal origination and liaison with a focus on developing new business in Mainland China. From June 2013 to October 2015, Mr. Ko was employed at Veda Capital Limited as a representative and mainly responsible for advising on corporate finance matters. Mr. Ko worked for Robertsons from July 2013 to February 2018 as a consultant and specialised in representing issuers or their sponsors on their listing on the Main Board and GEM. From March 2018 to June 2019, Mr. Ko joined Wellington Legal as a Partner and was the Head of Corporate Finance & Capital Markets Department. From July 2019 to March 2025, Mr. Ko joined Gallant Legal as a partner in Commercial Department, and specialises in representing issuers or their sponsors on their listing on the Main Board and GEM.

Mr. Chan Chi Hang (陳志恒先生), aged 48, was appointed as an independent non-executive Director on 4 June 2018. Mr. Chan graduated from the University of Otago in December 1999 with a Bachelor of Commerce. He has been admitted as a member of Hong Kong Institute of Certified Public Accountant (HKICPA) since January 2004 and as a member of Association of Chartered Certified Accountants (ACCA) since December 2004.

From September 2000 to November 2014, Mr. Chan worked at the audit department of Deloitte Touche Tohmatsu and he last served as a senior manager. From November 2014 to July 2015, Mr. Chan worked at Financial Reporting Council as a manager to conduct investigations and compliance.

Mr. Chan has been serving as the chief financial officer of AV Concept Holdings Limited (stock code: 0595) since August 2015, the shares of which are listed on the Stock Exchange.

DISCLOSURE REQUIRED UNDER RULE 17.50(2) OF THE GEM LISTING RULES

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information in relation to the Directors that is required to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules as at the date of this annual report.

SENIOR MANAGEMENT

Mr. Wong King Ho (王景豪先生), aged 56, joined TKEL as a site supervisor in May 2006 and was the authorised signatory of TKEL from September 2009 to August 2012. He has re-joined TKEL since May 2013 as the authorised signatory. He was appointed as a project manager in June 2013. He has been a deputy general manager of TKEL since January 2017. Mr. Wong is responsible for tendering and project management of the Group.

Mr. Wong has over 25 years of experience in the construction industry. Prior to joining the Group, he served as an assistant ganger for land surveying with Gammon Construction Limited from June 1992 to July 1994. From July 1994 to March 1996, he served Tarzan Construction Co. Limited as an assistant quantity surveyor. From March 1996 to April 1999, he served Aoki Cooperation Limited as site foreman. From May 1999 to March 2001, he served Good Development Engineering Company as a director. From March 2001 to August 2004, he served Richfield Construction Engineering Limited as a sub-agent. From August 2004 to December 2005, he served KaiWing Engineering Limited as a project manager. In March 2006, he served Shanghai urban Construction (Group) Corporation as an engineer. From September 2012 to May 2013, he served Gammon Construction Limited as a sub-agent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong obtained a Bachelor of Science in construction project management from the university of Central Lancashire in February 2013. He has been a member of the Chartered Institute of Building since November 2013, a member of Royal Institution of Chartered Surveyors since 2019 and a member of Contractor's Authorised Signatory Association since 2020.

Mr. Chui Wai Chiu (徐惠潮先生), aged 64, joined TKEL in September 2009 as a project engineer. He was appointed as an engineering manager in January 2013. He is responsible for tendering, project management and technical support of the Group.

Mr. Chui has over 31 years of experience in the construction industry. He served as an assistant laboratory technician with Hong Kong Testing Co., Ltd from November 1982 to September 1983. From December 1986 to April 1987, he served Materials Consultant (Asia) Ltd as an assistant engineer. From May 1987 to February 1988, he served Mott, Hay & Anderson Consultant Engineers as a works supervisor II. From February 1988 to June 1990, he served Freyssinet Hong Kong Limited as an assistant engineer III. He was later promoted to engineer and quality engineer in July 1990 and June 1993 respectively. He was transferred to B+B Asia Limited in November 1996. He was subsequently transferred to Freyssinet Hong Kong in November 1998 with the same title and grade. He left Freyssinet Hong Kong in August 2009.

Mr. Chui obtained a Master of Science from Sheffield Hallam University in June 2001, a Bachelor of Management from James Cook University in April 1999 and a Higher Diploma in Civil Engineering from Hong Kong Polytechnic in November 1986. He has been a chartered member of Chartered Quality Institute since September 2008 and acted as the chairman of Chartered Quality Institute (Hong Kong Branch) from January 2015 to March 2017. He was awarded as a certified cathodic protection specialist (CP4) by NACE in October 2011. Since July 2013, he is a corporate member of Association for Materials Protection and Performance, Inc (Former name is NACE International).

Mr. Chau Yun Cheung (周潤璋先生), aged 41, has been the financial controller of the Group since July 2017 and was appointed as company secretary of the Group since March 2024. Mr. Chau is responsible for overseeing financial management and regulatory compliance, as well as reporting obligations of the Group.

Prior to joining the Group, Mr. Chau had worked in accounting firm Deloitte Touche Tohmatsu for approximately seven years from October 2010 to July 2017, where the last position he served was the audit manager of the audit department.

Mr. Chau has been admitted as a member of HKICPA since January 2014. Mr. Chau obtained a degree of Master of Commerce in the field of professional accounting from the University of Queensland in July 2010 and a degree of Bachelor of Business with major in marketing from Queensland University of Technology in July 2008.

REPORT OF DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 December 2025.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 10 April 2017.

In preparing for the listing of the Company's shares on the GEM Board of the Stock Exchange, the Company became the holding company of the companies comprising the Group underwent the corporate reorganisation (the "Reorganisation") upon the completion of the Reorganisation on 20 October 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 27 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Detailed business review is set out in the section of "Management Discussion and Analysis" ("MD&A") in this annual report from pages 5 to 9. Future development of the company's business is set out in the section of "Chairman's Statement" and MD&A in this annual report from page 4 and pages from 5 to 9 respectively. As far as the Company is aware, it 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.

Key risks and uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in the operations and financial position as efficiently and effectively as possible.

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

- (i) the Group has relatively thin net profit margin and the financial results are highly sensitive to any unfavourable change in the cost of sales, contract prices and the market conditions in the RMAA and fitting-out industry in Hong Kong;
- (ii) the Group may not be able to maintain or increase the success rate of the projects tendered;
- (iii) the Group derives the revenue from projects of a non-recurrent nature, where there is no guarantee that the customers will provide us with new business or that the Group will secure new contracts;
- (iv) reliance on customers;
- (v) any significant increase in the subcontracting charges and substandard subcontractor works may have adverse impacts on the financial results;

REPORT OF DIRECTORS

- (vi) the Group determines the contract price based on the estimated time and costs involved in the project. The actual time and costs may deviate from the estimations. An inaccurate estimation or ineffective cost management may adversely affect the Group's financial results;
- (vii) the surety bonds may be forfeited in the event of the non-performance of contracts and the amount of such surety bonds may increase, in either case, the cash flows and financial position could be adversely affected;
- (viii) the business is labour intensive. If the Group or the Group's subcontractors experience any shortage of labour, industrial actions or strikes, the operations and financial results would be adversely affected; and
- (ix) time required to award and complete renovation work may be lengthened in the future.

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

Environment protection

The Group committed to contributing to the sustainability of the environment from its business activities. The Group established measures and created certain environmental framework to minimise and monitor the environmental impacts attributable to its operational. The Group implemented the green office practices such as re-deployment of office furniture as far as possible, encouraged use of recycled paper for printing and copying and reduced energy consumption by switching off idling lightings and electrical appliances. Moreover, the Group also established air pollution, noise and waste disposal control such as watering when necessary for any dusty materials before loading and unloading on site; works that create loud noise are to be carried out during day-time or non noise sensitive hours only; labelled bins to be provided to allow segregation of recyclable materials from other waste for transportation to landfills or public fill whenever possible.

Workplace quality

The Group believes that employees are the valuable assets and regards human resources as its corporate wealth. 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 Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct, employees' rights and benefits.

DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the Articles. In deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.

REPORT OF DIRECTORS

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report.

The Board do not recommend the payment of any final dividend for the year ended 31 December 2025.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled on Friday, 8 May 2026. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 5 May 2026 to Friday, 8 May 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 4 May 2026.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 106 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 22 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme (the "**Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contribution of the Directors and other employees who have made valuable contribution to the Group. The Scheme of the Company was adopted on 4 June 2018 (the "**Adoption**"). There was no share option granted or agreed to be granted under the Scheme for the year ended 31 December 2025.

REPORT OF DIRECTORS

The following is a summary of the principal terms of the Scheme but it does not form part of, nor was it intended to be part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(a) Purpose

The Scheme is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) The Participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue upon listing, being 80,000,000 shares, unless the Company obtains a fresh approval.

(d) Maximum number of options to any one individual

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company as at the date of grant.

REPORT OF DIRECTORS

(e) Price of Shares

The subscription price of a share in respect of any particular option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

(f) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2025.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves available for distribution to the shareholders, comprising share premium, capital reserves and accumulated losses, 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\$93.2 million (2024: HK\$30.2 million).

MAJOR CLIENTS AND SUPPLIERS

For the year ended 31 December 2025, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

— The largest customer	21.2%
— The total of the five largest customers	58.2%

REPORT OF DIRECTORS

For the year ended 31 December 2025, the percentage of cost of sales attributable to the Group's major suppliers is set out below:

Cost of sales

— The largest supplier	10.2%
— The total of the five largest suppliers	33.5%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and major suppliers noted above.

DIRECTORS

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

Executive Directors

Mr. Heung Chung Sum (*Chairman*)

Ms. Li Lo Wan (Appointed on 14 May 2025 and resigned on 1 January 2026)

Non-executive Directors

Ms. Heung Joe Yee (Resigned on 12 September 2025 and appointed on 1 January 2026)

Mr. Liang Bin

Ms. Xu Chunli (Appointed on 12 September 2025)

Mr. Xu Yongqiang (Appointed on 14 May 2025)

Independent non-executive Directors

Dr. Ip Wai Hung

Mr. Ko, Wilson Wai Shun

Mr. Chan Chi Hang

Pursuant to Article 112 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108(a) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages from 25 to 28 of this annual report.

REPORT OF DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the month of Listing or the date of appointment and will continue thereafter until terminated in accordance with the terms of the agreement. Non-executive Directors are appointed for a term of three years initially and will continue thereafter until terminated in accordance with the terms of the agreement. Independent non-executive Directors are appointed for a term of three years initially and will continue thereafter unless terminated by either party giving at least six month's notice in writing.

Save as disclosed above, none of the Directors has entered into any 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' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance, to which the Company, its holding company or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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 10 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

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

COMPETING AND CONFLICT OF 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 31 December 2025.

REPORT OF DIRECTORS

DISCLOSURE OF INTERESTS

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

As at 31 December 2025, interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to 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 Position in the Company's Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Heung Chung Sum	Interest in a controlled corporation	145,500,000 ordinary shares	8.97%

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

Name of Directors	Name of associated corporations	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Heung Chung Sum	Advanced Pacific	Beneficial owner	2 ordinary shares	100%

Save as disclosed above, as at 31 December 2025, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

REPORT OF DIRECTORS

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

As at 31 December 2025, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding
Mr. Xu Changcheng	Beneficial owner	301,800,000 ordinary shares	Long	18.61%
Advanced Pacific	Beneficial owner	145,500,000 ordinary shares	Long	8.97%

Save as disclosed above, as at 31 December 2025 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2025, the Group has not entered into any connected transaction that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transaction that are not exempt under Rule 20.33 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float as required under the GEM Listing Rules.

AUDITOR

D & Partners CPA Limited will hold office until the conclusion of the forthcoming Annual General Meeting. D & Partners CPA Limited will retire and, being eligible, offer themselves for reappointment.

A resolution for the reappointment of D & Partners CPA Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting. Save as disclosed above, there was no other change of the Company's auditors in any of the preceding three years.

REPORT OF DIRECTORS

PRE-EMPTIVE RIGHTS

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

By Order of the Board

Heung Chung Sum

Chairman

Hong Kong, 27 March 2026

INDEPENDENT AUDITOR'S REPORT



To the shareholders of Sheng Tang Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sheng Tang Holdings Limited (formerly known as Allurefem Holding Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 44 to 105, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Accounting for construction contracts

Refer to notes 2.8, 2.13, 4.1, 5 and 17 to the consolidated financial statements.

The Group recognised revenue from construction contracts amounting to approximately HK\$128,748,000 for the year ended 31 December 2025, and had contract assets of approximately HK\$77,128,000 and contract liabilities of approximately HK\$2,108,000 as at 31 December 2025.

The Group's revenue and cost of construction contracts are recognised by reference to the progress of satisfying the performance obligation at the reporting date. The measurement of the revenue amount in each period is based on the costs incurred up to the end of the reporting period as a percentage of total estimated costs for a contract. This requires the management's estimation of the total budget cost of the construction contracts. In addition, significant judgement is required in estimating the contract revenue, the contract costs and variation works which may have an impact on progress of the construction contracts and the corresponding profit taken.

Our procedures in relation to the construction contracts included the following:

- understood the basis of estimation of the budgets through discussion with the management who are responsible for reviewing budgeted costs and budgeted revenue of the construction contracts, and evaluated the reasonableness of the estimated profit margins by taking into account of the profit margins of historical similar projects;
- inspected, on a sample basis, the terms and conditions of construction contracts such as contract sum, construction period, performance obligations, payment schedule, retention and warranty clauses, etc.;
- assessed and checked, on a sample basis, the accuracy of the budgeted construction revenue by agreeing to contracts sum or variation orders as set out in the construction contracts and the agreements entered with customers;
- tested, on a sample basis, the contract costs incurred to date to supporting documents including the subcontractor payment certificates and suppliers' invoices, etc.;
- recalculated, on a sample basis, the percentage of completion based on the latest budgeted final costs and the total actual costs incurred; and
- assessed, on a sample basis, the appropriateness of contract assets/contract liabilities and performed recalculation on progress of satisfying the performance obligation, revenue and gross profit.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Expected Credit Losses ("ECL") assessment of trade and retention receivables and contract assets

Refer to notes 2.7, 4.2(c), 16, 17 and 27.4 to the consolidated financial statements.

At 31 December 2025, the carrying amount of the Group's trade and retention receivables and contract assets amounted to approximately HK\$41,837,000 and HK\$77,128,000, net of HK\$9,194,000 and HK\$20,141,000 ECL allowance, respectively.

The ECL assessment of trade and retention receivables and contract assets involved significant management's judgement and use of estimates to ascertain the recoverability.

ECL allowance for trade and retention receivables and contract assets are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade and retention receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

Our procedures in relation to ECL assessment of the trade and retention receivables and contract assets included the following:

- obtained the Group's policies on credit policy given to customers and an understanding of how the management assesses the impairment of trade and retention receivables and contract assets under the ECL model;
- tested, on a sample basis, the ageing analysis of the trade and retention receivables by comparing with the relevant sales invoices; and
- assessed the reasonableness of management's ECL allowance estimates by examining the information used by management to form such judgements, on a sample basis, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information, and assessing whether there was an indication of management bias when recognising ECL allowance.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements 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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

INDEPENDENT AUDITOR'S REPORT

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Heung Wai Keung (Practising Certificate No.: P06700).

D & PARTNERS CPA LIMITED

Certified Public Accountants

2201, 22/F., West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	161,915	150,023
Cost of sales and services		(145,678)	(140,243)
Gross profit		16,237	9,780
Other income and gain, net	6	429	1,291
(Provision for)/reversal of impairment on contract assets	8(b)	(18,479)	885
Administrative expenses		(15,580)	(14,754)
Gain arising from change in fair value of financial assets at fair value through profit or loss		121	71
Finance costs	7	(405)	(366)
Loss before income tax	8	(17,677)	(3,093)
Income tax expense	9	(1,666)	(47)
Loss for the year		(19,343)	(3,140)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operation		71	–
Total comprehensive expense for the year, net of tax		(19,272)	(3,140)
Loss per share attributable to equity holders of the Company			
Basic and diluted	11	(HK1.43 cents)	(HK0.30 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	13	7,235	6,151
Financial assets at fair value through profit or loss	14	327	206
Deferred tax assets	21	–	1,505
		7,562	7,862
Current assets			
Inventories	15	6,270	–
Contract assets	17	77,128	88,181
Trade and other receivables	16	60,436	36,016
Bank balances and cash		17,528	6,042
		161,362	130,239
Current liabilities			
Contract liabilities	17	2,108	2,708
Trade and other payables	18	43,259	64,221
Amount due to a director	26(b)	378	14,556
Lease liabilities	19	1,901	1,182
Bank and other borrowings	20	9,390	4,922
Tax payable		136	–
		57,172	87,589
Net current assets		104,190	42,650
Total assets less current liabilities		111,752	50,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liability			
Lease liabilities	19	1,762	1,114
		1,762	1,114
Net assets			
		109,990	49,398
Capital and reserves			
Share capital	22	16,220	12,600
Reserves	23	93,770	36,798
Total equity			
		109,990	49,398

The consolidated financial statements on pages 44 to 105 were approved and authorised for issue by the Board of Directors on 27 March 2026 and is signed by:

Heung Chung Sum
Director

Heung Joe Yee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Total equity attributable to equity holders of the Company					
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	HK\$'000 (Note 22)	HK\$'000 (Note 23)	HK\$'000 (Note 23)	HK\$'000 (Note 23)	HK\$'000	HK\$'000
At 1 January 2024	10,500	87,874	1,941	–	(58,844)	41,471
Loss and total comprehensive expense for the year	–	–	–	–	(3,140)	(3,140)
Issuance of shares upon placing (Note 22(a))	2,100	8,967	–	–	–	11,067
As at 31 December 2024 and 1 January 2025	12,600	96,841	1,941	–	(61,984)	49,398
Loss for the year	–	–	–	–	(19,343)	(19,343)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operation	–	–	–	71	–	71
Total comprehensive expense for the year, net of tax	–	–	–	71	(19,343)	(19,272)
Transaction with owners:						
Issuance of shares upon placing (Note 22(b))	2,520	46,251	–	–	–	48,771
Issuance of new shares under debt capitalisation (Note 22(c))	1,100	29,993	–	–	–	31,093
At 31 December 2025	16,220	173,085	1,941	71	(81,327)	109,990

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Operating activities			
Loss before income tax		(17,677)	(3,093)
Adjustments for:			
Depreciation of property, plant and equipment	8(b)	1,562	1,747
Bank interest income	6	(2)	–
Interest expenses	7	405	366
Gain arising from change in fair value of the financial assets at fair value through profit or loss	14	(121)	(71)
Gain on disposal of property, plant and equipment	6	–	(1,033)
Provision for impairment on trade and retention receivables, net	8(b)	2,041	98
Provision for/(reversal of) impairment on contract assets	8(b)	18,479	(885)
Operating profit/(loss) before working capital changes		4,687	(2,871)
Increase in contract assets		(7,426)	(2,167)
Increase in inventories		(6,270)	–
(Increase)/decrease in trade and other receivables		(26,461)	3,770
Decrease in contract liabilities		(600)	(7,928)
(Decrease)/increase in trade and other payables		(20,962)	4,901
Cash used in operating activities		(57,032)	(4,295)
Overseas tax paid		(26)	–
<i>Net cash used in operating activities</i>		(57,058)	(4,295)
Investing activities			
Purchase of property, plant and equipment		(108)	(118)
Proceeds from disposal of property, plant and equipment		–	1,033
Interest received		2	–
<i>Net cash (used in)/generated from investing activities</i>		(106)	915

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Financing activities			
Proceeds from issuance of shares upon placing	22	48,771	11,067
Advance from a director		17,174	2,612
Transaction costs on debt capitalisation		(257)	–
Proceeds from bank and other borrowings	24(a)	8,285	–
Repayment of bank and other borrowings	24(a)	(3,817)	(3,000)
Payment of capital element of lease liabilities	24(a)	(1,172)	(1,253)
Payment of interest element of lease liabilities	24(a), 7	(101)	(59)
Interest paid		(304)	(307)
<i>Net cash generated from financing activities</i>		68,579	9,060
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		6,042	362
Effect of changes in foreign exchange rates		71	–
Cash and cash equivalents at the end of the year, represented by bank balances and cash		17,528	6,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Sheng Tang Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Unit 1901-1905, 19/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively referred as the “Group”) are multi-disciplinary contractors which are principally engaged in performing repair, maintenance, alteration and addition (“RMAA”) works, new construction works and corrosion protection works in Hong Kong, and distribution of dairy product in the Peoples’ Republic of China (“PRC”).

The Company’s shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 4 July 2018.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 27 March 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated. The adoption of amended HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis except for investment in life insurance policies which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (HK\$’000), except where otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Going concern assumption

During the year ended 31 December 2025, the Group incurred a loss and operating cash outflow of HK\$19,343,000 and HK\$57,058,000, respectively, and as at 31 December 2025, the Group has bank balances and cash of HK\$17,528,000 which is insufficient to settle all the current liabilities, which include trade and other payables of HK\$43,259,000, lease liabilities of HK\$1,901,000 and bank and other borrowings of HK\$9,390,000.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company, and the available sources of financing in assessing whether the Group and the Company will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's and the Company's financial position which include, but are not limited to, the followings:

- (a) Implementing operation plans to enhance profitability and control costs and to generate adequate cash flows from operations; and
- (b) seeking for alternative financing solutions and/or group re-organisation to turnaround the difficulties encountered by the Group and the Company.

The directors of the Company, based on a cash flow forecast of the Group covering a period not less than twelve months from the date of report, which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis of accounting.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to meet its future working capital and financing requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Going concern assumption *(Continued)*

Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2025, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of subsidiaries in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.3 Basis of consolidation *(Continued)*

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

2.5 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.12) are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost less their residual values, over the estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	Over the term of lease on land and 4% on building
Leasehold improvement	25%
Plant and machinery	25%
Motor vehicles	25%
Furniture and fixtures	25%
Office equipment	25%

Accounting policy for depreciation of right-of-use assets is set out in note 2.10

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

2.6 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables and retention receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- Fair value through other comprehensive income.

The classification is determined by both the entity's business model for managing the financial asset; and the contractual cash flow characteristics of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.6 Financial instruments *(Continued)*

Financial assets *(Continued)*

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for expected credit losses ("ECL") of trade receivables and retention receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

Debt investments — Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, and cash and bank balances fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

This category contains investments in life insurance policies. The Group accounts for the investments at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include bank and other borrowings, leases liabilities, amount due to a director and trade and other payables.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.6 Financial instruments *(Continued)*

Financial liabilities *(Continued)*

Classification and measurement of financial liabilities *(Continued)*

All interest-related charges and that are reported in profit or loss are included within finance costs. Accounting policies of lease liabilities are set out in note 2.10.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables and amount due to a director

Trade and other payables and amount due to a director are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.7 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and contract assets recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.7 Impairment of financial assets and contract assets *(Continued)*

Trade receivables, retention receivables and contract assets

For trade receivables, retention receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables, retention receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and contract assets and retention receivables and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and retention receivables.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other financial assets at amortised cost equal to 12-month ECL when they do not have significant increase in credit risk since initial recognition.

Details for assessing whether the credit risk has increased significantly since initial recognition are set out in note 27.4.

2.8 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2.13) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.7 and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.6).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.13). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.6).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand.

Renminbi (“RMB”) is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People’s Bank of China (the “PBOC”) or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

2.10 Leases

Definition of a lease and the Company as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as, a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Leases *(Continued)*

Measurement and recognition of leases as a lessee *(Continued)*

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment, the same line as it presents the underlying assets of the same nature that it owns.

2.11 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.12 Share capital

Ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value and any related transaction costs are deducted from the share premium.

2.13 Revenue recognition

Revenue arises mainly from the provision of performing RMAA works, new construction works and corrosion protection works in Hong Kong and distribution of dairy products in the PRC.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Construction contracts

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from construction contracts are recognised over time as the Group's performance creates and enhances an asset that the customer controls. The progress towards complete satisfaction of a performance obligation is measured based on input method, i.e. The costs incurred up to date compared with the total budgeted costs, which depict the Group's performance towards satisfying the performance obligation.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with HKAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.13 Revenue recognition *(Continued)*

Construction contracts *(Continued)*

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

For contracts that contain variable consideration (i.e. variation orders), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Distribution of dairy products

Revenue from the distribution of dairy products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group take advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.14 Impairment of non-financial assets

Property, plant and equipment (including right-of-use assets) and the Company's interest in subsidiaries are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.14 Impairment of non-financial assets *(Continued)*

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund ("MPF") Schemes Ordinance, for all of its employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Long service payment

Certain of the Group's employees in Hong Kong have completed the required number of years of service to the Group in order to be eligible for long service payment ("LSP") under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payment in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.15 Employee benefits *(Continued)*

Long service payment *(Continued)*

The LSP liabilities are the present value of LSP obligation less the entitlements accrued under the Group's defined contribution retirement benefit plans that is attributable to contributions made by the Group.

In June 2022 the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its MPF Scheme to reduce the LSP in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to the date.

2.16 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.18 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.18 Accounting for income taxes *(Continued)*

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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 differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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

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

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.18 Accounting for income taxes *(Continued)*

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.19 Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 Group or of a parent of the Group.

or

- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (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) the entity and the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.19 Related parties *(Continued)*

(b) *(Continued)*

- (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, provide key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, i.e. The chief operating decision maker ("CODM"), for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

3.1 Amended HKFRS Accounting Standard that is effective for annual periods beginning on or after 1 January 2025

In the current year, the Group has applied for the first time the amended HKFRS Accounting Standards issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The nature and impact of the amended HKFRS Accounting Standards that are applicable to the Group are described below:

Amendments to HKAS 21 — Lack of Exchangeability

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendment did not have any impact on these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those new and amended HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings Per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs.

HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 Issued but not yet effective HKFRS Accounting Standards *(Continued)*

Amendments to HKAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wordings in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wordings in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The directors of the Company have considered the development, selection and disclosure of the Group's critical accounting judgements and estimates.

4.1 Critical accounting judgements

Construction contract

As explained in note 2.13, the Group recognises construction revenue under construction contracts by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. This is measured based on the costs incurred up to the reporting date compared with the total budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets and the extent of the costs incurred. In making the above estimation, the Group conducts periodic review on the budgets and makes reference to past experience and work of contractors and surveyors. The impact of the changes in accounting estimates is then reflected in the ongoing results. In addition, actual income in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the contract revenue and gross profit recognised in future years as an adjustment to the amounts recorded to date.

4.2 Estimation uncertainties

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

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment. The estimates are based on the historical experience of the actual economic lives of property, plant and equipment of similar nature and functions. Actual economic lives may differ from estimated useful lives. Management will adjust the depreciation where the useful lives are estimated to be different from the previous estimates. Periodic reviews could result in a change in useful lives and therefore depreciation expense in future periods. The carrying amounts of property, plant and equipment at each reporting date is set out in note 13 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Estimation uncertainties *(Continued)*

(b) Impairment losses of property, plant and equipment

Management estimates the recoverable amount of items of property, plant and equipment when an indication of impairment exists. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The carrying amount of property, plant and equipment at the reporting date is set out in note 13 to the consolidated financial statements. No impairment of property, plant and equipment was made for the years ended 31 December 2025 and 2024.

(c) Estimation of impairment of trade receivables and other items within the scope of ECL under HKFRS 9

The Group makes allowances on items subjects to ECL (including trade and other receivables and contract assets) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in notes 2.7 and 27.4. The carrying amounts of trade and other receivables and contract assets at the reporting date is set out in notes 16 and 17 respectively to the consolidated financial statements. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

(d) Net realisable value of inventories

The Group recognises write-down on inventories based on an assessment of the net realisable value of the inventories. Write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed. The carrying amount of inventories at the reporting date is set out in note 15 to the consolidated financial statements. During the years ended 31 December 2025 and 2024, no impairment loss on inventories is provided.

(e) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT REPORTING

5.1 Revenue

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue represents the consideration received and receivable from these activities.

The Group's revenue recognised during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Types of goods or services		
RMAA works projects	115,070	137,582
New construction works projects	1,093	1,125
Corrosion protection works projects	12,585	11,316
Distribution of dairy products	33,167	–
	161,915	150,023

Timing of revenue recognition

	2025 HK\$'000	2024 HK\$'000
At a point in time	33,167	–
Over time	128,748	150,023
	161,915	150,023

Remaining performance obligations

The following table includes revenue from provision of construction works expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	2025 HK\$'000	2024 HK\$'000
Remaining performance obligations expected to be satisfied:		
Within one year	40,483	73,589
Over one year	12,698	52,174
	53,181	125,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT REPORTING *(Continued)*

5.2 Segment information

The Group has determined the operating segments based on the information reported to the CODM for the purpose of allocating resources to segments and assessing their performance. For management purpose, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Provision of construction works — performing RMAA works, new construction works and corrosion protection works.
- Distribution of dairy products — distribution of sheep dairy products including milk powder and ultra-high temperature milk.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of head office and corporate expenses, bank interest income and non-lease related finance costs. This is the measure reported to the CODM, for the purposes of resource allocation and performance assessment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and non-lease related finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets as they are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and tax payable as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT REPORTING *(Continued)*

5.2 Segment information *(Continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years ended 31 December 2025 and 2024:

	Provision of construction works		Distribution of dairy products		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	128,748	150,023	33,167	–	161,915	150,023
Segment results	(17,746)	(1,397)	3,128	–	(14,618)	(1,397)
Unallocated and corporate expenses					(2,757)	(1,389)
Bank interest income					2	–
Finance costs (other than interest expenses on lease liabilities)					(304)	(307)
Loss before income tax					(17,677)	(3,093)
Income tax expense					(1,666)	(47)
Loss for the year					(19,343)	(3,140)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT REPORTING *(Continued)*

5.2 Segment information *(Continued)*

	Provision of construction works		Distribution of dairy products		Unallocated and corporate		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities								
Segment assets	122,917	136,550	43,404	–	2,603	46	168,924	136,596
Segment liabilities	38,911	82,737	8,547	–	1,950	1,044	49,408	83,781
Other segment information:								
Depreciation of property, plant and equipment	1,493	1,747	69	–	–	–	1,562	1,747
Provision for impairment on trade and retention receivables, net	2,041	98	–	–	–	–	2,041	98
Provision for/(reversal of) impairment on contract assets	18,479	(885)	–	–	–	–	18,479	(885)
Capital expenditure*	75	118	33	–	–	–	108	118

* Excluded the addition of right-of-use assets

Geographical information

(a) The following table provides an analysis of the Group's revenue generated from external customers by geographical market.

	2025	2024
	HK\$'000	HK\$'000
Hong Kong	128,748	150,023
The PRC	33,167	–
	161,915	150,023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT REPORTING *(Continued)*

5.2 Segment information *(Continued)*

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	5,060	6,357
The PRC	2,502	–
	7,562	6,357

The non-current asset information above is based on the locations of the non-current assets and excludes deferred tax assets.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's total revenue, is set out below:

	2025 HK\$'000	2024 HK\$'000
Customer A	25,916	53,719
Customer B	N/A*	31,732
Customer C	27,368	N/A*

* The corresponding revenue for the year did not contribute over 10% of revenue to the Group.

Note: Revenue from these major customers are generated from provision for construction work business segment.

6. OTHER INCOME AND GAIN, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	2	–
Gain on disposal of property, plant and equipment	–	1,033
Compensation income	344	–
Sundry income	83	258
	429	1,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest charges on bank and other borrowings	304	307
Interest charges on lease liabilities	101	59
	405	366

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000
(a) Staff cost (including directors' remuneration)		
Salaries, wages and other benefits	21,255	24,965
Contributions to defined contribution plans	1,055	969
	22,310	25,934
(b) Other items		
Auditor's remuneration — audit services	900	750
Depreciation of property, plant and equipment (Note 13)	1,562	1,747
— Right-of-use assets	1,273	1,197
— Owned assets	289	550
Lease charges in respect of:		
— Short term leases and leases with lease term shorter than 12 months	555	393
Provision for/(reversal of) ECL allowance, net on:	20,520	(787)
— Contract assets	18,479	(885)
— Trade receivables	2,255	(1,748)
— Retention receivables	(214)	1,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the Corporate Income Tax rate for all enterprises in the PRC is 25%. During the year ended 31 December 2025, a PRC subsidiary of the Group was subject to a preferential tax rate of 5% under Income Tax Reduction and Exemption Policies for Micro and Small Low-Profit Enterprises.

	2025 HK\$'000	2024 HK\$'000
Current tax		
Hong Kong Profits Tax		
— Current year	—	—
PRC Corporate Income Tax		
— Current year	161	—
	161	—
Deferred tax (Note 21)	1,505	47
Income tax expense	1,666	47

Reconciliation between income tax expense and accounting loss at applicable tax rate:

	2025 HK\$'000	2024 HK\$'000
Loss before income tax	(17,677)	(3,093)
Tax on loss before income tax, calculated at the Hong Kong Profits Tax rate of 16.5%	(2,918)	(510)
— Difference in tax rate in different jurisdictions	266	—
— Tax concession	(644)	—
— Tax effects of non-deductible expenses	477	427
— Tax effects of non-taxable income	(20)	(12)
— Tax effects of temporary difference not recognised	2,029	—
— Tax effects of tax losses not recognised	2,476	142
Income tax expense	1,666	47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

10.1 Directors' emoluments

	2025			Total HK\$'000
	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	
Executive directors				
Mr. Heung Chung Sum ("Mr. Heung") (<i>Chairman</i>)	–	1,440	–	1,440
Ms. Li Lo Wan (note a)	–	280	10	290
Non-executive directors				
Ms. Xu Chunli (note b)	80	–	–	80
Mr. Xu Yongqiang (note c)	40	–	–	40
Ms. Heung Joe Yee (note d)	123	–	–	123
Mr. Liang Bin (note e)	70	–	–	70
Independent non-executive directors				
Dr. Ip Wai Hung	120	–	–	120
Mr. Ko, Wilson Wai Shun	120	–	–	120
Mr. Chan Chi Hang	120	–	–	120
	673	1,720	10	2,403

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For the year ended 31 December 2025

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

10.1 Directors' emoluments *(Continued)*

	2024			
	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors				
Mr. Heung <i>(Chairman)</i>	–	1,440	–	1,440
Mr. Chan Wai Hon, Alan (note f)	30	–	–	30
Non-executive directors				
Ms. Heung Joe Tung (note g)	70	–	–	70
Ms. Heung Joe Yee (note d)	120	–	–	120
Mr. Liang Bin (note e)	2	–	–	2
Independent non-executive directors				
Dr. Ip Wai Hung	120	–	–	120
Mr. Ko, Wilson Wai Shun	120	–	–	120
Mr. Chan Chi Hang	120	–	–	120
	582	1,440	–	2,022

Notes:

- (a) Ms. Li Lo Wan was appointed as executive director on 14 May 2025 and resigned on 1 January 2026.
- (b) Ms. Xu Chunli was appointed as non-executive director on 12 September 2025.
- (c) Mr. Xu Yongqiang was appointed as non-executive director on 14 May 2025.
- (d) Ms. Heung Joe Yee was resigned as non-executive director on 12 September 2025 and re-appointed as non-executive director on 1 January 2026.
- (e) Mr. Liang Bin was appointed as non-executive director of the Company on 24 December 2024.
- (f) Mr. Chan Wai Hon, Alan was resigned as non-executive director on 28 March 2024.
- (g) Ms. Heung Joe Tung was resigned as non-executive director on 29 July 2024.
- (h) Mr. Shen Peng was appointed as chief executive officer of the Company on 10 September 2024 and resigned as chief executive officer with effective from 12 September 2025. No annual fees or other emoluments were paid by the Group to him upon joining the Group during the year (2024: Nil).

No emoluments were paid by the Group to any directors and chief executive as an inducement to join or upon joining the Group or as compensation for loss of the office during the year (2024: Nil). None of the directors and chief executive of the Company waived any emoluments during the reporting period (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

10.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2024: one) director whose emoluments are disclosed in Note 10.1. The aggregate of the emoluments of the remaining four (2024: four) individuals for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowance and benefits in kind	3,773	3,904
Retirement scheme contributions	54	72
	3,827	3,976

The above individuals' emoluments are within the following band:

	2025	2024
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1
	4	4

11. LOSS PER SHARE

The calculation of loss per share attributable to equity holders of the Company is based on the following:

	2025	2024
Losses		
Loss for the year attributable to equity holders of the Company (HK\$'000)	(19,343)	(3,140)
Shares		
Weighted average number of ordinary shares (in thousands)	1,348,953	1,062,082
Loss per share	(HK1.43 cents)	(HK0.30 cents)

The calculation of basic loss per share for the year is based on the loss of HK\$19,343,000 (2024: HK\$3,140,000) for the year attributable to equity holders of the Company, and the weighted average number of 1,348,953,000 (2024: 1,062,082,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2025 and 2024 was the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during the years.

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For the year ended 31 December 2025

12. DIVIDENDS

The Board did not recommend the payment of dividend for the year ended 31 December 2025 (2024: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvement	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost							
As at 1 January 2024	6,859	3,417	53	7,283	2,466	4,005	24,083
Additions	2,106	-	-	-	-	118	2,224
Disposal/write off	-	-	-	(2,433)	-	-	(2,433)
As at 31 December 2024 and 1 January 2025	8,965	3,417	53	4,850	2,466	4,123	23,874
Additions	2,477	-	3	-	-	105	2,585
Write off	-	-	-	(430)	-	-	(430)
Exchange realignment	62	-	-	-	-	1	63
As at 31 December 2025	11,504	3,417	56	4,420	2,466	4,229	26,092
Accumulated depreciation							
As at 1 January 2024	2,089	3,271	53	6,809	2,464	3,723	18,409
Charge for the year (Note 8(b))	1,142	66	-	259	2	278	1,747
Written back on disposal/write off	-	-	-	(2,433)	-	-	(2,433)
As at 31 December 2024 and 1 January 2025	3,231	3,337	53	4,635	2,466	4,001	17,723
Charge for the year (Note 8(b))	1,313	42	1	151	-	55	1,562
Written back on write off	-	-	-	(430)	-	-	(430)
Exchange realignment	2	-	-	-	-	-	2
As at 31 December 2025	4,546	3,379	54	4,356	2,466	4,056	18,857
Net book amount							
As at 31 December 2024	5,734	80	-	215	-	122	6,151
As at 31 December 2025	6,958	38	2	64	-	173	7,235

As at 31 December 2025, the Group's land and buildings with a net book amount of HK\$3,526,000 (2024: HK\$3,717,000) were pledged to a bank to secure the bank and other borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The right-of-use assets included in the net carrying amount of property, plant and equipment are as follows:

	Carrying amount		Depreciation	
	As at 31 December		For the year ended	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Land and buildings				
— Leased for own use	3,432	2,017	1,122	950
Motor vehicles	61	212	151	247
Total	3,493	2,229	1,273	1,197

During the year ended 31 December 2025, the total additions to right-of-use assets amounted to HK\$2,477,000 (2024: HK\$2,106,000). The details in relation to these leases are set out in note 19 to the consolidated financial statements.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK\$'000	HK\$'000
Investment in life insurance policies	327	206

In April 2020, the Group's subsidiary, Tong Kee Engineering Limited ("TKEL") entered into another life insurance policy with an insurance company to insure Mr. Heung, a director of the Company. Under the policy, the beneficiary and the policy holder is TKEL. The Group was required to pay an annual premium payment of HK\$201,000 for five years. The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("Cash Value"), subject to the condition of release of the banking facilities granted to the Group, which is determined by the accumulated interest earned minus the accumulated insurance charges, policy expense charges if the withdrawal is made between 1st to 5th policy year. The insurance company will pay the subsidiary an interest on the outstanding Cash Value excluding the surrender charge at the prevailing interest rate fixed by the insurance company. Commencing on the 2nd policy year, a minimum guaranteed interest of 5% per annum is guaranteed by the insurance company.

As at 31 December 2025, the investment in life insurance policy is denominated in HK\$ of HK\$327,000 (2024: HK\$206,000) and the fair value is determined by reference to the Cash Value as provided by the insurance company. Accordingly, the fair value gain arising from financial assets at fair value through profit and loss of HK\$121,000 (2024: HK\$71,000) is recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods - dairy products	6,270	–

The cost of inventories recognised as expenses and included in costs of sales amounted to HK\$36,039,000 (2024: Nil) for the year ended 31 December 2025.

16. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade and retention receivables		
Trade receivables	34,871	17,068
Retention receivables	16,160	16,262
Less: ECL allowance	(9,194)	(7,153)
	41,837	26,177
Deposits, prepayments and other receivables		
Prepayments (Note)	16,812	7,921
Deposits paid to suppliers and subcontractors	316	315
Security for issuance of performance bonds	567	684
Other deposits	904	919
	18,599	9,839
	60,436	36,016

Note: As at 31 December 2025, prepayments mainly represented amounts prepaid to suppliers for purchase of dairy products of RMB9,197,000 (equivalent to approximately HK\$10,218,000) (2024: Nil).

All the trade and other receivables are denominated in HK\$ and RMB, and the directors of the Company considered that the fair values of trade and other receivables are not materially different from their carrying amounts.

As at 31 December 2025, retention receivables of HK\$5,027,000 (2024: HK\$5,427,000) included under current assets in the consolidated statements of financial position are expected to be recovered after one year.

As at 31 December 2025, certain trade receivables and a guarantee deposit included in other deposits of HK\$1,669,000 (2024: Nil) and HK\$400,000 (2024: HK\$300,000) were pledged to other borrowings (Note 20), respectively.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group usually grants credit period ranging from 30 to 60 days to customers other than retention receivables. The terms and conditions in relation to the release of retention vary from contract to contract, which will be subject to the expiration of the defect liability period. In general, the retention money will be released upon the expiration of the defect liability period, which is typically one year after completion of construction works.

The ageing analysis of the trade receivables based on the invoice dates is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	20,671	4,774
31 days to 60 days	4,179	6,676
61 days to 90 days	204	817
91 days to 365 days	5,181	3,530
Over 365 days	4,636	1,271
	34,871	17,068

The ageing analysis of the trade receivables based on due dates is as follows:

	2025 HK\$'000	2024 HK\$'000
Not yet due	24,543	8,301
Less than 30 days past due	500	3,531
31 days to 60 days past due	1,492	704
61 days to 90 days past due	177	1,067
91 days to 365 days past due	4,953	2,194
Over 365 days past due	3,206	1,271
	34,871	17,068

The movements in the net ECL allowance of trade and retention receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	7,153	8,422
Provision for/(reversal of) ECL allowance during the year, net	2,041	(1,269)
At the end of the year	9,194	7,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. CONTRACT ASSETS/CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Contract assets	97,269	89,843
Less: ECL allowance	(20,141)	(1,662)
	77,128	88,181
Contract liabilities	(2,108)	(2,708)
	75,020	85,473

The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The amount of revenue recognised during the year ended 31 December 2025 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion and modification of contracts, is HK\$1,585,000 (2024: HK\$515,000).

Movements in the contract assets and the contract liabilities balances during the years ended 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,688	2,507
Transfers from contract assets recognised at the beginning of the year to receivables	29,277	31,239

The balances of contract assets and contract liabilities are expected to be recovered/settled within one year.

The movements in the ECL allowance of contract assets are as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	1,662	1,180
Provision for ECL allowance during the year	18,479	482
At the end of the year	20,141	1,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade and retention payables		
Trade payables	26,108	47,321
Retention payables	2,742	3,486
	28,850	50,807
Other payables		
Accrued expenses and other payables	11,585	10,069
Provision for annual leave and long service payment	2,824	3,345
	14,409	13,414
	43,259	64,221

The Group is granted by its suppliers and subcontractors a credit period ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	12,977	21,412
31 days to 60 days	5,920	12,866
61 days to 90 days	1,340	3,567
91 days to 365 days	2,332	5,006
Over 365 days	3,539	4,470
	26,108	47,321

As at 31 December 2025, retention payables of HK\$1,541,000 (2024: HK\$2,286,000) included under current liabilities in the consolidated statement of financial position are expected to be payable after one year.

All trade and other payables are denominated in HK\$ and RMB. The carrying values of trade and other payables are considered to be reasonable approximation of their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Total minimum lease payments		
— Within one year	2,034	1,273
— After one year but within two years	953	1,114
— After two years but within five years	894	29
	3,881	2,416
Future finance charges on lease liabilities	(218)	(120)
Present value of lease liabilities	3,663	2,296
Present value of minimum lease payments		
— Within one year	1,901	1,182
— After one year but within two years	889	1,085
— After two years but within five years	873	29
	3,663	2,296
Less: Portion due within one year included under current liabilities	(1,901)	(1,182)
Portion due after one year included under non-current liabilities	1,762	1,114

As at 31 December 2025, lease liabilities of HK\$125,000 (2024: HK\$282,000) are effectively secured by corporate guarantees from a subsidiary of the Company and the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 December 2025, the total cash outflows for the leases (capital and interest elements) were HK\$1,273,000 (2024: HK\$1,312,000).

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For the year ended 31 December 2025

19. LEASE LIABILITIES *(Continued)*

Details of the lease activities

As at 31 December 2025 and 2024, the Group has entered into leases for offices and motor vehicles.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Offices leased for owned use	Land and buildings in "property, plant and equipment"	2 (2024: 1)	0.92 to 2.92 years (2024: 1.92 years)	The contract does not contain an option to renew the lease after the end of the contract
Motor vehicles	Motor vehicles in "property, plant and equipment"	2 (2024: 3)	0.5 to 1.5 years (2024: 0.33 to 2.5 years)	All of the contracts contain an option to purchase the motor vehicles at the end of the lease term

20. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Loans, secured:		
— repayable within one year	4,658	497
— not repayable within one year from the end of the reporting period but contain a repayment on demand clause	4,732	4,425
Amounts shown under current liabilities	9,390	4,922

As at 31 December 2025 and 2024, all bank and other borrowings were denominated in HK\$.

The bank and other borrowings were secured by:

- (a) land and buildings with a net book amount of HK\$3,526,000 (2024: HK\$3,717,000) as at 31 December 2025 (Note 13);
- (b) corporate guarantee by the Company as at 31 December 2025 and 2024;
- (c) guarantee as provided by the HKMC Insurance Limited under the Small and Medium Enterprise Guarantee Scheme as at 31 December 2025 and 2024;
- (d) personal guarantee as provided by Mr. Heung, as at 31 December 2025 and 2024;
- (e) a guarantee deposit of HK\$400,000 (2024: HK\$300,000) included in "Other deposits" under "Trade and other receivables" in the consolidated statement of financial position as at 31 December 2025 (Note 16); and
- (f) certain trade receivables of HK\$1,669,000 (2024: Nil) as at 31 December 2025 (Note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. DEFERRED TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Provision of ECL allowance	Accelerated tax depreciation	Total
	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	1,584	(32)	1,552
Recognised in profit or loss (Note 9)	(129)	82	(47)
As at 31 December 2024 and 1 January 2025	1,455	50	1,505
Recognised in profit or loss (Note 9)	(1,455)	(50)	(1,505)
As at 31 December 2025	–	–	–

The analysis of deferred tax is as follows:

	2025	2024
	HK\$'000	HK\$'000
Deferred tax assets	–	1,505

As at 31 December 2025, the Group had total tax losses arising in Hong Kong of approximately HK\$26,748,000 (2024: HK\$11,747,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised due to unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2024	1,050,000,000	10,500
Share allotment on placing (Note (a))	210,000,000	2,100
As at 31 December 2024 and 1 January 2025	1,260,000,000	12,600
Share allotment on placing (Note (b))	252,000,000	2,520
Issue of new shares under debt capitalisation (Note (c))	110,000,000	1,100
As at 31 December 2025	1,622,000,000	16,220

Notes:

- (a) On 20 November 2024, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best basis, up to 210,000,000 placing shares at the placing price at HK\$0.055 per placing share to certain independent placees. The gross proceeds from the placing amounted to HK\$11,550,000, and the net proceeds, after the deduction of the placing commission and other related expenses of approximately HK\$483,000, amounted to approximately HK\$11,067,000. The net proceeds from the placing are intended to be used (i) as to approximately HK\$2,000,000 for the repayment of bank borrowings; and (ii) as to approximately HK\$9,067,000 for the general working capital of the Group. The placing had been completed on 10 December 2024.

Details are set out in the Company's announcements dated 20 November 2024, 25 November 2024 and 10 December 2024.

- (b) On 18 August 2025, the Company entered into the placing agreement with the placing agent pursuant to which the Company had conditionally agreed to place, through the placing agent on a best basis, up to 252,000,000 placing shares at the placing price at HK\$0.20 per placing share to certain independent placees. The gross proceeds from the placing amounted to HK\$50,400,000, and the net proceeds, after the deduction of the placing commission and other related expenses of approximately HK\$1,700,000, amounted to approximately HK\$48,700,000. The net proceeds from the placing are intended to be used (i) as to approximately HK\$19,700,000 for the business operation and potential expansion of the construction business of the Group; (ii) as to approximately HK\$17,000,000 for development of the Group's business segment in the distribution of dairy products; (iii) as to approximately HK\$4,000,000 for repayment of existing bank borrowings; and (iv) as to approximately HK\$8,000,000 for the general working capital of the Group. The placing had been completed on 8 September 2025.

Details are set out in the Company's announcements dated 18 August 2025 and 8 September 2025.

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22. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

- (c) On 26 September 2025, the Company and Mr. Heung entered into the capitalisation agreement, pursuant to which the Company had conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 capitalisation shares at the price of HK\$0.285 per capitalisation share for the settlement of part of the outstanding sum owed by the Company to Mr. Heung. The subscription amount in the sum of HK\$31,350,000 payable by Mr. Heung under the capitalisation agreement was satisfied by setting off against an equivalent amount of the outstanding sum on a dollar-for-dollar basis. The debt capitalisation had been completed on 27 November 2025.

Details are set out in the Company's announcements dated 26 September 2025, 31 October 2025, 3 November 2025 and 27 November 2025.

23. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital reserve

The capital reserve represents the share capital of entities comprising the Group prior to the reorganisation and the reserves arising from the reorganisation for the purpose of listing of the Company's shares on the Stock Exchange. The capital reserve also includes costs attributable to the sale shares of the Controlling Shareholder.

Statutory reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to appropriate 10% of their profit after income tax (after offsetting prior year losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

Foreign currency translation reserve

The translation reserve comprises the exchange differences arising on the translation of the financial statements of foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings	Lease liabilities
	HK\$'000	HK\$'000
As at 1 January 2024	7,922	1,443
<i>Non-cash changes:</i>		
— Additions	—	2,106
— Interest charge	—	59
<i>Financing cash flows:</i>		
— Repayments	(3,000)	—
— Capital element of lease rentals paid	—	(1,253)
— Interest element of lease rentals paid	—	(59)
As at 31 December 2024 and 1 January 2025	4,922	2,296
<i>Non-cash changes:</i>		
— Additions	—	2,477
— Interest charge	—	101
Exchange realignment	—	62
<i>Financing cash flows:</i>		
— Additions	8,285	—
— Repayments	(3,817)	—
— Capital element of lease rentals paid	—	(1,172)
— Interest element of lease rentals paid	—	(101)
As at 31 December 2025	9,390	3,663

(b) Major non-cash transactions

During the year ended 31 December 2025, the addition of right-of-use assets and lease liabilities amounted to approximately HK\$2,477,000 (2024: HK\$2,106,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

(a) Key management personnel remuneration

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits	3,502	6,143
Retirement scheme contributions	54	14
	3,556	6,157

(b) Balances with the related parties

	2025 HK\$'000	2024 HK\$'000
Amounts due to:		
Mr. Heung (Note)	378	14,556
A director of a subsidiary of the Company (included in other payables in Note 18)	908	1,457
A key management personnel of the Company (included in other payables in Note 18)	40	887

Note:

Mr. Heung is the Chairman and an executive director of the Company. As at 31 December 2024, Mr. Heung was also the ultimate controlling shareholder of the Company.

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair values and are denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. INTERESTS IN SUBSIDIARIES

	2025 HK\$'000	2024 HK\$'000
Unlisted shares, at cost	15,407	15,407

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 as follows:

Company name	Place of incorporation and operation	Type of legal entity	Issued and paid up capital	Equity interest attributable to the Group		Principal activities
				2025	2024	
Directly held:						
Nova Genesis Enterprises Limited	BVI	Limited liability	United States dollar ("US\$") 1	100%	100%	Investment holding
Treasure Mark Global Limited	BVI	Limited liability	US\$1	100%	100%	Investment holding
Prime Centric Limited	BVI	Limited liability	US\$1,000	100%	100%	Investment holding
Indirectly held:						
TKEL	Hong Kong	Limited liability	HK\$3,600,000	100%	100%	Performing RMAA works, new corrosion protection work in Hong Kong
Projexasia (Building) Limited	Hong Kong	Limited liability	HK\$10,000	100%	100%	Performing RMAA works, new corrosion protection work in Hong Kong
富平縣聖唐食品科技 有限公司 Fuping Shengtang Food Technology Co., Ltd.*#	The PRC	Limited liability	RMB100,000 (No paid up capital)	100%	N/A	Distribution of dairy products in the PRC

* English name is for identification purpose only

Newly incorporated during the year ended 31 December 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group's overall financial risk management policies focuses on the unpredictability and volatility at financial markets and seeks to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

27.1 Categories of financial assets and liabilities

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTPL	327	206
Financial assets at amortised cost:		
Trade and other receivables	43,624	28,095
Bank balances and cash	17,528	6,042
	61,479	34,343
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	40,037	60,876
Amount due to a director	378	14,556
Lease liabilities	3,663	2,296
Bank and other borrowings	9,390	4,922
	53,468	82,650

27.2 Foreign currency risk

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income. The Group's exposure to currency risk arise primarily from its bank balances denominated in US\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.2 Foreign currency risk *(Continued)*

As the rate of exchange between HK\$ and US\$ is controlled within a tight range, the directors of the Company consider the exposure to foreign currency risk is insignificant.

27.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Bank and other borrowings bearing variable rates expose the Group to cash flow interest rate risk. Lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The effective interest rates of the Group's bank and other borrowings at the reporting date were as follows:

	2025		2024	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Bank and other borrowings	2.8%–11%	9,390	3%–7.6%	4,922

The following table illustrates the sensitivity of the Group's loss after income tax for the year and equity to a possible change in interest rates.

	Increase in loss for the year and equity	
	2025 HK\$'000	2024 HK\$'000
Increase by 50 basis points	44	20

The same degree of decrease in basis point would have the same magnitude on the Group's loss for the year and equity as at each reporting dates but of opposite effect.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is limited to the carrying amounts of the financial assets at each reporting date as detailed in note 27.1.

In respect of trade and retention receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract asset balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 December 2025, 13.9% (2024: 44.9%) of trade and retention receivables was due from the largest customer and 46.4% (2024: 79%) of trade and retention receivables was due from the five largest customers of the Group. Except for as disclosed in Note 16, the Group does not hold any other collateral from its debtors.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. 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 in the Group and changes in the operating results of the borrower are indicators to be incorporated.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical elements and forward-looking elements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.4 Credit risk *(Continued)*

(i) Trade and retention receivables

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade and retention receivables.

	Expected loss rate	
	2025	2024
Trade and retention receivables		
Neither past due nor impaired	0.2%–1.1%	0.2%–0.6%
Less than 30 days past due	0.3%–2.1%	0.4%–1.2%
31 days to 60 days past due	0.5%–3.2%	0.6%–1.8%
61 days to 90 days past due	2.0%–13.0%	2.3%–7.4%
91 days to 365 days past due	4.0%–26.0%	4.7%–100%
Over 365 days past due	100%	100%

(ii) Contract assets

Contract assets are related to unbilled work in progress which have substantially the same risk characteristics as the trade and retention receivables for the same type of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The individually impaired contract assets related to customers that were credit-impaired or in default payments and no receivables are expected to be recovered. As at 31 December 2025, the management revisit the portfolio of contract assets and credit-impaired those balances past due for more than four years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's contract assets:

	2025	2024
Impairment losses assessed by credit risk portfolio using provision matrices		
Expected loss rate	3.3%	1.8%
Gross carrying amount (HK\$'000)	79,724	89,843
Expected credit losses (HK\$'000)	(2,596)	(1,662)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.4 Credit risk *(Continued)*

(ii) Contract assets *(Continued)*

	2025	2024
Impairment credit losses assessed individually		
Expected loss rate	100%	N/A
Gross carrying amount (HK\$'000)	17,545	N/A
Expected credit losses (HK\$'000)	(17,545)	N/A

(iii) Other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information. The Group considers counterparties having a low risk of default and a strong capacity of to meet contractual cash flow as performing.

(iv) Bank balances and cash

Cash and cash equivalents are placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant.

27.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its payables and financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.5 Liquidity risk *(Continued)*

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2025 and 2024. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Within 1 year or on demand HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000	Effective interest rate
As at 31 December 2025						
Trade and other payables	38,496	1,541	–	40,037	40,037	N/A
Amount due to a director	378	–	–	378	378	N/A
Lease liabilities	2,034	953	894	3,881	3,663	4.5%
Bank and other borrowings	9,390	–	–	9,390	9,390	8.1%
	50,298	2,494	894	53,686	53,468	
As at 31 December 2024						
Trade and other payables	58,590	2,286	–	60,876	60,876	N/A
Amount due to a director	14,556	–	–	14,556	14,556	N/A
Lease liabilities	1,273	1,114	29	2,416	2,296	3.8%
Bank and other borrowings	4,922	–	–	4,922	4,922	5.3%
	79,341	3,400	29	82,770	82,650	

Note: Bank and other borrowings with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that the bank and other borrowings with a repayment on demand clause will be repaid in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted amount HK\$'000	Carrying amount HK\$'000
As at 31 December 2025	2,012	1,894	1,157	5,063	4,732
As at 31 December 2024	717	2,151	2,031	4,899	4,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

27.6 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities measured at fair value are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2025				
Financial assets at FVTPL				
— Investment in life insurance policies	–	327	–	327
<hr/>				
As at 31 December 2024				
Financial assets at FVTPL				
— Investment in life insurance policies	–	206	–	206
<hr/>				

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The fair value of investment in life insurance policies is determined by reference to the Cash Value as provided by the insurance companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current asset			
Interests in subsidiaries	26	15,407	15,407
		15,407	15,407
Current assets			
Prepayment		40	40
Amounts due from subsidiaries		94,678	29,663
Bank balances and cash		2,840	5
		97,558	29,708
Current liabilities			
Other payables		2,577	1,848
Amount due to a director		886	386
		3,463	2,234
Net current assets		94,095	27,474
Net assets		109,502	42,881
Capital and reserve			
Share capital		16,220	12,600
Reserves	23	93,282	30,281
Total equity		109,502	42,881

Approved and authorised for issue by the board of directors on 27 March 2026.

Heung Chung Sum
Director

Heung Joe Yee
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

The movements of the Company's reserves are as follows:

	Share premium	Capital reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	87,874	28,431	(93,602)	22,703
Loss for the year	–	–	(1,389)	(1,389)
Issuance of shares upon placing (Note 22(a))	8,967	–	–	8,967
As at 31 December 2024 and 1 January 2025	96,841	28,431	(94,991)	30,281
Loss for the year	–	–	(13,243)	(13,243)
Issuance of shares upon placing (Note 22(b))	46,251	–	–	46,251
Issuance of new shares under debt capitalisation (Note 22(c))	29,993	–	–	29,993
As at 31 December 2025	173,085	28,431	(108,234)	93,282

Capital reserve

Capital reserve of the Company represents the difference between the total equities of TKEL acquired by the Company pursuant to the reorganisation over the nominal value of the Company's shares issued in therefor. The capital reserve also includes listing costs attributable to the sale shares of the controlling shareholder.

29. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to the equity holders by pricing services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as bank and other borrowings and lease liabilities less bank balances and cash. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the shareholders, issue new shares and raise new debt financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. CAPITAL MANAGEMENT *(Continued)*

As at 31 December 2025, the Group maintained a net cash position, the net debt to equity ratio is not applicable. The net debt to equity ratio at each reporting date is as follows:

	2025	2024
	HK\$'000	HK\$'000
Borrowings	9,390	4,922
Lease liabilities	3,663	2,296
Less: bank balances and cash	(17,528)	(6,042)
Net (cash)/debt	(4,475)	1,176
Total equity	109,990	49,398
Net debt to equity ratio	N/A	2.4%

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, extracted from the audited financial statements of the Group, is as follows.

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	154,255	185,008	143,405	150,023	161,915
Loss before taxation	(43,130)	(25,378)	(30,756)	(3,093)	(17,677)
Income tax credit/(expense)	494	741	435	(47)	(1,666)
Loss and total comprehensive expense for the year	(42,636)	(24,637)	(30,321)	(3,140)	(19,343)

ASSETS AND LIABILITIES

	At 31 December				
	2021	2022	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	235,532	188,076	132,736	138,101	168,924
Total liabilities	(139,103)	(116,284)	(91,265)	(88,703)	(58,934)
Net assets	96,429	71,792	41,471	49,398	109,990