



INTERIM REPORT **2025**

SHENG TANG HOLDINGS LIMITED 聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8305)

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

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 Director

Mr. Heung Chung Sum (*Chairman*)

Ms. Li Lo Wan (appointed on 14 May 2025)

Non-executive Director

Ms. Heung Joe Yee

Mr. Liang Bin

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

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

Room 2502, 25/F

148 Electric Road

North Point

Hong Kong

CORPORATE INFORMATION

PRINCIPAL 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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

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

WEBSITE ADDRESS

www.tongkee.com.hk

STOCK CODE

8305

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company and its subsidiaries (collectively referred to as the “**Group**”) is a well-established multi-disciplinary contractor specializing in renovation and maintenance works, alteration and addition works (“**RMAA**”), new construction works, and corrosion protection works in Hong Kong. The Group is responsible for the comprehensive management, implementation, and supervision of projects. Its expertise encompasses project planning, development of work programmes, procurement of materials, on-site operations, coordination with clients and their consultants, and stringent quality control of works undertaken by employees and subcontractors.

In the RMAA segment, the Group provides a diverse range of services, including repair, alteration and addition, maintenance, modification, rehabilitation, steelworks, civil works, and demolition works. These services are delivered across various venues such as residential and commercial buildings, carparks, roads, footbridges, and theme parks in Hong Kong. For new construction works, the Group undertakes projects that include noise mitigation works, architectural metalwork, bus shelters, dangerous goods store buildings, and innovative structures such as air balloons. In corrosion protection works, the Group offers specialized solutions, including the installation of cathodic protection systems such as sacrificial anodes and impressed current systems.

During the six months ended 30 June 2025 (the “**Relevant Period**”), the Group managed 52 active projects (30 June 2024: 69 projects), generating substantial revenue contributions. Despite a slight decrease in the number of projects compared to the prior period, demand for the Group’s RMAA and new construction services remains strong, driven by favorable market conditions. During the Relevant Period, the Group secured 30 new projects with a total contract value of approximately HK\$39.1 million, reflecting its continued ability to capture opportunities in the competitive construction market.

MANAGEMENT DISCUSSION AND ANALYSIS

In line with its strategic vision to diversify and expand its business mix, the Group has successfully engaged in the consumer goods sector through the distribution of dairy products in the People's Republic of China (the "**PRC**"). Such new business segment encompasses the sourcing, distribution, and quality assurance of milk powder and ultra-high temperature milk. Leveraging its expertise in marketing and stringent quality control, the Group aims to capture the growing demand for premium dairy products in the PRC market. Such diversification represents a significant milestone in the Group's business evolution, enabling it to broaden its revenue base and reduce its reliance on construction-related activities.

Going forward, the Directors remain cautiously optimistic about the Group's prospects amidst a dynamic macroeconomic environment. In Hong Kong, growth opportunities in the RMAA and new construction sectors are expected to be driven by continued property development and maintenance needs, as well as infrastructure expansion. However, challenges such as rising labor and material costs will require careful management to sustain profitability.

The Directors also recognize the importance of geographical and sectoral diversification to ensure long-term resilience. The Group's expansion into the PRC dairy product distribution market aligns with this strategy, offering significant growth potential in a rapidly expanding customer goods sector. By capitalizing on its operational strengths and market insights, the Group is well-positioned to establish itself as a trustworthy player in the PRC's dairy industry. This strategic initiative underscores the Group's commitment to creating sustainable value for its stakeholders while navigating the evolving business landscape.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately HK\$86.1 million for the six months ended 30 June 2024 to approximately HK\$71.5 million for the six months ended 30 June 2025, representing a decrease of approximately 16.9%. Approximately HK\$5.6 million revenue was generated from the distribution of dairy segment, while the remaining are from the construction service. Such decrease was mainly due to the effect of decrease in RMAA and new works projects undertaken by the Group as a result of the overall environment in the construction industry in Hong Kong.

Direct Costs

The cost of sales decreased from approximately HK\$75.1 million for the six months ended 30 June 2024 to approximately HK\$65.0 million for the six months ended 30 June 2025, representing a decrease of approximately 13.4%. Such decrease was mainly attributable to the decrease in the subcontracting charges and construction material costs incurred in line with the revenue decrease and the cost control plan was implemented effectively during the period.

Gross Profit

Gross profit of the Group decreased by approximately HK\$4.5 million from approximately HK\$11 million for the six months ended 30 June 2024 to approximately HK\$6.5 million for the six months ended 30 June 2025. The overall gross profit margin decreased from approximately 12.8% for the six months ended 30 June 2024 to 9.1% for the six months ended 30 June 2025. The decrease in gross profit as well as gross profit margin is mainly due to lesser gross profit margin projects were undertaken during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses of the Group decreased by approximately HK\$3.7 million or 37.4% from approximately HK\$9.9 million for the six months ended 30 June 2024 to approximately HK\$6.2 million for the six months ended 30 June 2025.

Administrative expenses primarily consist of staff costs, depreciation, transportation and motor vehicle expense, and other costs incurred for daily operation. The decrease was mainly attributable to the cost control plan implemented during the year.

Finance Costs

Finance costs for the Group decreased by approximately 75.6% from approximately HK\$0.1 million for the six months ended 30 June 2024 to approximately HK\$28,000 for the six months ended 30 June 2025. Since the Group has reduced the size of bank borrowing during the six months ended 30 June 2024 when comparing with prior period, therefore the finance cost decreased accordingly.

Income Tax Expense

Income tax expense for the Group is approximately HK\$56,000 for the six months ended 30 June 2025 while for the six months ended 30 June 2024 is nil, as the Group has recorded loss before taxation for 2024 and the current year tax expense mainly derived from the new segment.

Profit for the Period

As a result of foregoing, the Group recognised a profit for the period of approximately HK\$0.2 million for the six months ended 30 June 2025 comparing profit of approximately HK\$1.0 million for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio remains stable at approximately 1.4 times as at 31 December 2024 and at approximately 1.5 times as at 30 June 2025.

As at 30 June 2025, the Group had total borrowings of approximately HK\$4.1 million (31 December 2024: approximately HK\$4.9 million). The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year/period and multiplied by 100%, increased mildly from approximately 9.7% as at 31 December 2024 to 9.9% as at 30 June 2025. 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 satisfy its funding requirements.

The Group's borrowings and bank balances are denominated in HK\$ and there was no significant exposure to foreign exchange rate fluctuations during the Relevant Period.

For further details regarding the borrowings, please refer to notes 14 and 15.

TREASURY POLICY

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The shares of the Company were listed on the 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 Company only comprises of ordinary shares.

As at the date of this report, 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 operating lease commitments as at 31 December 2024 and 30 June 2025.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 4.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2025, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2025, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CHARGE OF GROUP'S ASSETS

As at 30 June 2025, the Group pledged certain amount of land and building and investments in life insurance policies to secure short-term bank borrowings and other general banking facilities granted to the Group. For details, please refer to note 16.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed a total of 62 employees (31 December 2024: 67 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$11.7 million for the six months ended 30 June 2025 (2024: approximately HK\$14.0 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. 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 10 December 2024 (the “**Placing**”). After deducting related expenses, the net proceeds from the Placing amounted to approximately HK\$11.2 million. A breakdown of the utilization of these net proceeds from the Placing date up to the date of this interim report is provided below:

	Use of net proceeds as disclosed in the announcement dated 20 November 2024 HK\$ million	Actual use of net proceeds from Placing date to the date of this interim report HK\$ million	Expected timeline of full utilization of the balance
Repayment of bank borrowings	2.0	1.6	End of year 2025
General working Capital	9.2	9.2	—

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE OF INTERESTS

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

As at the date of this report, 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 Director	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Heung Chung Sum	Interest in a controlled corporation	35,500,000 ordinary shares	2.8%

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

As at the date of this report, 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. Li Mung Tat	Substantial Shareholder	136,000,000 ordinary shares	Long	10.79%
Mr. Xu Chang Cheng	Substantial Shareholder	301,800,000 ordinary shares	Long	23.95%

Save as disclosed above, as at the date of this report 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.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPETING AND CONFLICTS 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 period ended 30 June 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2025.

CORPORATE GOVERNANCE CODE

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate 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 Mr. Shen Peng being the chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

As at 30 June 2025, save as disclosed above, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries 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 throughout the Relevant Period.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 4 June 2018 ("**the Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options has been granted during the Relevant Period and there were no share options outstanding as at 30 June 2025.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with its 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 primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company's annual report and interim financial reports before submission to the Board. The Audit Committee consists of three members, namely Mr. Chan Chi Hang, Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun, all being independent non-executive Directors of the Company. Mr. Chan Chi Hang currently serves as the chairman of the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

By order of the Board

Sheng Tang Holdings Limited

Heung Chung Sum

Chairman and Executive Director

Hong Kong, 8 August 2025

As at the date of this report, the executive Director is Mr. Heung Chung Sum and Ms. Li Lo Wan; the non-executive Directors are Ms. Heung Joe Yee, Mr. Liang Bin and Mr. Xu Yongqiang; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

INTERIM RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the unaudited comparative figures for the corresponding period in 2024, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	4	71,512	86,194
Direct costs		(65,003)	(75,159)
Gross profit		6,509	11,035
Other income		–	5
Administrative expenses		6,272	(9,859)
Gain/(loss) arising from change in fair value of financial assets at fair value through profit or loss		36	(76)
Finance costs		(28)	(115)
Profit before income tax	5	245	990
Income tax expense	6	(56)	–
Profit and total comprehensive income for the period		189	990
Profit per share			
– Basic and diluted (HK cents)	8	0.01	0.09

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	5,301	6,151
Financial assets at fair value through profit or loss	10	242	206
Deferred tax assets		1,505	1,505
		7,048	7,862
Current assets			
Contract assets	12	85,489	88,181
Trade and other receivables	11	34,460	36,016
Bank balances and cash		2,813	6,042
		122,762	130,239
Current liabilities			
Contract liabilities	12	2,019	2,708
Trade and other payables	13	40,858	64,221
Amount due to a director		31,468	14,556
Lease liabilities	14	1,182	1,182
Bank borrowings	15	4,142	4,922
		79,697	87,589
Net current assets		43,065	42,650
Total assets less current liabilities		50,113	50,512

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
	Notes		
Non-current liabilities			
Leases liabilities	14	523	1,114
		523	1,114
Net assets			
		49,590	49,398
CAPITAL AND RESERVES			
Share capital	16	12,600	12,600
Reserves		36,990	36,798
Total equity			
		49,590	49,398

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital HK\$'000 (Note 17)	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
At 1 January 2025 (audited)	12,600	96,841	1,941	–	(61,984)	49,398
Profit and total comprehensive income for the period	–	–	–	–	189	189
Exchange difference arising from translation of the financial statement	–	–	–	3	–	3
At 30 June 2025 (unaudited)	12,600	96,841	1,941	3	(61,795)	49,590
At 1 January 2024 (audited)	10,500	87,874	1,941	–	(58,844)	41,471
Profit and total comprehensive income for the period	–	–	–	–	990	990
At 30 June 2024 (unaudited)	10,500	87,874	1,941	–	(57,854)	42,461

Note: Capital reserve represents the difference between the Company's share capital and the combined share capital of the subsidiaries of the Company pursuant to a reorganisation for the listing.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Net cash (used in) from operating activities</i>	(18,712)	2,034
Investing activities		
Acquisition of financial assets at fair value through profit or loss	–	(109)
Acquisition of property, plant and equipment	(33)	–
<i>Net cash used in investing activities</i>	(33)	(109)
Financing activities		
Repayment of bank borrowings	(780)	(1,961)
Payment of lease liabilities	(591)	(34)
Advance from a director	16,912	2,091
Interest paid	(28)	(115)
<i>Net cash from (used) in financing activities</i>	15,513	(19)
Net (decrease)/increase in cash and cash equivalents	(3,232)	1,906
Cash and cash equivalents at the beginning of the period	6,042	362
Effect of foreign exchange translation	3	–
Cash and cash equivalents at the end of the period	2,813	2,268
Analysis of cash and cash equivalent balances		
Bank balances and cash	2,813	2,268

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 April 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office and principal place of business of the Company are at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman, KY1-1108, Cayman Islands and Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to 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 PRC.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“**HK\$’000**”), except where otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial information for the year ended 31 December 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

2. BASIS OF PREPARATION *(Continued)*

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial information for the year ended 31 December 2024, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for accounting periods beginning on or after 1 January 2025. Except for those disclosed in note 3, the effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgments in the process of applying the Group's accounting policies.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. ADOPTION OF NEW OR AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2025

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2024, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2025. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amended standards adopted by the group

The following amendments to standards and interpretations are effective for accounting periods beginning on or after 1 January 2025. The adoption of these amendments to standards and interpretations does not have any material impact to the results and financial position of the Group for the current or prior periods.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. ADOPTION OF NEW OR AMENDED HKFRSs *(CONTINUED)*

Amended standards adopted by the group *(Continued)*

		Effective for accounting periods beginning on or after
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 presentation of Financial Statements — Classification by the borrower of a Term Loan that contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Note:

There are no other amendments to standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on results and financial position of the Group.

The Group has not applied any amendments to standards and interpretations that are not effective for current accounting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION

The principle activities of the Group are (i) provision of construction works and (ii) distribution of dairy products. An analysis of the revenue is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Construction works	65,881	86,194
Distribution of dairy products	5,631	–
Contract revenue	71,812	86,194

(a) Segment reporting

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors, being the chief operating decision maker (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, other revenue, other net income and finance costs. This is the measure reported to the CODM, for the purposes of resource allocation and performance assessment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment reporting *(Continued)*

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by operating and reportable segments for both periods:

For the six months ended 30 June 2025

	Provision of construction works HK\$'000 (unaudited)	Distribution of dairy products HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers recognised at a point in time	65,881	5,631	71,812
Reportable segment revenue	65,881	5,631	71,812
Reportable segment profit	786	738	1,524
Unallocated head office and corporate expenses:			(1,287)
Other income and net gains			36
Finance costs			(28)
Profit before income tax			245

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment reporting *(Continued)*

For the six months ended 30 June 2024

	Provision of construction works HK\$'000 (unaudited)	Distribution of dairy products HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from external customers recognised at a point in time	86,194	–	86,194
Reportable segment revenue	86,194	–	86,194
Reportable segment profit	2,018	–	2,018
Unallocated head office and corporate expenses:			(842)
Other income and net losses			(71)
Finance costs			(115)
Profit before income tax			990

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Geographical information

	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Hong Kong	65,881	86,194
PRC	5,631	—
	71,812	86,194

(c) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Customer A	10,952	40,215
Customer B	7,120	17,150

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(d) Unsatisfied performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2025:

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Remaining performance obligations expected to be satisfied		
Within one year	62,320	73,589
Over one year	26,935	52,174
	89,255	125,763

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(a) Staff costs (including directors' remuneration):		
Salaries and other allowances	11,726	14,000
Retirement benefit scheme contributions	372	780
	12,098	17,800
(b) Other items		
Auditor's remuneration	—	—
Depreciation of property, plant and equipment		
— right-of-use assets	275	462
— owned	608	495

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. 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.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group have sufficient tax losses to absorb the profit for the period ended 30 June 2025.

Subsidiaries in the PRC are subject to PRC Enterprise Income Tax (“EIT”) at the rate of 25% (2024: 25%).

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax		
— Current year	—	—
PRC EIT	56	—
Income tax expense	56	—

7. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025 and 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. PROFIT PER SHARE

The calculations of basic earnings per share attributable to the equity holders of the Company are based on the followings:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Profit:		
Profit for the period attributable to equity holder of the Company (HK\$'000)	189	990
Number of shares:		
Weighted average number of ordinary shares (in thousands)	1,260,000	1,050,000

Diluted earnings per share for both periods were the same as basic earning per share as there were no potential ordinary shares outstanding.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the interim period of 30 June 2024, the Group acquired property, plant and equipment amounted to HK\$33,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Investments in life insurance policies	242	206

In April 2020, the Group's subsidiary, TKEL entered into 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\$208,000 for five years. The Group can terminate the policy at any time and receive cash back based on the Cash Value, which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge 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.

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant 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.
- Level 3: unobservable inputs for the asset or liability.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

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 30 June 2025 (unaudited)				
Financial assets at fair value through profit or loss				
— Investments in life insurance policies	–	242	–	242
As at 31 December 2024 (audited)				
Financial assets at fair value through profit or loss				
— Investments in life insurance policies	–	206	–	206

During the reporting period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Trade and retention receivables		
Trade receivables	14,106	17,068
Retention receivables	16,686	16,262
Less: ECL allowance	(7,153)	(7,153)
	23,639	26,177
Deposits, prepayments and other receivables		
Prepayments	8,074	7,921
Deposits paid to suppliers and subcontractors	1,243	315
Security for issuance of performance bonds	684	684
Other deposits	820	919
	10,821	9,839
	34,460	36,016

As at 30 June 2025 (unaudited), retention receivables of HK\$6,273,000 (2024: HK\$3,100,000) included under current assets in the condensed consolidated statement of financial position are expected to be recovered after one year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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.

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 completion of the construction works and expiry of the defect liability period. In general, the retention money will be released upon the expiry of the defect liability period, which is typically one year after completion of construction works.

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Within 30 days	5,839	4,774
31 days to 60 days	4,277	6,676
61 days to 90 days	559	817
91 days to 365 days	2,405	3,530
Over 365 days	1,026	1,271
	14,106	17,068

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Not yet due	6,249	8,301
Less than 30 days past due	3,192	3,531
31 days to 60 days past due	820	704
61 days to 90 days past due	620	1,067
91 days to 365 days past due	2,199	2,194
Over 365 days past due	1,026	1,271
	14,106	17,068

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
At the beginning of the year	7,153	8,422
Reversal of ECL allowance during the year	–	(1,269)
At the end of the year	7,153	7,153

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. CONTRACT ASSETS/CONTRACT LIABILITIES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Contract assets	87,151	89,843
Less: ECL allowance	(1,662)	(1,662)
	85,489	88,181
Contract liabilities	(2,019)	(2,708)
	–	85,473

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. CONTRACT ASSETS/CONTRACT LIABILITIES *(Continued)*

The amount of revenue recognised during the six months ended 30 June 2025 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of stage of completion and modification of contracts, is HK\$3,136,000 (2024: HK\$3,136,000).

	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	1,203	2,507
Transfers from contract assets recognised at the beginning of the period to receivables	14,620	31,239

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. TRADE AND OTHER PAYABLES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Trade and retention payables		
— Trade payables	21,783	47,321
— Retention payables	4,820	3,486
	26,603	50,807
Accrued expenses and other payable	10,835	10,069
Provision for annual leave and long service payment	3,420	3,345
	14,255	13,414
Total trade and other payables	40,858	64,221

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. TRADE AND OTHER PAYABLES *(Continued)*

The credit period on trade payables ranges from 30 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0–30 days	7,049	21,412
31–60 days	5,268	12,866
61–90 days	3,028	3,567
91–365 days	3,412	5,006
Over 365 days	3,026	4,470
	21,783	47,321

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. LEASE LIABILITIES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Total minimum lease payments:		
— Within one year	1,273	1,273
— After one year but within two years	534	1,114
— After two years but within five years	—	29
	1,807	2,416
Future finance charges on leases liabilities	(101)	(120)
Present value of leases liabilities	1,706	2,296
Present value of minimum lease payments:		
— Within one year	1,182	1,182
— After one year but within two years	524	1,085
— After two years but within five years	—	29
	1,706	2,296
Less: Portion due within one year included under current liabilities	(1,182)	(1,182)
Portion due after one year included under non-current liabilities	524	1,114

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. LEASE LIABILITIES *(Continued)*

As at 30 June 2024, lease liabilities of HK\$460,000 were 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, there are no such lease liabilities as at 30 June 2025.

During the six months ended 30 June 2025, the total cash outflows for the leases were HK\$850,000 (six months ended 30 June 2024: HK\$850,000).

15. BANK BORROWINGS

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Bank loans, secured		
— repayable within one year	482	497
— not repayable within one year from the end of the reporting period but contain a repayable on demand clause	3,660	4,425
Amount shown under current liabilities	4,142	4,922

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. BANK BORROWINGS *(Continued)*

The bank loans were secured by:

- (a) corporate guarantee by the Company as at 30 June 2025 and 31 December 2024;
- (b) guarantee provided by the HKMC Insurance Limited under the Small and Medium Guarantee Scheme as at 30 June 2025 and 31 December 2024; and
- (c) personal guarantee as provided by the Controlling Shareholder as at 30 June 2025 and 31 December 2024.

16. 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 30 June 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	210,000,000	2,100
As at 31 December 2024, 1 January 2025 and		
30 June 2025	1,260,000,000	12,600

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. RELATED PARTY DISCLOSURES

Compensation of key management personnel

Related parties	Six months ended 30 June	
	2025	2024
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Salaries and other allowances	2,760	2,604
Retirement benefits scheme contributions	75	45
	2,835	2,649

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.