



M&L HOLDINGS GROUP LIMITED 明樑控股集團有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code: 8152



2025

ANNUAL REPORT

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



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Ng Lai Ming
(Chairman and Chief Executive Officer)

Mr. Ng Lai Tong
Mr. Ng Lai Po
Mr. Ng Yung Wong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tai Wai Kwok
Ir Lo Kok Keung
Mr. Lau Chi Leung
Ms. Luk Pui Yin Grace

AUDIT COMMITTEE

Mr. Tai Wai Kwok (Chairman)
Ir Lo Kok Keung
Mr. Lau Chi Leung
Ms. Luk Pui Yin Grace

NOMINATION COMMITTEE

Mr. Lau Chi Leung (Chairman)
Mr. Ng Lai Ming
Ir Lo Kok Keung
Mr. Tai Wai Kwok
Ms. Luk Pui Yin Grace

REMUNERATION COMMITTEE

Ir Lo Kok Keung (Chairman)
Mr. Ng Lai Ming
Mr. Tai Wai Kwok
Mr. Lau Chi Leung
Ms. Luk Pui Yin Grace

CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Lai Po (Chairman)
Mr. Tai Wai Kwok
Ir Lo Kok Keung
Mr. Lau Chi Leung
Ms. Luk Pui Yin Grace

COMPANY SECRETARY

Mr. Lee Baldwin

AUTHORISED REPRESENTATIVES

Mr. Ng Lai Ming
Mr. Lee Baldwin

COMPLIANCE OFFICER

Mr. Ng Lai Po

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21st Floor, Empress Plaza
17-19 Chatham Road South
Tsimshatsui, Kowloon, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

BDO Limited

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

8152

COMPANY WEBSITE

www.mleng.com

Chairman's Statement

On behalf of the board of Directors (the "Board") of M&L Holdings Group Limited (the "Company"), I present the annual report of the Company and its subsidiaries (together, the "Group") in respect of the year ended 31 December 2025 ("Year").

In the past few years, the Company focused on developing overseas markets and our management team has made numerous trips abroad to meet with potential customers, access market intelligence of specific locations, and promote the Group's TBM related engineering solutions expertise. In particular, we noted numerous infrastructure projects with high content of tunnelling construction in the Australia and North America markets are being launched to cope with population growth and urban/sub-urban expansion at certain metropolitan locations. At the same time, albeit the PRC market experienced a relative low business level in 2025, there has been a rise in number of enquiry and sales orders from the PRC market in 2026 as transportation network projects that were previously held back are gradually being put back on track.

To strengthen its technical capability and market reach, the Group took a strategic move and acquired a disc-cutter production facility in Dongguan and the associated technical know-how and trademark license (collectively, the "Acquisition") in 2025. The Acquisition will expand our products offering to better serve the technical needs of the potential customers in the PRC and Singapore markets.

Thanks to the dedication of our management team, it is my pleasure to report that the Group has achieved a turnaround in results to a profit for the year ended 2025. With an enhanced presence in overseas market and the Acquisition, the Group has elevated its competitive edge and envisages that business performance will continue to improve during year 2026 and beyond.

I take this opportunity to express my appreciation to my fellow Board members, our dedicated staff team, and our valuable business partners and shareholders for their continuous support through the years.

Yours truly,

Ng Lai Ming

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2026

Management Discussion and Analysis

BUSINESS REVIEW

Background, recent development and outlook

The Group is an integrated engineering solutions provider in connection with (i) the supply of specialised cutting tools and parts for construction equipment with particular focus on disc cutters which are widely used in conjunction with tunnel boring machines (“TBM”) and microtunnelling equipment; (ii) the supply of fabricated construction steel works and equipment; (iii) the supply of specialised construction equipment, and repair and maintenance services. Our business can broadly be categorized into two segments, namely tunnelling and foundation.

Hong Kong market

Progress on a key tunnelling project, which commenced more than a year ago, experienced delays and it is now expected to conclude with lower consumption of disc cutters and parts than as planned. Offsetting this, several new projects launched in Hong Kong have begun contributing a steady stream of revenue since the latter part of the Year that is projected to continue into year 2026.

In contrast, the foundation business segment saw a contraction in revenue during the Year, underpinned by the sluggish real estate market and heightened competition. As market players aggressively bid for a dwindling number of new projects, the Group faced significant pricing pressure. Outlook of the Hong Kong market is expected to be driven by large scale infrastructure initiatives. We will closely monitor potential business opportunities associated with the “Railway Development Strategy” and the “Northern Metropolitan” development, while maintaining a disciplined bidding approach to avoid engaging in unsustainable, cut-throat price competition.

PRC market

The Group noted increase in sales enquiry and orders in the PRC market, but relatively small amount of delivery was made within year 2025, with further delivery to take place in year 2026. While management observed a gradual recovery in the tunnelling market, we also noted a shift in specifications requirement of tunnelling products in the PRC market. In order to capture the demand in the PRC market, the Group acquired a disc cutter and parts processing factory in Dongguan, the PRC and entered into a trademark licensing agreement (collective the “Acquisition”) during the Year to obtain the technical know-how on the production of disc cutters of a defined range of specifications and the exclusive license to distribution such products in the PRC and Singapore. Details of the Acquisition were set out in the announcement published by the Company on 10 December 2025. The Acquisition will enable the Group to achieve enhanced supply chain stability and revenue diversification by leveraging the production capacity and established brand name of the Acquisition subject, which could be readily transformed into a part of the product offerings of the Group.

At the same time, the Group persistently sought to recover overdue trade balances and achieved promising results during the Year and shall maintain regular communication with debtors to expedite settlement.

Overseas market

The Group recorded an improvement in performance in overseas market during the Year, as we secured a relatively sizeable order for tunnelling products in Australia during the Year and with further orders scheduled for delivery in first half of 2026. With the new technical and production capability from the Acquisition, we shall place additional effort on developing products and engineering solution to undertake business opportunities in the Singapore. The Group is actively exploring various overseas markets and noted growing business opportunities particularly in Australia, North America, and continental Europe and expects improvement in the performance of overseas market in the coming year.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue increased by HK\$14.6 million or 21.6% to HK\$82.3 million for the Year, as notable business improvement was recorded in the Australia, North America and Hong Kong markets, but was partly offset by reduction in revenue from the PRC market. An analysis of the Group's revenue by geographic region is set out in note 6(c) to the consolidated financial statements. In terms of business segments, over 95% of revenue for the Year was derived from the tunnelling business segment, as the Group approached the highly competitive foundation business segment with caution. A discussion of business condition of different geographic region is set out in the Business Review section above.

Cost of sales and gross profit

Cost of sales represents costs and expenses directly attributable to our revenue generating activities and predominantly comprised cost of inventories sold. Cost of sales for the Year increased by approximately HK\$2.9 million or 6.4% only, which is proportionately less than the 21.6% increase in revenue as a key contract which commenced delivery in the second half of the Year comprised higher technical specifications and yielded relatively higher profit margin, together with the result of different sale mix and more maintenance services and machinery rental income with higher profit margin recorded in the Year. Gross profit increased from HK\$23.5 million to HK\$35.2 million for the Year and a result of revenue growth and improvement of gross profit margin from 34.7% to 42.8% for the Year for reasons as aforesaid.

Other income and other gains and losses

Other income and other gains and losses comprised (i) gain on disposal of assets classified as held for sale of approximately HK\$0.5 million and (ii) gain on bargain purchase arising from the Acquisition of approximately HK\$4.7 million.

Selling expenses

Selling expenses mainly include freight charges, product warranty and repair costs, and sales commission. Selling expenses increased by approximately HK\$2.9 million to HK\$6.9 million for the Year and was mainly attributable to increase in freight and transportation costs as a result of the increase in sales to overseas market.

Administrative expenses

Administrative expenses mainly include staff costs, Directors' remuneration and benefits (both accounted for under the employee benefit expenses), legal and professional fees, depreciation and amortisation and other administrative expenses. The slight increase in administrative expenses mainly contributed by the net effect of (i) increase in legal and professional fee incurred for the Acquisition; (ii) decrease in depreciation of right-of-use assets due to the expiration and close to the end of lease contracts and (iii) indirect import tariff incurred in the PRC during the Year. While key types of administrative expenses remained stable for the Year as compared to the Previous Year, as there was no major change in the personnel and overhead structure of the Group.

Exchange gain

The Group recorded a net exchange gain of approximately HK\$4.3 million for the Year, as compared to a loss of HK\$4.7 million for the Previous Year, mainly as a result of the gradual appreciation of Renminbi and Australian dollars, combined with significant fluctuations in Euro exchange rate during the Year.

Management Discussion and Analysis

Reversal of impairment loss on trade receivables

The Group adopted a systematic approach to assess the overall risk of default on its receivable balances and to determine whether any, and the amount of, provision for impairment is required thereon. Based on such assessment, a reversal of provision of HK\$0.5 million was recorded for the Year, as both the outstanding balance and aging profile of the receivable balances had improved, coupled with the Group's accelerated collection efforts during the Year.

Finance costs

The Group received proceeds from the disposal of property in Australia in the first quarter of the Year, resulting in more abundant cash inflow. Management therefore decided to reduce financial borrowings, thereby lowering the payment of persistently high borrowing interest. As a result, the Group incurred a finance cost of approximately HK\$1.4 million for the Year, a decrease of HK\$0.7 million from the Previous Year.

Income tax (expense)/credit

Income tax expense of HK\$0.5 million was recorded for the Year as compared to an income tax credit of HK\$0.3 million in the Previous Year since the Group had turned around from a loss to a profit for the Year.

Profit/(Loss) for the year

The Group recorded a profit of HK\$9.4 million for the Year as compared to a loss of HK\$13.0 million for the Previous Year, mainly as a result of the rise in gross profit by HK\$11.8 million, increase in selling expenses by HK\$2.9 million, favourable exchange difference of HK\$4.3 million as compared to a loss of HK\$4.7 million for the Previous Year, reduction in the reversal of provision of impairment by HK\$0.5 million, gain on bargain purchase of HK\$4.7 million recognised on acquisition of a subsidiary, decrease in net finance cost of HK\$0.7 million and the increase in provision income tax by HK\$0.9 million.

Other comprehensive income

The Group recorded other comprehensive income (net of tax) of HK\$2.5 million for the Year mainly from increase in fair value of land and buildings located in Australia and Singapore.

Liquidity, financial resources and capital structure

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Current assets	131,530	147,947
Current liabilities	57,145	60,222
Current ratio	2.30	2.46

During the year ended 31 December 2025, the Group financed its operations by its internal resources and banking facilities. As at 31 December 2025, the Group had net current assets of approximately HK\$74.4 million (31 December 2024: HK\$87.7 million), including cash and cash equivalents of approximately HK\$17.1 million (31 December 2024: HK\$23.4 million). The Group's current ratio as at 31 December 2025 was 2.30 times (31 December 2024: 2.46 times).

Management Discussion and Analysis

As at 31 December 2025, the Group had a total available banking and other facilities of approximately HK\$13.8 million, of which approximately HK\$9.8 million was utilised and approximately HK\$4.0 million was unutilised and available for use. The Group monitors its working capital and liquidity status closely and periodically works with our banks to renew or revise financing arrangement according to the needs of the Group.

The maturity profile of the Group's borrowings as at 31 December 2025 is set out below. The carrying amounts of the bank borrowings are denominated in the HK\$.

At the end of reporting period, bank borrowings were scheduled to repay as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
On demand or within 1 year	9,787	19,692
Later than 1 year but not exceeding 2 years	—	1,788
	9,787	21,480

There has been no change in capital structure of the Company during the year ended 31 December 2025. As at 31 December 2025, the equity attributable to equity holders of the Company amounted to approximately HK\$112.1 million (31 December 2024: approximately HK\$99.0 million).

Gearing ratio

As at 31 December 2025, the Group was in a net cash position, with cash and cash equivalents of HK\$17.1 million exceeding the aggregate of bank borrowings of HK\$9.8 million, lease liabilities of HK\$0.2 million and the advance from a Director of HK\$3.0 million. Accordingly, the net gearing ratio is not applicable. For comparison, the net gearing ratio as at 31 December 2024 was 1.7%, calculated based on bank borrowings, lease liabilities and the advance from a Director, less cash and cash equivalents of HK\$1.6 million, as a percentage of equity attributable to equity holders of the Company of HK\$99.0 million.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

During the year ended 31 December 2025, other than Hong Kong dollars, the major currencies of which our Group transacted in consisted primarily of Euro, Renminbi and Australian dollars (the "Major Foreign Currencies").

While our Group did not adopt any hedging policies during the period, our Directors consider that we were able to manage our exposure to foreign exchange risks by using the Major Foreign Currencies (i) as the settlement currencies of our contracts with certain customers; and (ii) to settle payments with our suppliers.

As part of our Group's treasury practice, we would manage our foreign currency exposure by converting part of our Major Foreign Currencies holdings to Hong Kong dollars from time to time. Going forward, our Directors will continue to use the Major Foreign Currencies as the settlement currency of our contracts with our customers and suppliers in order to manage our exposure to foreign exchange risks. In addition, our Group will continue to evaluate and monitor our exposure to foreign exchange risks from time to time and may consider adopting hedging policies if necessary.

Management Discussion and Analysis

CAPITAL COMMITMENT

The Group had no capital commitment as at 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group acquired the 100% of the shares of a Hong Kong company and its PRC subsidiary, which in turn holds a disc cutter production factory in Dongguan, China and is principally engaged in the business of producing and dealing in, amongst others, disc cutters in the PRC, at a consideration of €650,000. The acquisition was completed on 10 December 2025 and the financial statements of the acquired entities are consolidated into the Group since then. Details of the acquisition were set out in the announcement published by the Company on 10 December 2025.

Except for the aforesaid, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

CHARGES ON ASSETS

As at 31 December 2025, a life insurance policy for Mr. Ng Lai Ming with an insured sum of US\$1,582,862 has been assigned as security for certain banking facilities.

SIGNIFICANT INVESTMENTS HELD

The Group had not held any significant investments during the year ended 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees and remuneration policies

The number of staff of the Group by functions as at 31 December 2025 and 2024 are as follows:

	As at 31 December	
	2025	2024
Directors	8	7
Sales & Engineering Solutions	7	8
Design & Development	7	6
Technical Services & Maintenance	7	7
Finance, Administration & Operations	17	13
Manufacturing	4	—
	50	41

Management Discussion and Analysis

The total staff costs of the Group (including Directors' emoluments, salaries to staff, sales commission and other staff benefits included provident fund contributions and other staff benefits) for the year ended 31 December 2025 was approximately HK\$15.1 million (2024: HK\$15.0 million). The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group monitors the performance of individual employee on a continuous basis and rewards outstanding performance of the employees by salary revision, bonus and promotion where suitable. The Group maintains a good relationship with its employees and has not experienced any significant problems with its employees due to labour disputes nor any difficulty in the recruitment and retention of experienced staff.

Customers and suppliers

The Group is committed to providing high-quality products and services to its customers. We have extensive customer networks and relationships with market participants in the PRC and various countries in Asia-Pacific and other overseas market, and we are well-positioned to capture opportunities in the construction industry. We believe that customer satisfaction is the key to our long-term success.

The Group values mutually beneficial long-term relationships with its suppliers. Steady supply of high-quality products are crucial for us. The Group is committed to developing stable and sustainable partnership among its suppliers.

ENVIRONMENTAL POLICIES

The Group has established a set of management policies, mechanisms and measures on environmental protection to ensure the sustainable development and operation of the Group. The Group strives to enhance the efficiency in the usage of energy and resources and also complies with relevant environmental regulations in Hong Kong, the PRC, Singapore and Australia.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2025, which will be sent to shareholders in due course.

PRINCIPAL RISK AND UNCERTAINTY

Our business is subject to a number of risks, including but not limited to risks relating to our business and industry, and risks relating to the countries in which we operate. Some of the major risks we face include:

- Our businesses operate on a project-by-project basis and we may be unable to compete effectively or secure new contracts;
- A significant portion of our purchases of products were supplied by a few suppliers;
- Potential competition with the entry of other integrated engineering solutions (or similar services) providers may reduce our market share and adversely affect our business;
- Demand for our businesses may be adversely impacted by slowdown in the tunnelling and foundation sectors in Hong Kong, the PRC, Singapore and Australia; and
- We are exposed to our customers' credit risk.

Management Discussion and Analysis

The management is delegated to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management develops contingency plans for possible loss scenarios.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ng Lai Ming (吳麗明), aged 62, is our chairman, chief executive officer and executive Director. Mr. Ng is one of our founders and controlling shareholders. Mr. Ng is primarily responsible for the overall management, strategic development and daily operation of our Group. He was appointed as our Director on 24 September 2015, and currently holds directorship in certain subsidiaries of our Company. He is also a member of our remuneration committee and nomination committee. Mr. Ng is the brother of Mr. Ng Lai Tong and Mr. Ng Lai Po.

Mr. Ng obtained his bachelor's degree in mechanical engineering from Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in November 1989. Mr. Ng has over 30 years of experience in the construction and engineering industries in Hong Kong.

Mr. Ng Lai Tong (吳麗棠), aged 60, is our executive Director. Mr. Ng Lai Tong is primarily responsible for the overall business operation and sales of our Group in Hong Kong and the PRC. He was appointed as our Director on 6 January 2017, and currently holds directorship in certain subsidiaries of our Company. Mr. Ng Lai Tong first joined our Group in August 1994, and rejoined our Group in June 2001 after leaving us in November 1997 and was responsible for sales, marketing and overall business strategy of our Group in the PRC. Mr. Ng Lai Tong is the brother of Mr. Ng Lai Ming and Mr. Ng Lai Po. Mr. Ng obtained his bachelor's degree in science from the Chinese University of Hong Kong in December 1988. Mr. Ng has over 30 years of experience in engineering and sales in the construction and manufacturing industries.

Mr. Ng Lai Po (吳麗寶), aged 58, is our executive Director and compliance officer. Mr. Ng is primarily responsible for the corporate governance of our Group. He joined our Group in October 2015 and was appointed as our Director on 6 January 2017. He is also the chairman of our corporate governance committee. Mr. Ng is the brother of Mr. Ng Lai Ming and Mr. Ng Lai Tong. Mr. Ng obtained his bachelor's degree in social sciences from the University of Hong Kong in December 1990. He has been a fellow of the Association of Chartered Certified Accountants since November 1999 and a member of the Hong Kong Institute of Certified Public Accountants since 2017. Mr. Ng has over 25 years of experience in financial and operation management in Hong Kong and the PRC, covering a variety of industries including property management, department store operation, petroleum, fast moving consumer goods, pharmaceutical, luxury and fashion products trading and retailing. Mr. Ng has been serving as an independent non-executive director of Elate Holdings Limited (previously named "South Sea Petroleum Holdings Limited"), a company listed on the Stock Exchange (stock code: 76) since December 2012 and the chief financial officer of Time Watch Investment Limited, a company listed on the Stock Exchange (stock code: 2033) since January 2023.

Mr. NG Yung Wong (吳容旺), aged 61, joined the Group in year 2018 and is an executive Director and also a sales director of a key subsidiary of the Group. Mr. Ng YW holds a degree of Bachelor of Science with major in mathematical science from Hong Kong Baptist College (now known as Hong Kong Baptist University) and has over 30 years in sales of construction material and equipment.

Prior to joining the Group, Mr. Ng YW was a general manager (sales & marketing) of a pharmaceutical company from 2015 to 2016 and took up various positions (last position being general manager) of the Hong Kong office of a multinational construction equipment manufacturer from 1998 to 2014. During the period from 1989 to 1998, Mr. Ng YW worked in different sales positions at various steel and commodities trading companies.

Directors and Senior Management

Independent Non-executive Directors

Mr. Tai Wai Kwok (戴偉國), aged 56, was appointed as our independent non-executive Director on 19 June 2017. He is also the chairman of our audit committee and a member of our remuneration committee, nomination committee and corporate governance committee. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 1996 and a fellow of the Association of Chartered Certified Accountant since September 2003. Mr. Tai obtained his bachelor of arts degree in accountancy from the Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in November 1991. Mr. Tai has over 30 years of experience in auditing, accounting and financial related matters.

Ir Lo Kok Keung (盧覺強), aged 77, was appointed as our independent non-executive Director on 19 June 2017. Ir Lo is also the chairman of our remuneration committee and a member of our audit committee, nomination committee and corporate governance committee. Ir Lo obtained his higher certificate in mechanical engineering from the Hong Kong Technical College (former of the Hong Kong Polytechnic University) in July 1972. He has been a chartered engineer of the Institution of Mechanical Engineers since January 2002. Ir Lo has been a fellow of the Institution of Mechanical Engineers and the Institute of Marine Engineering, Science and Technology in the United Kingdom since January 2007 and July 2009, respectively. He has been a member of the Society of Automotive Engineers in the United States of America since October 1985. Ir Lo was admitted as a member of the Hong Kong Institution of Engineers in January 2000 and a registered professional engineer (mechanical) of the Engineers Registration Board in Hong Kong since 2001. Ir Lo was appointed as a member of the Appeal Board Panel under the Builders' Lifts and Tower Working Platforms (Safety) Ordinance from October 2003 to October 2006 and he has been repeatedly appointed by the Hong Kong Council for Accreditation of Academic & Vocational Qualifications as a specialist. Ir Lo has over 40 years of experience in teaching, running project laboratories, and assisting in experimental rigs design of research students and professors. Ir Lo has been serving as an expert witness in the Hong Kong courts of law since January 1994, providing expert witness testimony and evidence related to traffic accidents and mechanical defects. Ir Lo was recognized as expert witness by the court of law of Macau and given evidence related to traffic accident case in trial in May 2017. Ir Lo had been invited as a honourable speaker to give the seminar on Road Traffic Accident Reconstruction by the Legal and Judicial Training Centre of Macau Special Administrative Region in May 2018. This seminar provided for justices, prosecutors and senior police officers only. Ir Lo is an instructor of the traffic accident reconstruction training course for the Macau SAR government Transport Bureau, the Hong Kong Metropolitan University LiPACE, and the Airport Authority Hong Kong. Ir Lo has also been invited to teach the same course for the Fire Services Department's officer at managerial level in Fire Services Department.

Directors and Senior Management

Mr. Lau Chi Leung (劉志良), aged 76, was appointed as our independent non-executive Director on 19 June 2017. He is also the chairman of our nomination committee and a member of our audit committee, remuneration committee and corporate governance committee. Mr. Lau obtained his Bachelor of Arts degree in architectural studies from the University of Hong Kong in November 1973, Diploma in Architecture from Canterbury College of Art in the United Kingdom in July 1977 and Master's degree in project management from the University of Sydney in Australia in October 2004. Mr. Lau has been a member of the Hong Kong Institute of Architects for over 41 years and was awarded for his outstanding contribution towards the works of the Hong Kong Institute of Architects in March 2015. Mr. Lau is a Registered Architect under the Architects Registration Board, Hong Kong, an Authorized Person and a Registered Inspector under the Buildings Ordinance, Hong Kong. Mr. Lau has over 40 years of experience in the building construction and property development industry. Mr. Lau served as a member of the Contractors Registration Committee from January 2017 to December 2020, a member of the Construction Workers Registration Appeal Panel from January 2017 to December 2020. He is currently a member of the Appeal Tribunal Panel, Buildings Ordinance since December 2018, and a member of the Inquiry Committee Panel, Architects Registration Board, Hong Kong since 2022.

Ms. Luk Pui Yin Grace (陸佩然), aged 61, is an independent non-executive Director and also a member of each of our audit committee, remuneration committee, nomination committee and corporate governance committee since June 2024. Ms. Luk holds a bachelor degree in Business Administration from the Chinese University of Hong Kong. She is a fellow of the UK Association of Chartered Certified Accountants, an associate of both the UK Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Institute of Directors. She has over 30 years of corporate governance and financial management experience in the Greater China region.

From 2019 to early 2022, she was the Director of Finance of Nano and Advanced Materials Institute Limited, a research and development company supervised by the Innovation and Technology Commission of the HKSAR Government. From 2005 to 2018, she served as the Executive Director and Chief Financial Officer of Hong Kong Main Board-listed Hong Kong Shanghai Alliance Holdings Limited and the Chief Operating Officer and Chief Financial Officer of HK GEM-listed North Asia Strategic Holdings Limited. She has also served as the Vice President of Dresdner Kleinwort Capital, the private equity arm of Dresdner Bank, Financial Controller of Ajia Partners (HK) Limited, Director and Financial Controller of Kleinwort Benson China Management Limited, which was the investment manager of the London-listed private equity China Investment and Development Fund. She was the department head of category financial management department of Colgate Palmolive (HK) Limited and an auditor at Arthur Andersen & Co. in Hong Kong.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the date of this report; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders as at the date of this report; and (iii) did not hold any other directorships in listed public companies in the three years prior to the date of this report.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Chew Chee Boon (Zhou Zhiwen) (周志文), aged 45, is our regional manager in Singapore. Mr. Chew joined our group in January 2013 as assistant regional manager and was promoted to regional manager of Singapore M&L in July 2014. He is primarily responsible for the regional business operation of our Group in Singapore. Mr. Chew obtained his diploma in electronic and computer engineering from Singapore Ngee Ann Polytechnic in August 2001, his bachelor's degree of science in computer systems engineering (computer science) from Nottingham Trent University in the United Kingdom in November 2007 through distance learning, his master's degree in international management from the University Schools of Management IAE France in March 2010 and his master's degree in Management from Université Grenoble Alpes (formerly known as Université de Grenoble 2) in April 2010, both in France.

COMPANY SECRETARY

Mr. Lee Baldwin is the company secretary of the Company, who is an external service provider and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng Lai Ming, an executive Director and chairman of the board, is the Company's primary contact person with Mr. Lee.

The company secretary is responsible for coordinating the supply of information about the Group to the Directors.

COMPLIANCE OFFICER

Mr. Ng Lai Po (吳麗寶) is the compliance officer of our Group. Mr. Ng is also an executive Director of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders as a whole.

The Company adopted the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the GEM Listing Rules and had complied with the CG Code throughout the year ended 31 December 2025 and up to the date of this report, except for the deviation stipulated below.

As required by code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Ng Lai Ming currently performs these two roles concurrently. Our Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. Our Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Our Board will from time to time review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company to ensure that appropriate and timely arrangements are in place to meet changing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Model Code”) on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiries being made with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

BOARD DIVERSITY POLICY

The Company has a policy on diversity of Directors which requires that the Board shall comprise members with the following attributes in order to achieve a sufficient balance of knowledge and perspectives in discharging the Board’s duties:

- commercial and business management skills and experience;
- industry specific knowledge and experience relevant to the Group;
- financial management skills and experience; and
- legal and compliance expertise.

The Company does not discriminate on the basis of gender, age and other personal backgrounds in assessing the suitability of candidates for appointment to the Board. In particular, the Company has dispensed with a single-gender Board since the year 2024 and endeavours to achieve greater gender diversity over time. The nomination committee will also review gender composition of the Group’s senior management and general staff, by reference to industrial and demographic statistics etc., on an annual basis and determine the appropriate procedures to take to enhance gender balance in the workforce as required.

Corporate Governance Report

BOARD OF DIRECTORS

The Board currently consists of eight Directors with four executive Directors and four independent non-executive Directors. The Board is responsible for leading and directing the Group's business through formulation of overall strategies and policies, evaluation of performance and overseeing the management functions. The functions and duties of the Board include, but are not limited to convening general meetings, reporting on performance of the Board at general meetings, implementing resolutions passed at general meetings, formulating business plans and investment plans, preparing annual budgets and final accounts, and preparing proposals on profit distribution, as well as performing other authorities, functions and responsibilities in accordance with the articles of association of our Company. Execution of the Group's business plan and strategy are delegated to the Group's management team, which is led by chief executive officer and executive Director Mr. Ng Lai Ming and executive Director Mr. Ng Lai Tong.

	Appointed on	Last re-elected on	Subject to retirement on
Executive Directors			
Mr. Ng Lai Ming (<i>Chairman</i>)	24 September 2015	12 May 2023	2026 annual general meeting
Mr. Ng Lai Tong	6 January 2017	12 May 2023	2026 annual general meeting
Mr. Ng Lai Po	6 January 2017	30 May 2024	2027 annual general meeting
Mr. Ng Yung Wong	27 June 2025	N/A	2026 annual general meeting
Independent non-executive Directors			
Mr. Tai Wai Kwok	19 June 2017	30 May 2024	2026 annual general meeting
Ir Lo Kok Keung	19 June 2017	24 June 2025	2028 annual general meeting
Mr. Lau Chi Leung	19 June 2017	24 June 2025	2028 annual general meeting
Ms. Luk Pui Yin Grace	1 June 2024	24 June 2025	2028 annual general meeting

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this report. Each of the independent non-executive Directors was appointed for an initial term of two years and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the memorandum and articles of association of the Company.

Mr. Ng Yung Wong was newly appointed as an executive Director effective from 27 June 2025; he has obtained legal advice as referred to in Rule 5.02D of the GEM Listing Rules on 25 June 2025 and confirmed he understood his obligations as a Director.

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Reading materials on relevant topics will be circulated to Directors where appropriate. All Directors are encouraged to attend relevant training courses.

The following is a summary of trainings undertaken by the Directors during the Year.

Corporate Governance Report

Training topic and hours	Topics covered by structured training with external training service provider	Training hours
Ng Lai Ming	III, V	7.5
Ng Lai Tong	III	2.0
Ng Lai Po	III	2.0
Ng Yung Wong	I, V	3.0
Lau Chi Leung	II	2.0
Lo Kok Keung	II	2.0
Tai Wai Kwok	II, III	8.0
Luk Pui Yin Grace	II, III, IV, VI	36.0

Training topics:

- I Board and directors duties
- II Listing rules and Hong Kong law compliance
- III Corporate governance and ESG
- IV Risk management and internal control
- V Industry and business updates
- VI Other structured training

The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers that each of them to be independent by reference to Rule 5.09 of the GEM Listing Rules.

The Board has the adopted procedures to ensure the views of independent directors can be duly communicated and properly reflected, which include the following:

- the company secretary will use its best endeavour to accommodate the availability of independent Directors to physically attend meetings of the Board and Board committees, which if not possible, channel of attendance by electronic means should be arranged in advance;
- if a Director, particularly an independent Director, is unable to attend meetings the company secretary will make alternatives available to the Director to express opinion in advance;
- documents and information on matters to be considered at meetings are to be circulated to independent Directors at least 3 days (or such other time as agreed) in advance;

Corporate Governance Report

- the company secretary will in the minutes of meetings record all the questions raised by and views expressed by the independent Directors, including any opposing views; and
- independent Directors can seek advice from third party professionals at the expense of the Company where they consider appropriate in order to ensure that informed opinion(s) is/are given to the Board.

The Company had held two general meetings during the Year and the attendance of Directors at the general meetings is as follow.

	Extraordinary general meeting on 16 January 2025	Annual general meeting on 24 June 2025
Ng Lai Ming	By teleconference	By teleconference
Ng Lai Tong	In person	In person
Ng Lai Po	By teleconference	By teleconference
Ng Yung Wong	n/a	n/a
Lau Chi Leung	In person	In person
Lo Kok Keung	In person	Absent
Tai Wai Kwok	By teleconference	By teleconference
Luk Pui Yin Grace	In person	By teleconference

BOARD COMMITTEES

The Board has established four committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the corporate governance committee (the "Corporate Governance Committee") on 19 June 2017, to oversee particular aspects of the Group's affairs. Each of the four committees has sufficient resources and its specific terms of reference that are approved by the Board, relating to its responsibilities, duties, powers and functions, which are posted to Stock Exchange's website at www.hkexnews.hk and the Company's website at www.mleng.com. All Board committees are provided with sufficient resources to perform their duties and upon reasonable request, are able to seek independent professional advice in appropriate circumstance at the Company's expenses. The Board committees will regularly report back to the Board on decisions or recommendations made.

Corporate Governance Report

The participation of members of the Board and the four Board committees and their attendance record of the relevant meetings in 2025, are set out as follows:

Composition of Board committees	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Executive Directors					
Mr. Ng Lai Ming <i>Chairman of the Board</i>	5/5	–	1/1	2/2	–
Mr. Ng Lai Tong	5/5	–	–	–	–
Mr. Ng Lai Po <i>Chairman of Corporate Governance Committee</i>	5/5	–	–	–	1/1
Mr. Ng Yung Wong	2/2	–	–	–	–
Independent Non-executive Directors					
Mr. Tai Wai Kwok <i>Chairman of Audit Committee</i>	5/5	4/4	1/1	2/2	1/1
Ir Lo Kok Keung <i>Chairman of Remuneration Committee</i>	4/5	4/4	1/1	1/2	1/1
Mr. Lau Chi Leung <i>Chairman of Nomination Committee</i>	5/5	4/4	1/1	2/2	1/1
Ms. Luk Pui Yin Grace	5/5	4/4	1/1	2/2	1/1

– The Director is not a member

Audit committee

The primary duties of the Audit Committee are to review and approve our Group's financial reporting, risk management and internal control principles and maintain an appropriate relationship with our auditors. The Audit Committee is chaired by Mr. Tai Wai Kwok, who has the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

In 2025, the Audit Committee reviewed the integrity of the Company's financial statements, annual report and accounts, half-year report, and significant financial reporting judgments contained in them, the Group's accounting principles and practices, development in accounting standards and associated impacts on the Group, risk management issues, audit findings, compliance, strategy summary and financial reporting matters, the effectiveness of the Group's risk management and internal control systems, the engagement of the Company's auditor for non-audit services, and the re-appointment of auditor. The Audit Committee also considered the acquisition of subsidiaries during the year 2025 and provided advice on the key factors to consider during the due diligence process and in assessing the acquisition. The Audit Committee discussed the above matters, where appropriate, with management and external auditor.

Corporate Governance Report

Remuneration committee

The primary duties of the Remuneration Committee are to review and approve our management's remuneration proposals, and to make recommendations on our policy and structure for the remuneration of our management. The Remuneration Committee has reviewed the remuneration of Directors for the year ended 31 December 2025 and make recommendations to the Board on salary revision to senior management and Directors.

Nomination committee

The primary duties of the Nomination Committee are to make recommendations on appointment of Directors and Board succession, review the structure, size and composition of the Board and Board committees, assist in maintaining a board skills matrix, review the time commitment and contribution to the Board by each Director, support the evaluation of the performance of the Board, and monitor the diversity of the Group's work force. During the year 2025, the Nomination Committee has reviewed the independence of the independent non-executive Directors, considered the appointment of new executive Director, and considered retirement and re-election of Directors at the Company's annual general meeting.

As at 31 December 2025, the gender distribution of the Group's workforce (excluding Directors) is as follow:

	Headcount	Percentage
Male	25	59.5%
Female	17	40.5%

The Nomination Committee is of the opinion that there is no significant gender imbalance in Group's workforce, but will continue monitoring and assessing the need to enhance diversity the workforce.

Corporate Governance Committee

The Corporate Governance Committee was established by our Company pursuant to a resolution of the Board on 19 June 2017 with written terms of reference in compliance with the CG Code as set out in appendix C1 of the GEM Listing Rules. The primary duties of the Corporate Governance Committee are (i) to develop and review our Group's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of our Directors and senior management; (iii) to review and monitor our Group's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) to review our Company's compliance with the CG Code and disclosure in the corporate governance report. The Corporate Governance Committee has reviewed and noted that internal control measures were in place and effective and that no non-compliance incidents have been observed. Furthermore, the Corporate Governance Committee has assessed and put in place a risk monitoring and internal audit function to enhance internal control.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the Company's strategic objectives.

The audit committee supports the Board in ensuring the effectiveness of the risk management and internal control of the Group and reports to the Board on any material issues identified. The Company has not established a separate internal audit department. However, procedures are in place to provide adequate resources and qualified personnel to carry out the duties of the internal audit function, including annual review of the effectiveness of risk management and internal control. In 2025, the Company has engaged an external independent consultant to conduct a review on the risk management and internal control system of the Group. The external consultant conducted an update risk assessment according to the Group's latest operation; key risks identified are recorded in a risk register and assigned to a risk owner who shall ensure such risks are continuously monitored and properly controlled according to the prescribed procedures.

The Group adopted a manual of policies and procedures to provide guidance on compliance with internal control and risk management in various operational and management functions, including but not limited to policies and procedures on revenue and purchase, treasury and risk management etc.

The internal control review scope for 2025 covered control procedures including risk management, staff resources and training for accounting and internal audit functions, corporate governance code compliance (including Board composition, Directors' responsibilities, audit committee, remuneration, and shareholder communication), corporate governance disclosure, and payroll controls. The findings of the review have been reported to the Board.

Based on review and procedures conducted, the Board considers that the Group's risk management and internal control systems are effective and adequate. However, the risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's auditor for the year ended 31 December 2025 is as below:

	HK\$'000
Audit services provided to the Group	750
Non-audit services	96
	846

Corporate Governance Report

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Group's ability to continue as a going concern and accordingly continue to adopt the going concern approach in preparing the financial statements.

The responsibilities of the Company's auditor on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 30 to 34 of this annual report.

COMPANY SECRETARY

Mr. Lee Baldwin is the company secretary of the Company, who is an external service provider and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng Lai Ming, an executive Director and chairman of the board, is the Company's primary contact person with Mr. Lee.

The company secretary is responsible for coordinating the supply of information about the Group to the Directors.

All Directors have access to the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

One or more shareholders holding not less than 10% of the paid up capital of the Company may convene an extraordinary general meeting by making a requisition in writing, specifying any business for transaction at such meeting, to the Directors or the company secretary.

To propose a candidate for election as a Director at a general meeting, a shareholder should deposit a written proposal, together with a written notice by the candidate indicating his willingness to be elected, to the Company either at its principal place of business in Hong Kong or its branch share registrar and transfer office in Hong Kong at least seven clear days before the date of the general meeting.

The Company believes that effective communication with its shareholders is essential for enhancing investors' understanding of the Group's business and performance. The Company maintains a corporate website at www.mleng.com to disseminate latest information about the Group. The Company's constitution document and terms of reference of board committees are also available for download at Company's website. There has been no change to the Company's constitution document throughout the year ended 31 December 2025. The chairman of the Board will attend, and endeavour to ensure the chairmen of various board committees to attend, general meetings to answer questions from shareholders.

The chairman of the Board and chairman of relevant Board committees (or his delegate) have attended general meetings held during the Year and availed themselves to answer questions from shareholders. The Company maintains an enquiry email on its website by which shareholders and potential investors may lodge enquiry with the Company. The Board also diligently monitors the affairs of the Group and would authorise publication of business update or inside information announcement(s) to keep investors informed of the latest development of the Group as required. No matters had been raised by shareholders which had remained unresolved during the Year and the Company is of the view that its shareholders' communication system is effective. Nonetheless, the Company is contemplating to set up designated communication channels to differentiate between shareholders' and general enquiries to enhance effectiveness. The latest communication means and policies are available on Company's website at www.mleng.com.

The Directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are in trading and lease of construction machinery and spare parts. The principal activities of the subsidiaries of the Company are set out in note 14 to the consolidated financial statements. The segment information of the operations of the Group for the year ended 31 December 2025 is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review on the Group's business for the year ended 31 December 2025 is set out under the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 35 of this annual report.

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

As at the date of this annual report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

FINANCIAL INFORMATION SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 102 of this annual report. Such summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movement in the Company's share capital during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movement in the Group's and the Company's reserves during the year ended 31 December 2025 are set out in note 27 and note 34 to the consolidated financial statements, respectively.

The Company's distributable reserves amounted to approximately HK\$80.6 million as at 31 December 2025.

Directors' Report

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 19 June 2017 and no options have been granted, exercised or cancelled since then and up to the date of this annual report.

The Share Option Scheme is a share incentive scheme and provides our Company with an alternative means of recognizing, motivating and giving incentive to, rewarding, remunerating, compensating and/or providing benefits to selected participants (including but not limited to employees, directors, suppliers, customers and advisers of the Group) and for such other purposes as our Board may approve from time to time. The Share Option Scheme will provide the participants with an opportunity to have a personal stake in our Company with a view to achieving the following objectives:

- (a) to motivate the participants to optimize their performance efficiency for the benefit of our Group; and
- (b) to attract and retain or otherwise maintain relationships with the participants whose contributions are, will or expected to be beneficial to the growth of our Group.

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 60,000,000 (being 10% of the shares in issue on the date when the shares of the Company first commenced dealing on the Stock Exchange) (the "General Scheme Limit"). The Company may seek approval of the shareholders in general meeting to refresh the General Scheme Limit provided that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit.

The maximum number of shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being.

The subscription price for shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date of the option, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date of the option; and (iii) the nominal value of the shares on the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date.

No options were granted, vested, exercised, lapsed, nor cancelled since adoption of the Share Option Scheme and during the year ended 31 December 2025. The number of options available for grant as at 1 January 2025 and 31 December 2025 was 60,000,000 and 60,000,000 respectively.

The total number of shares available for issue under the Share Option Scheme as at the date of this report was 60,000,00 shares, representing 10% of the issued shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision 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.

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

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

DIRECTORS

The Directors of the Company during the year ended 31 December 2025 and up to the date of this report were:

Executive Directors

Mr. Ng Lai Ming (*Chairman and Chief Executive Officer*)

Mr. Ng Lai Tong

Mr. Ng Lai Po

Mr. Ng Yung Wong (appointed on 27 June 2025)

Independent Non-executive Directors

Mr. Tai Wai Kwok

Ir Lo Kok Keung

Mr. Lau Chi Leung

Ms. Luk Pui Yin Grace

In accordance with the provisions of the Company's articles of association, Mr. Ng Lai Ming, Mr. Ng Lai Tong, Mr. Tai Wai Kwok and Mr. Ng Yung Wong will retire and, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

Directors' Report

Each of the independent non-executive Directors was appointed for an initial term of two years and subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the memorandum and articles of association of the Company.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual meeting has a service contract with the Company or any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

None of the Directors, substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) has any interest in a business which compete with the business of the Group during the year ended 31 December 2025 and up to and including the date of this report.

DEED OF NON-COMPETITION

The controlling shareholders of the Company has given an unconditional and irrevocable non-competition undertaking in favour of the Company and its subsidiaries on 19 June 2017 to protect the Group from any potential competition with the controlling shareholders. The controlling shareholders have confirmed full compliance with the terms of the non-competition undertaking during the year ended 31 December 2025. Furthermore, the Directors, including independent non-executive Directors, have carried out certain review procedures and nothing has come to their attention that there has been non-compliance with the terms of the non-competition undertaking during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed elsewhere in this annual report, none of the Directors or controlling shareholders, nor a connected party of any Directors or controlling shareholders, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party during the year ended 31 December 2025.

DISCLOSURE OF INTERESTS

Directors' And Chief Executives' Interests And/Or Short Positions In Shares, Underlying Shares And Debentures Of The Company Or Any Associated Corporation

As at 31 December 2025, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long positions in shares of the Company

Director	Nature of interest	Number of shares	Percentage of the Company's issued shares capital
Mr. Ng Lai Ming (note 2)	Interest in a controlled corporation (note 1)	364,095,000	60.68%
Mr. Ng Lai Tong	Beneficial owner	29,025,000	4.84%
Mr. Ng Lai Po	Beneficial owner	4,500,000	0.75%

Notes:

- (1) The 364,095,000 shares are owned by JAT United Company Limited ("JAT United"), which is wholly owned by Mr. Ng Lai Ming. Mr. Ng Lai Ming is deemed to be interested in all the shares held by JAT United under the SFO.
- (2) Mr. Ng Lai Ming is the brother of Mr. Ng Lai Tong and Mr. Ng Lai Po.

Directors' Report

Substantial Shareholders' Interests And/Or Short Positions In The Shares And Underlying Shares Of The Company

So far as the Directors are aware, as at 31 December 2025, the interest and short positions of the persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Stock Exchange and the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares of the Company

Shareholder	Capacity/Nature of Interest	Number of shares	Percentage of the Company's issued shares capital
JAT United (note 1)	Beneficial owner	364,095,000	60.68%
Ms. Law So Lin (note 2)	Interest of spouse	364,095,000	60.68%

Notes:

- (1) JAT United is wholly owned by Mr. Ng Lai Ming. Mr. Ng Lai Ming is deemed to be interested in all the shares held by JAT United under the SFO.
- (2) Ms. Law So Lin is the spouse of Mr. Ng Lai Ming, therefore she is deemed to be interested in all the shares in which Mr. Ng Lai Ming is interested in under the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the Group's five largest customers in aggregate and the single largest customer accounted for approximately 81.8% (2024: 86.2%) and 29.7% (2024: 30.0%) of the Group's total revenue respectively.

During the year ended 31 December 2025, the Group's five largest suppliers in aggregate and the single largest supplier accounted for approximately 91.8% (2024: 95.7%) and 66.0% (2024: 54.8%) of the Group's total purchases respectively.

To the best of the knowledge of the Directors, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in these major customers or suppliers.

RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group during the year ended 31 December 2025 are disclosed in note 32 to the consolidated financial statements, none of which constituted connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group did not have any connected transactions which were subject to the reporting requirements prescribed in Chapter 20 of the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, the Directors are indemnified and secured harmless out of the assets of the Company against all losses and liabilities which may incur or sustain in execution of their duty, except such which they shall incur or sustain through their own fraud or dishonesty.

The Company has taken out appropriate directors' liability insurance coverage for the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the GEM Listing Rules throughout the year 2025 and up to the date of this report.

DIVIDEND POLICY

The Directors acknowledge the importance of aligning shareholders' return to the Company's performance and would contemplate at least two times a year (prior to the announcement of annual and interim results) on the distribution of a dividend. The Directors endeavour to share the Group's results with shareholders and target to distribute not less than 20% of our Group's profit for the year attributable to equity shareholders of our Company in each financial year, by way of dividends. The portion and actual amount of distribution out of profits will be determined by the Directors in its sole discretion, taking into account factors, including but not limited to the Group's actual and expected operating results and conditions, gearing level, general financial condition, availability of cash, future plans and funding needs for expansion and other factors our Board may deem relevant. Our historical declarations of dividends may not reflect our future declarations of dividends.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by BDO Limited, who will retire, and being eligible, offer themselves for re-appointment. A resolution to re-appoint BDO Limited will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board of
M&L Holdings Group Limited
Ng Lai Ming
*Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 26 March 2026

Independent Auditor's Report



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To the shareholders of M&L Holdings Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of M&L Holdings Group Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 35 to 101, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of trade receivables

Refer to note 4.6(ii), note 5(c), note 18(a) and note 38(a)(ii) to the consolidated financial statements

As at 31 December 2025, the Group had trade receivables amounting to HK\$64,391,000 before allowances as set out in note 18(a) to the consolidated financial statements. The Group has assessed impairment for its trade receivables based on expected credit losses model under HKFRS 9 *Financial Instruments* ("HKFRS 9"). Loss allowances for expected credit losses amounting to HK\$6,409,000 have been made for the trade receivables as at 31 December 2025.

Assessing expected credit losses on trade receivables is a subjective area as it requires application of judgment and uses of estimates. To determine the amount of impairment provision as required, management considers a wide range of factors such as the financial background, creditworthiness and the past collection history of the customers, and adjusted for factors that are specific to the customers. Management is also required to consider forward-looking information with reference to market and economic conditions that may affect the ability of customers to settle trade receivables.

We have identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the consolidated financial statements and that considerable amount of judgment and estimation being required in conducting the impairment assessment as mentioned in the foregoing paragraph.

Our procedures in relation to management's assessment of expected credit losses on trade receivables included:

- understanding and evaluating management's key internal control in respect of the valuation of trade receivables which include credit control procedures and estimate of expected credit losses under the Group's policy;
- obtaining an understanding on how loss allowance for trade receivables is estimated by the management and assessing whether the Group's impairment policy is in accordance with the requirements under HKFRS 9;
- reviewing the arithmetic accuracy of the expected credit losses provision matrix prepared by the management and the expected credit losses calculation;
- testing the arithmetic accuracy of ageing of trade receivables balances to the underlying invoices on a sample basis;
- assessing the appropriateness of management's estimate of loss allowance by examining the information provided by management to derive such estimates, including testing the historical payment records and historical loss rates; assessing how reasonably management has incorporated in their assessment of forward-looking information including expected changes in economic and financial conditions which is expected to cause a significant change in the customers' ability to meet their debt obligations; and engaging our expert to assist our evaluation; and
- obtaining a list of trade receivables which were long overdue and assessing the recoverability of these outstanding receivables through discussion with management and with reference to supporting information provided by management, such as financial background and historical payment trend of these customers.

Independent Auditor's Report

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

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 directors, 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.

BDO Limited

Certified Public Accountants

Lee Ming Wai

Practising Certificate no. P05682

Hong Kong, 26 March 2026

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Revenue	6	82,341	67,711
Cost of sales		(47,096)	(44,245)
Gross profit		35,245	23,466
Other income	8	40	490
Selling expenses		(6,873)	(4,005)
Administrative expenses		(27,618)	(27,085)
Gain on bargain purchase arising from acquisition of a subsidiary	35	4,716	—
Other gains and losses			
Gain on disposal of assets classified as held for sale	15(d)	503	—
Exchange gain/(loss)		4,268	(4,662)
Reversal of impairment loss on trade receivables	18(a)	483	1,086
Impairment loss on assets classified as held for sale	15(d)	—	(960)
Others	8	272	142
Operating profit/(loss)		11,036	(11,528)
Finance income	11	289	319
Finance costs	11	(1,384)	(2,148)
Profit/(Loss) before income tax		9,941	(13,357)
Income tax (expense)/credit	12	(525)	339
Profit/(Loss) for the year		9,416	(13,018)
Other comprehensive income, net of tax			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Surplus on revaluation of land and buildings	15(c)		
— Increase in fair value		2,318	12,580
— Income tax effect		(556)	(3,667)
		1,762	8,913
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		768	(446)
Other comprehensive income for the year		2,530	8,467
Total comprehensive income for the year		11,946	(4,551)
Profit/(Loss) for the year attributable to:			
Equity holders of the Company		9,426	(12,826)
Non-controlling interests		(10)	(192)
		9,416	(13,018)
Total comprehensive income for the year attributable to:			
Equity holders of the Company		11,961	(4,360)
Non-controlling interests		(15)	(191)
		11,946	(4,551)
		HK cents	HK cents
Earnings/(Loss) per share — Basic and diluted	13	1.57	(2.14)

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2025 HK\$'000	2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15(a)	21,495	5,509
Right-of-use assets	15(b)	7,342	7,644
Deposits	18(a)	115	451
Other investments	16	6,212	5,903
Pledged bank deposits	20	4,430	—
Deferred tax assets	25	1,026	964
		40,620	20,471
Current assets			
Inventories	17	37,866	31,085
Trade and other receivables	18(a)	73,104	65,558
Contract assets	18(b)	3,076	—
Tax recoverable		366	368
Cash and cash equivalents	19	17,118	23,390
		131,530	120,401
Assets classified as held for sale	15(d)	—	27,546
		131,530	147,947
Current liabilities			
Trade and other payables	21(a)	32,620	31,688
Contract liabilities	21(b)	6,906	—
Dividend payable	22	4,363	5,530
Amount due to a director	23	3,000	2,000
Bank borrowings	24(a)	9,787	19,692
Lease liabilities	24(b)	246	1,312
Income tax liabilities		223	—
		57,145	60,222
Net current assets		74,385	87,725
Total assets less current liabilities		115,005	108,196
Non-current liabilities			
Bank borrowings	24(a)	—	1,788
Lease liabilities	24(b)	—	239
Deferred tax liabilities	25	1,220	5,497
Other provision		527	527
		1,747	8,051
NET ASSETS		113,258	100,145

Consolidated Statement of Financial Position

		As at 31 December	
	Notes	2025	2024
		HK\$'000	HK\$'000
CAPITAL AND REVERSES			
Equity attributable to equity holders of the Company			
Share capital	26	6,000	6,000
Reserves		106,089	92,961
		112,089	98,961
Non-controlling interests	36	1,169	1,184
TOTAL EQUITY		113,258	100,145

The consolidated financial statements on pages 35 to 101 were approved and authorised for issue by the Board of Directors on 26 March 2026 and were signed on its behalf by:

Ng Lai Ming
Executive Director

Ng Lai Tong
Executive Director

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Revaluation reserve	Other reserves	Total		
	HK\$'000	(Note 27) HK\$'000	(Note 27) HK\$'000	(Note 27) HK\$'000	HK\$'000		
Balance at 1 January 2024	6,000	63,332	7,685	26,304	103,321	1,375	104,696
Loss for the year	—	—	—	(12,826)	(12,826)	(192)	(13,018)
Other comprehensive income:							
Fair value adjustment on revaluation of lands and buildings, net of tax effect	—	—	8,913	—	8,913	—	8,913
Exchange differences arising from translation of foreign operations	—	—	—	(447)	(447)	1	(446)
Total comprehensive income for the year	—	—	8,913	(13,273)	(4,360)	(191)	(4,551)
Difference in depreciation provided based on historical cost and revalued amount	—	—	(55)	55	—	—	—
Balance at 31 December 2024	6,000	63,332	16,543	13,086	98,961	1,184	100,145
Balance at 1 January 2025	6,000	63,332	16,543	13,086	98,961	1,184	100,145
Profit for the year	—	—	—	9,426	9,426	(10)	9,416
Other comprehensive income:							
Transferred to retained earnings upon disposal (note 15(d))	—	—	(14,806)	14,806	—	—	—
Fair value adjustment on revaluation of lands and buildings, net of tax effect	—	—	1,762	—	1,762	—	1,762
Exchange differences arising from translation of foreign operations	—	—	—	773	773	(5)	768
Total comprehensive income for the year	—	—	(13,044)	25,005	11,961	(15)	11,946
Forfeiture of unclaimed dividend	—	—	—	1,167	1,167	—	1,167
Difference in depreciation provided based on historical cost and revalued amount	—	—	(47)	47	—	—	—
Balance at 31 December 2025	6,000	63,332	3,452	39,305	112,089	1,169	113,258

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December	
		2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	28(a)	(2,046)	9,184
Interest received		289	319
Interest paid		(1,489)	(2,193)
Income tax refunded/(paid)		19	(1,148)
Net cash (used in)/generated from operating activities		(3,227)	6,162
Cash flows from investing activities			
Net cash outflows from acquisition through business combinations	35	(2,255)	—
Purchase of property, plant and equipment		(15,080)	(562)
Deposit paid for acquiring property, plant and equipment		—	(5)
Proceeds from disposal of property, plant and equipment		196	—
Payments for acquiring other investments		(160)	(160)
Proceeds from disposal of assets classified as held for sale		30,216	—
Capital gain tax paid on disposal of assets classified as held for sale		(5,403)	—
Net cash generated from/(used in) investing activities		7,514	(727)
Cash flows from financing activities			
Proceeds from bank borrowings	28(b)	8,000	18,000
Repayment of bank borrowings		(19,693)	(24,588)
Repayment of principal element of lease liabilities		(1,319)	(2,166)
Advance from/(Repayment to) a Director		1,000	(1,220)
Net cash used in financing activities		(12,012)	(9,974)
Net decrease in cash and cash equivalents		(7,725)	(4,539)
Cash and cash equivalents at beginning of year		23,390	28,304
Effect of foreign exchange rate changes		1,453	(375)
Cash and cash equivalents at end of year	19	17,118	23,390

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

M&L Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 24 September 2015 as an exempted company with limited liability. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 21 July 2017.

The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 21st Floor, Empress Plaza, 17–19 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in trading and lease of construction machinery and spare parts.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The financial statements have been prepared under the historical cost basis except for certain properties which are measured at fair value and investments in insurance contracts classified as other investments which are measured at fair value with reference to the account value.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements, are disclosed in note 5.

Notes to the Consolidated Financial Statements

3. CHANGES IN ACCOUNTING POLICIES

3.1 Adoption of new or amendments to HKFRS Accounting Standards — effective 1 January 2025

In the current year, the Group has applied for the first time the following amendments and interpretations issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The adoption of the above amendments to HKFRS Accounting Standards that are effective for the current reporting period did not have any significant impact on the Group's consolidated financial statements.

3.2 New or amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amendments to HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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.

The Group is currently assessing the impact of these new and amendments to HKFRS Accounting Standards. Except for the below, these new and amendments to HKFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3.2 New or amendments to HKFRS Accounting Standards that have been issued but are not yet effective (Continued)

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 fair value through other comprehensive income 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 financial statements.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). 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* ("HKAS 8"), 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 HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are 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 financial statements.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the difference is recognised in profit or loss as a gain on bargain purchase.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

4.2 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control commenced. They are deconsolidated from the date that control ceases.

The Group recognises the non-controlling interests in the non wholly-owned subsidiaries separately from owner's equity. Non-controlling interests are measured initially at either fair value or the Group's proportionate share of the fair value of the subsidiaries' identifiable net assets. Subsequently, profit or loss and each component of other comprehensive income are attributable to owners of the Company and to the non-controlling interests.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the profit or loss.

(ii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in translation reserve.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment

Buildings comprise mainly offices and workshops. Except for freehold land, which is not depreciated, all property, plant and equipment is stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

Land and buildings are stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from using the fair values at the end of the reporting period. Increases in value arising from revaluation are recognised in other comprehensive income and accumulated in equity under revaluation reserve. Decreases in value arising from revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the revaluation reserve. An annual transfer from revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued amount of an asset and the depreciation based on the asset's original cost.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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 the profit or loss during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is recognised so as to write off the cost net of expected residual value or valuation over their estimated useful lives on a straight line basis. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2.5%
Machinery and equipment	10%–33%
Leasehold improvements	20% or over the term of the relevant lease, whichever is shorter
Furniture, fixtures and equipment	25%–33%
Motor vehicles	25%

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

4.5 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for the revalued asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.6 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for debt instruments classified as financial assets measured at amortised cost, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments

Debt instruments, including trade and other receivables and cash and cash equivalents, that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses (“ECL”) on trade receivables and other financial assets measured at amortised cost.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measures loss allowances for trade receivables using simplified approach and has calculated ECL based on lifetime ECL. The ECL on these assets are assessed collectively using a provision matrix, unless the trade receivable is assessed to be credit-impaired, in which case ECL is assessed individually. The provision matrix is established based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the Group applies the general approach to measure ECL, that is to recognise ECL based on 12-months ECL. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset except for trade receivables has increased significantly if it is more than 30 days past due.

The Group defines a financial asset except for trade receivable as in default when: (1) the debtor is considered unlikely to pay its credit obligations in full; or (2) the financial asset is more than 90 days past due.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

Having regard to the industry practice as well as the financial background of certain customers, the Group assumes that the credit risk on trade receivable has increased significantly if it is more than 90 days past due. In addition, the Group considers that a trade receivable to be in default when: (1) the customer is unlikely to pay its credit obligations to the Group in full; or (2) the trade receivable is more than one year past due except for the trade receivable balances which are due from the State-owned Enterprises (“SOE”) of the China government. The Group has rebutted the presumptions on significant increase in credit risk when financial assets are more than 30 days past due and that financial assets are in default when they are more than 90 days past due having regard to the business cycle of the industry in which the customers are engaged. The SOE customers of the Group are engaging in projects which are vast in scale and complex and are enterprises directly under the central government of the PRC. These enterprises have proven strong financial background and their financial position is monitored by the central government. It is considered that the credit of the SOE customers is endorsed by the central government. Determining default for the SOE customers using non-judgemental definition such as day past due may be oversimplified. For internal assessment, the directors would consider qualitative factors for the SOE customers. The directors closely monitor the recoverability of the outstanding balances due by the SOE customers by maintaining on-going communication with the executives of the SOE customers and communicating expected repayment schedule. Follow up actions are taken by the management in time. Through these frequent engagement with the SOE executives and by judging the responsiveness of the SOE executives to the directors’ requests, the Group is able identify incidents of change in credit risk and potential default.

The Group considers a financial asset to be credit-impaired in the following circumstances: (i) for the SOE customers, their executives are unresponsive or reluctant in communicating with the management; (ii) the debtor is in significant financial difficulty; (iii) restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or (iv) it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Financial instruments (Continued)

(iii) *Financial liabilities*

The Group classifies its financial liabilities at amortised cost. Financial liabilities at amortised cost including trade and other payables, amounts due to directors and bank borrowings are initially measured at fair value, net of directly attributable costs incurred. They are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (note 4.9).

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Equity instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 *Financial Instruments* ("HKFRS 9").

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss as finance costs.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

4.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, and short-term deposit with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

4.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs include interest expense and finance charges in respect of lease liabilities.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) *Current tax*

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Inside basis differences

Deferred tax is recognised, using the liability method, on temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Employee benefits

The Group operates post-employment schemes, including defined contribution pension plans.

(i) *Employee leave entitlements*

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 end of the reporting period.

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

(ii) *Pension obligations*

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) *Bonus plans*

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

4.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Revenue and other income

The Group recognised revenue and other income at the following basis:

- (i) Revenue from sales of goods is recognised at a point in time when the goods are delivered to and have been accepted by customers. Repair and maintenance services income is recognised at a point in time when the service are rendered to customers. There is generally only one performance obligation for these income. In general, no variable consideration like rebates, refunds, right of return are offered to customers. No element of financing deemed present as the sales are made with credit terms granted to customers, which are consistent with market practice. Revenue from sales of goods excludes value added tax or other sales taxes and is after deduction of any trade discounts.
- (ii) Rental income from leasing machinery under operating lease is set out in note 4.14.
- (iii) Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortised cost (i.e. gross carrying amount less loss allowances) for credit-impaired financial assets, or (ii) the gross carrying amount for non-credit impaired financial assets.

4.14 Leases

Accounting as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities except for leases which are short-term leases and/or leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets which are primarily IT equipment and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

Except for right-of-use asset that meets the definition of a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use asset recognised at cost would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

For right-of-use asset that meets the definition of a leasehold land and buildings held for own use (see note 4.4), they are carried at revalued amount.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.14 Leases (Continued)

Accounting as a lessee (Continued)

Lease liability

Lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The Group has leased out certain machinery and equipment to a number of lessees. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4.15 Contract balances

Contract assets

Contract asset is recognised when the Group recognises revenue (see note 4.13) 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 4.6(ii). Loss allowances for contract assets are measured at an amount equal to lifetime ECL. Contract assets are reclassified to trade receivable when the right to the consideration has become unconditional.

Contract liabilities

Contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 4.13). 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 trade receivable would also be recognised.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.16 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. 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.

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows:

(a) Allowance for inventories

Management carries out inventory review on a product-by-product basis at the end of each reporting period and provides allowance for obsolete items. A considerable amount of judgment and estimates is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required. Management reviews the inventory ageing analysis at the end of the reporting period and identifies slow-moving inventories that are no longer suitable for consumption and saleable. Management estimates the net realisable value for such inventories based primarily on the latest invoice price and current market conditions. During the year, the Group recognised inventory allowance of HK\$73,000 (2024: HK\$605,000).

(b) Estimates of current and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation. The Group recognised income tax based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities or when such estimate is changed.

Deferred taxation relating to deductible temporary differences and tax losses, are recognised when management considers it is probable that future taxable profit will be available against which the tax losses can be utilised. Such assessment requires significant judgement by the management. Where the expectations are different from the original estimate, such differences will impact the recognition of deferred taxation in the periods in which such estimate is changed. Details about the tax losses and the recognition of deferred tax assets thereof are set out in note 25.

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(c) *Loss allowances of trade receivables*

As at 31 December 2025, the Group had trade receivables amounting to HK\$64,391,000 before allowance (note 18(a)). The Group has established a provision matrix for determining loss allowance of trade receivables (other than those which are to be assessed individually) that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. The ECL rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the provision matrix with forward-looking information to adjust the ECL rates.

At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. To update the historical observed default rates and to forecast economic conditions are significant estimates. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. Further details about the management's judgement in determining whether the credit risk on a financial instrument has increased significantly and when a financial instrument is in default are set out in note 4.6(ii).

Loss allowance for ECL provided for the trade receivables amounted to HK\$6,409,000 as at 31 December 2025 (31 December 2024: HK\$6,629,000). Details of the key assumptions and inputs used are set out in note 38(a)(ii).

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(d) *Impairment indicators of property, plant and equipment and right-of-use assets*

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets. Management assessed that as at 31 December 2025, there were indications of impairment in respect of these assets. Accordingly, management performed impairment testing for these assets by comparing their carrying amounts with their recoverable amounts following the accounting policy for impairment of non-financial assets (note 4.5). Property, plant and equipment and right-of-use assets are tested for impairment at cash generating unit (“CGU”) level. The Group identifies separately identifiable CGU based on businesses and geographical location of its operations. The CGU that was exposed to impairment concern is the business unit operated in Hong Kong and China (the “Greater China unit”). The recoverable amount of the Greater China unit is determined using value-in-use calculations. Based on the value-in-use calculation of the Greater China unit as at 31 December 2025, an impairment provision is not required for property, plant and equipment and right-of-use assets of the Greater China unit. The value-in-use calculations comprise cash flow projection based on the 2-year financial budget approved by the directors. The cash flow projection incorporates a number of key estimates and assumptions about future events, including future sales growth, future gross profit attained and effectiveness of cost control measures. Therefore, the determinations of recoverable amount of the Greater China unit is subject to uncertainty and such recoverable amount might materially differ from the actual results. In making these key estimates and judgments, the directors take into consideration assumptions that are mainly based on market conditions existed at the end of the reporting period. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. The value-in-use calculations also require the management to exercise judgement to determine an appropriate discount rate for the cash flow projection. Future changes in the events and conditions underlying the estimates and judgement would affect the estimation of recoverable amount and may result in adjustment to their carrying amounts.

(e) *Fair value of land and buildings and leasehold land*

As disclosed in note 15, the fair values of the land and buildings and leasehold land as at 31 December 2025 were estimated by the directors with reference to property valuations conducted by independent professional valuers. Such valuations were based on certain assumptions which are subject to uncertainty and might differ significantly from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amounts of the Group’s land and buildings and leasehold land as at 31 December 2025 were HK\$19,061,000 (31 December 2024: HK\$2,826,000) and HK\$7,114,000 (31 December 2024: HK\$6,139,000) respectively. Details of the fair value measurement of these properties are set out in note 15(c).

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition — At a point in time		
— Sales of goods	75,526	64,294
— Repair and maintenance services income	5,100	2,967
	80,626	67,261
Revenue from other sources		
— Machinery rental income	1,715	450
	82,341	67,711

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker for the purposes of resources allocation and assessment of segment performance. The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

Tunnelling — Supply of specialized cutting tools and parts for construction equipment.

Foundation — Supply of fabricated construction steel works and equipment.

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The executive directors assess the performance of the operating segments based on revenue and gross profit margin of each segment. The Group's resources are integrated and there are no discrete information about operating segment assets and liabilities for the tunnelling and foundation business segments reported to the chief operating decision maker. Accordingly, no operating segment assets and liabilities are presented.

Segment revenue represents revenue generated from external customers. There were no inter-segment sales during the year (2024: Nil). The accounting policies of the reportable segments are the same as the Group's accounting policies.

- (a) The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2025 is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	79,024	3,317	82,341
Cost of sales	(45,133)	(1,963)	(47,096)
Segment result	33,891	1,354	35,245
Gross profit %	42.89%	40.82%	42.80%
Other income			40
Selling expenses			(6,873)
Administrative expenses			(27,618)
Gain on bargain purchase arising from acquisition of a subsidiary			4,716
Other gains			
Gain on disposal of assets classified as held for sale			503
Exchange gain			4,268
Reversal of impairment loss on trade receivables			483
Others			272
Operating profit			11,036
Finance income			289
Finance costs			(1,384)
Profit before income tax			9,941
Income tax expense			(525)
Profit for the year			9,416

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2024 is as follows:

	Tunnelling HK\$'000	Foundation HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	63,462	4,249	67,711
Cost of sales	(41,004)	(3,241)	(44,245)
Segment result	22,458	1,008	23,466
Gross profit %	35.39%	23.72%	34.66%
Other income			490
Selling expenses			(4,005)
Administrative expenses			(27,085)
Other gains and losses			
Exchange loss			(4,662)
Reversal of impairment loss on trade receivables			1,086
Impairment loss on assets classified as held for sale			(960)
Others			142
Operating loss			(11,528)
Finance income			319
Finance costs			(2,148)
Loss before income tax			(13,357)
Income tax credit			339
Loss for the year			(13,018)

Notes to the Consolidated Financial Statements

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Revenue from external customers by customer location are as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Australia	33,774	7,444
Hong Kong	22,706	17,991
North America	10,891	8,656
People's Republic of China (the "PRC")	7,554	18,047
Other Asia-Pacific countries	1,645	427
Vietnam	767	8,432
Others	5,004	6,714
	82,341	67,711

(d) The total amounts of non-current assets, other than deposits, assets arising under insurance contracts, pledged bank deposits and deferred tax assets of the Group as at 31 December 2025 and 2024 are located in the following regions:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
The PRC	93	112
Hong Kong	1,281	3,180
Singapore	10,388	8,965
Australia	17,075	896
	28,837	13,153

(e) Certain customers individually contributed more than 10% of the total revenue of the Group. The amount of revenue generated from these customers are disclosed as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Customer A	24,453	—
Customer B	16,555	20,316
Customer C	9,884	—
Customer D	9,483	N/A*

* Not applicable as revenue of the customer for the respective year is less than 10% of the Group's revenue.

The revenue derived from the above major customers are reported under the operating segment "Tunnelling".

Notes to the Consolidated Financial Statements

7. EXPENSES BY NATURE

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold		
— Carrying amount of inventories sold	45,458	42,852
— Allowance for inventories	73	605
	45,531	43,457
Employee benefit expenses (note 9)	15,083	14,974
Depreciation*		
Owned property, plant and equipment (note 15(a))	1,433	1,867
Right-of-use assets (note 15(b))	1,429	2,329
	2,862	4,196
Short-term leases expenses	1,229	335
Auditor's remuneration		
— Audit services	750	650
— Non-audit services	96	83

* Recorded as administrative expenses

8. OTHER INCOME AND OTHER GAINS AND LOSSES, OTHERS

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Other income		
Government grants	37	63
Forfeiture of unclaimed dividend	—	350
Rental income	—	77
Others	3	—
	40	490
Other gains and losses, others		
Increase in value of other investments	149	142
Gain from disposal of property, plant and equipment	123	—
	272	142

Notes to the Consolidated Financial Statements

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Salaries, wages and other benefits	14,265	14,085
Pension costs — defined contribution plans*	818	889
	15,083	14,974

* During the current year and in last year, no forfeited contributions were utilised to reduce the existing level of contributions, and no contribution is available for reducing the Group's existing level of contribution in the future.

The Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income up to a maximum contribution of HK\$1,500 per employee per month. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other postretirement benefits of its employees in Hong Kong.

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in a defined contribution retirement benefit plan organised by the relevant provincial government in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The provincial government undertakes to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plan described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

In accordance with the rules and regulations in Singapore, the Group makes contributions to the Central Provident Fund ("CPF") for its employees in Singapore. CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions.

In accordance with the rules and regulations in Australia, the Group makes contributions to Superannuation ("Super") for its employees in Australia. Obligations for contributions to Super are recognised as an employee benefit expense in profit or loss in the same period of employment.

Notes to the Consolidated Financial Statements

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' emoluments

The emoluments of individual directors of the Company during the year which were included in the staff costs as disclosed in note 9 are set out below:

For the year ended 31 December 2025

	Fee HK\$'000	Salaries HK\$'000	Other benefits (note (i)) HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
Executive directors:					
Ng Lai Ming	—	938	—	18	956
Ng Lai Tong	—	913	—	18	931
Ng Lai Po	160	—	—	—	160
Ng Yung Wong (note (ii))	—	437	—	9	446
Independent non-executive directors:					
Tai Wai Kwok	162	—	—	—	162
Lo Kok Keung	162	—	—	—	162
Lau Chi Leung	162	—	—	—	162
Luk Pui Yin Grace	162	—	—	—	162
	808	2,288	—	45	3,141

For the year ended 31 December 2024

	Fee HK\$'000	Salaries HK\$'000	Other benefits (note (i)) HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
Executive directors:					
Ng Lai Ming	—	920	—	18	938
Ng Lai Tong	—	896	—	18	914
Ng Lai Po	160	—	—	—	160
Independent non-executive directors:					
Tai Wai Kwok	157	—	—	—	157
Lo Kok Keung	157	—	—	—	157
Lau Chi Leung	157	—	—	—	157
Luk Pui Yin Grace (note (iii))	95	—	—	—	95
	726	1,816	—	36	2,578

Notes to the Consolidated Financial Statements

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' emoluments (Continued)

Notes:

- (i) Other benefits represented sales commission earned.
- (ii) Ng Yung Wong has been appointed as an executive director of the Company on 27 June 2025.
- (iii) Luk Pui Yin Grace has been appointed as an independent non-executive director of the Company on 1 June 2024.
- (iv) During the year, no amount was paid or payable by the Group to the directors set out above as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

(b) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group include 3 directors (2024: 2 directors), whose remuneration are reflected in the analysis presented in note 10(a) above.

The remuneration paid or payable to the remaining 2 highest paid individual (2024: 3) are as follows:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Salaries, wages and other benefits	1,174	2,099
Pension costs — defined contribution plans	108	139
	1,282	2,238

The remuneration fell within the following band:

	Number of individuals	
	Year ended 31 December	
	2025	2024
Remuneration band		
Nil to HK\$1,000,000	2	3

During the year, no amount was paid or payable by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

Notes to the Consolidated Financial Statements

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(c) Senior management's remuneration

The remuneration paid or payable to senior management fell within the following band:

	Number of individuals	
	Year ended 31 December	
	2025	2024
Remuneration band		
Nil to HK\$1,000,000	1	1

11. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Finance income on:		
— Bank deposits	289	319
Finance costs on:		
— Bank borrowings	850	1,655
— Trade payables	329	197
— Lease liabilities (note 24(b))	59	161
— Advance from a director	90	56
— Others	56	79
	1,384	2,148

Notes to the Consolidated Financial Statements

12. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Current tax for the year		
— Hong Kong Profits Tax	224	—
— Over-provision in respect of prior years	—	(6)
	224	(6)
Deferred tax (note 25)	301	(333)
Income tax expense/(credit)	525	(339)

The Group has no income subject to taxation in the Cayman Islands and the British Virgin Islands (“BVI”).

The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The PRC corporate income tax is provided for at the rate of 25% on the estimated assessable profits for the Group’s operations in the PRC. Singapore corporate income tax is provided for at the rate of 17% on the estimated assessable profits for the Group’s operations in Singapore. Australia corporate income tax is provided for at the rate of 25%–30% on the estimated assessable profits for the Group’s operations in Australia.

Notes to the Consolidated Financial Statements

12. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rate applicable to the profit or loss of the consolidated entities as follows:

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Profit/(Loss) before income tax	9,941	(13,357)
Tax calculated at domestic tax rates applicable to profit or loss of the respective countries	928	(2,824)
Income not subject to tax	(426)	(217)
Expenses not deductible for tax purposes	149	620
Tax losses for which no deferred tax asset was recognized	1,007	2,196
Utilisation of previously unrecognised tax losses	(1,034)	—
Over-provision in respect of prior years	—	(6)
Others	(99)	(108)
Income tax expense/(credit)	525	(339)

13. EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the respective year.

	Year ended 31 December	
	2025	2024
Profit/(Loss) attributable to equity holders of the Company (HK\$'000)	9,426	(12,826)
Weighted average number of ordinary shares in issue (thousands)	600,000	600,000
Basic profit/(loss) per share (expressed in HK cents)	1.57	(2.14)

(b) Diluted

Diluted earnings/(loss) per share presented is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the year.

Notes to the Consolidated Financial Statements

14. SUBSIDIARIES

The following is a list of subsidiaries as at 31 December 2025:

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued and paid up share capital	Effective equity interest held as at	
				2025	2024
Directly held by the Company:					
M&L Pacific Group Limited	BVI, limited liability company	Investment holding in Hong Kong	US\$1	100%	100%
M&L Far East Group Limited	BVI, limited liability company	Investment holding in Hong Kong	US\$1	100%	100%
East Focus International Group Limited	BVI, limited liability company	Investment holding in Hong Kong	US\$1	100%	100%
Indirectly held by the Company:					
M&L China Engineering & Materials Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$10,000	96.45%	96.45%
M&L Engineering & Materials Limited ("M&L HK")	Hong Kong, limited liability company	Trading and hiring of construction machinery and spare parts in Hong Kong	HK\$15,000,000	95.33%	95.33%
M&L Engineering Machinery (Shenzhen) Limited	The PRC, limited liability company	Trading and hiring of construction machinery and spare parts in the PRC	RMB5,000,000	96.45%	96.45%
East Focus Engineering Services Limited ("East Focus")	Hong Kong, limited liability company	Trading and hiring of construction machinery and spare parts in Hong Kong	HK\$100,000	100%	100%
M&L Engineering & Materials Pte Limited	Singapore, limited liability company	Trading and hiring of construction machinery and spare parts in Singapore	SG\$50,000	100%	100%
M&L South Pacific Group Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$100,000	100%	100%
M&L Australia Engineering Pty Limited	Australia, limited liability company	Trading of construction machinery and spare parts in Australia	AUD10,000	100%	100%
M&L Oceania Management Pty Limited	Australia, limited liability company	Property investment in Australia	AUD50,000	100%	100%
MEK Group Company Limited ("MEK HK")	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$11,320,000	100%	N/A
東莞市龐萬力隧道設備有限公司 (Palmieri China Tunneling Equipment Ltd.*) ("Palmieri China")	The PRC, limited liability company	Production, sales, design, and repairing of construction machinery and spare parts and related consulting services	US\$1,400,000	100%	N/A

* The English name of a subsidiary established in the PRC is translated for identification purpose only.

Notes to the Consolidated Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

	Land and buildings HK\$'000	Machinery and equipment HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST OR VALUATION						
At 1 January 2024	21,620	12,143	2,151	1,370	4,074	41,358
Additions	—	216	18	328	—	562
Surplus on revaluation (note (c))	11,756	—	—	—	—	11,756
Disposal/Written off	—	—	(16)	(102)	—	(118)
Reclassified to assets held for sale (note(d))	(27,996)	(1,076)	—	—	—	(29,072)
Exchange realignment	(2,554)	(215)	(95)	(23)	(62)	(2,949)
At 31 December 2024 and 1 January 2025	2,826	11,068	2,058	1,573	4,012	21,537
Additions	14,227	650	85	118	—	15,080
Acquired through business combinations (note 35)	—	50	—	7	—	57
Surplus on revaluation (note (c))	1,305	—	—	—	—	1,305
Disposal/Written off	—	(45)	(925)	(39)	(834)	(1,843)
Exchange realignment	703	133	45	33	67	981
At 31 December 2025	19,061	11,856	1,263	1,692	3,245	37,117
At 31 December 2025 comprising						
At cost	—	11,856	1,263	1,692	3,245	18,056
At valuation	19,061	—	—	—	—	19,061
	19,061	11,856	1,263	1,692	3,245	37,117
ACCUMULATED DEPRECIATION						
At 1 January 2024	—	8,466	1,679	1,311	3,925	15,381
Charge for the year	261	1,024	452	88	42	1,867
Elimination on revaluation (note (c))	(261)	—	—	—	—	(261)
Disposal/Written off	—	—	(16)	(102)	—	(118)
Reclassified to assets held for sale (note(d))	—	(566)	—	—	—	(566)
Exchange realignment	—	(115)	(87)	(22)	(51)	(275)
At 31 December 2024 and 1 January 2025	—	8,809	2,028	1,275	3,916	16,028
Charge for the year	280	982	26	118	27	1,433
Elimination on revaluation (note (c))	(280)	—	—	—	—	(280)
Disposal/Written off	—	(45)	(925)	(39)	(761)	(1,770)
Exchange realignment	—	76	41	31	63	211
At 31 December 2025	—	9,822	1,170	1,385	3,245	15,622
NET CARRYING VALUE						
At 31 December 2025	19,061	2,034	93	307	—	21,495
At 31 December 2024	2,826	2,259	30	298	96	5,509

Notes to the Consolidated Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

(b) Right-of-use assets

	Ownership interests in leasehold land held for own use HK\$'000	Other properties leased for own use HK\$'000	Total HK\$'000
COST OR VALUATION			
At 1 January 2024	5,917	5,845	11,762
Effect on lease modification	—	1,868	1,868
Expiration of lease	—	(1,631)	(1,631)
Surplus on revaluation (note (c))	439	—	439
Exchange realignment	(217)	(57)	(274)
At 31 December 2024 and 1 January 2025	6,139	6,025	12,164
Effect on lease modification	—	(6)	(6)
Expiration of lease	—	(3,453)	(3,453)
Surplus on revaluation (note (c))	594	—	594
Exchange realignment	381	48	429
At 31 December 2025	7,114	2,614	9,728
At 31 December 2025 comprising			
At cost	—	2,614	2,614
At valuation	7,114	—	7,114
	7,114	2,614	9,728
ACCUMULATED DEPRECIATION			
At 1 January 2024	—	3,963	3,963
Charge for the year	124	2,205	2,329
Expiration of lease	—	(1,631)	(1,631)
Elimination on revaluation (note (c))	(124)	—	(124)
Exchange realignment	—	(17)	(17)
At 31 December 2024 and 1 January 2025	—	4,520	4,520
Charge for the year	139	1,290	1,429
Expiration of lease	—	(3,453)	(3,453)
Elimination on revaluation (note (c))	(139)	—	(139)
Exchange realignment	—	29	29
At 31 December 2025	—	2,386	2,386
NET CARRYING VALUE			
At 31 December 2025	7,114	228	7,342
At 31 December 2024	6,139	1,505	7,644

Notes to the Consolidated Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

(b) Right-of-use assets (Continued)

The Group as a lessee, has entered into certain lease contracts for its operation.

The Group holds an industrial building for its operation in Singapore. Lump sum payments were made upfront to acquire the leasehold land where the industrial building is situated with initial lease periods of 60 years, and no ongoing payment is required under the terms of the land lease, other than payment based on rateable values set by the local government authorities. These payments vary from time to time and are payable to the local government authorities.

The Group has leased a number of properties for office and warehouse use. The periodic rental under these lease are fixed over the lease term. The leases of these properties generally have lease terms of 2 to 3 years (2024: 2 to 3 years). In addition, some of the leases include an option to renew the lease for an additional period after the non-cancellable period. The renewal option is to provide flexibility to align the Group's need and the Group is not reasonably certain to extend the lease term. Therefore, payments associated with the optional period are not included within lease liabilities of these leases.

The lease liabilities of these lease contracts are disclosed in note 24(b).

(c) Revaluation of land and buildings including leasehold land classified as right-of-use assets

For the year ended 31 December 2025, the Group recorded net increase in fair value of the land and buildings situated in Australia and Singapore of HK\$2,318,000 (2024: HK\$12,580,000). The increase in fair value net of income tax expense of HK\$556,000 (2024: HK\$3,667,000) which amounted to HK\$1,762,000 (2024: HK\$8,913,000) was recorded in revaluation reserve in equity. The fair values of the land and buildings are determined by the directors with reference to the property valuations conducted by independent professional valuers.

The fair value of the Group's leasehold land situated in Singapore as at 31 December 2025 was determined by DValuer Property Consultants Pte Limited which is an independent firm of professionally qualified valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in nearby locations.

The fair value of the newly acquired land and buildings situated at Australia as mentioned in note (d) as at 31 December 2025 was determined by Melbourne Property Valuers which is an independent firm of professionally qualified valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in nearby locations.

The Group measures land and buildings at revalued amount which requires fair value measurement. For financial reporting purposes, fair value measurement are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement is observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

Notes to the Consolidated Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

(c) Revaluation of land and buildings including leasehold land classified as right-of-use assets (Continued)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset.

The fair values of the Group's leasehold land and buildings situated in Singapore and Australia as at 31 December 2025 are categorised as Level 3 recurring fair value measurement which uses significant unobservable inputs in arriving at fair value. For land and buildings that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers into or out of Level 3 during the year.

Details about the valuation inputs for the land and buildings situated in Singapore and Australia are as follows:

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial — Office/ Warehouse	Singapore	Direct Comparison Approach	(Discount)/Premium on quality and characteristics of properties	–1% to 5% (2024: –2% to 3%)	The higher the premium or discount, the higher or lower the fair value
Industrial — Office/ Warehouse	Australia	Direct Comparison Approach	(Discount)/Premium on quality and characteristics of properties	–5% to 5% (2024: Nil)	The higher the premium or discount, the higher or lower the fair value

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The fair value measurement is based on the highest and best use of the properties, which does not differ from their current use.

Under the direct comparison approach, the fair value of the land and buildings situated in Singapore and Australia is assessed by reference with market comparable transaction available in the relevant market.

Notes to the Consolidated Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

(d) Assets classified as held for sale and acquisition of new property in Australia

Disposal of assets classified as held for sale

On 29 November 2024, the Group entered into the sales and purchase agreement with the independent third party to dispose of the industrial property located at Australia together with certain machinery and equipment (together the “Disposal Property”) at the cash consideration of AUD6,000,000 (the “Disposal”). As at 31 December 2024, the Disposal had not yet been completed. Accordingly, the Disposal Property, with a carrying amount of HK\$28,506,000, was reclassified as assets held for sale and presented separately in the consolidated statement of financial position. Following the reclassification, an impairment loss of HK\$960,000 was recognised to reduce the carrying amount of the Disposal Property to its fair value less costs to sell of HK\$27,546,000 as at 31 December 2024. The fair value of the Disposal Property was determined using the sales comparison approach, which is a Level 2 fair value measurement.

The Disposal was completed on 30 January 2025. Upon the completion, the revaluation surplus of HK\$14,806,000 previously recognised in the revaluation reserve was transferred to retained earnings. In addition, a gain on disposal of HK\$503,000 was recognised in profit or loss and included in the line item of “gain on disposal of assets classified as held for sale” for the year ended 31 December 2025.

Acquisition of new property

During the year, the Group acquired a freehold land and buildings with costs of HK\$14,227,000 for own use as warehouse and office in Australia.

16. OTHER INVESTMENTS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Other investments		
— Life insurances for Ng Lai Ming	6,212	5,903

A non-wholly owned subsidiary of the Company, in the capacity of policy holder and beneficiary, has entered into two life insurance policies with two independent insurance companies, for Mr. Ng Lai Ming, the chief executive officer of the Company. One of the policies requires an one-off upfront payment of the total policy premium and the other policy requires payment of the premium by five annual instalments. For both policies, the policy holder may request partial or full surrender of the policy at any time and receive cash back based on the value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated interest earned and minus insurance premium charged, or by the guaranteed cash value, annual dividend and applicable terminal dividend. If such surrender is required at any time during the respective surrender period, a pre-determined surrender charge would be imposed.

Notes to the Consolidated Financial Statements

16. OTHER INVESTMENTS (CONTINUED)

The Group presently has no intention to terminate the policies nor withdraw cash prior to the lapse of the surrender period and the expected life of the policies remained unchanged from the initial recognition.

The life insurance policies are denominated in United States dollar ("US\$") and HK\$ and one of the policies has been assigned as security for the Group's banking facilities (note 24(c)).

Particulars of the policies are as follows:

Insured sum	Premium payments	Guaranteed interest/ annual guaranteed cash value	
US\$1,582,862 (equivalent to approximately HK\$12,425,000) (note)	One-off upfront payment of US\$639,386 (equivalent to approximately HK\$5,019,000)	First five years: 3.90% per annum	Sixth year and after: 2.25% per annum
	Five annual instalments of HK\$160,000 each	First 20 years: ranged from nil to HK\$800,000	After 20 years: HK\$800,000 or above

Note: Subject to paid up of premium

The values of above life insurance policies are measured at fair value determined with reference to the respective account value provided by the insurance companies, which is a Level 3 measurement under HKFRS 13. Significant inputs to valuation include the expected return and the internal rate of return of the underlying investments. During the year ended 31 December 2025, there were no transfers into or out of Level 3 (2024: Nil). The change in fair value of the insurance policies were recognised in profit or loss under "other gains and losses, others". The fair value measurement is based on the above items' highest and best use, which does not differ from their current use.

17. INVENTORIES

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Merchandise	37,866	31,085

Notes to the Consolidated Financial Statements

18. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

(a) Trade and other receivables

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade receivables	64,391	67,372
Less: loss allowance	(6,409)	(6,629)
Trade receivables, net	57,982	60,743
Bills receivables	4,001	1,598
Prepayments	673	804
Deposits paid	9,322	2,356
Other receivables	944	172
VAT receivables	297	336
	73,219	66,009
Less: Non-current portion deposits	(115)	(451)
	73,104	65,558

The credit terms granted by the Group generally ranged up to 270 days (2024: 270 days). The ageing analysis of these trade receivables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	16,795	22,387
31 to 60 days	8,295	1,702
61 to 90 days	1,825	1,102
91 to 180 days	2,613	596
181 to 365 days	2,120	3,484
Over 1 year but within 2 years	7,747	8,902
Over 2 years but within 3 years	2,838	2,356
Over 3 years	22,158	26,843
Trade receivables, gross	64,391	67,372
Less: loss allowance	(6,409)	(6,629)
Trade receivables, net	57,982	60,743

Notes to the Consolidated Financial Statements

18. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

(a) Trade and other receivables (Continued)

Movements on the Group's loss allowance for trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	6,629	7,917
Impairment loss reversed	(483)	(1,086)
Exchange realignment	263	(202)
At 31 December	6,409	6,629

Further details of the Group's credit policy and credit risk arising from trade receivables and the loss allowances made are set out in note 38(a)(ii).

Bills receivables represent bank acceptance notes issued by third parties with average maturity of within 365 days (2024: within 365 days), which are denominated in Renminbi.

(b) Contract assets

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Unbilled revenue	3,076	—

Contract assets arising from unbilled revenue represents a right to consideration from the customer in exchange for goods or services transferred to the customer when that right is subject to conditions other than solely the passage of time. Upon final acceptance by the customer, the amounts recognised as contract assets on unbilled revenue are reclassified to trade receivables.

The expected timing of recovery or settlement of gross amount of contract assets at the end of the reporting period is as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Within one year	876	—
More than one year	2,200	—
	3,076	—

The Group's credit risk assessment on contract assets is set out in note 38(a)(ii).

Notes to the Consolidated Financial Statements

19. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Short-term bank deposits with original maturity within three months	5,300	15,005
Cash at banks and on hand	11,818	8,385
	17,118	23,390

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
HK dollar	7,702	16,978
Euro ("EUR")	1,008	3,086
Australian dollar ("AUD")	4,722	2,890
Renminbi ("RMB")	3,160	356
Singapore dollar	189	72
United States dollar ("US\$")	277	8
Canadian dollar	60	—
	17,118	23,390

As at 31 December 2025, cash and cash equivalents of approximately HK\$3,155,000 (2024: HK\$350,000) are denominated in Renminbi and deposited with banks in Mainland China. Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currencies and remittance of Renminbi out of Mainland China is subject to the rules and regulations of exchange control promulgated by the government of the PRC.

20. PLEDGED BANK DEPOSITS

Pledged bank deposits are pledged to secure bank guarantees issued in favour of customers in Australia for certain sales of goods contracts. The Group has unconditionally and irrevocably agreed to indemnify the bank for any claims or losses the bank may incur in respect of these guarantees (note 24(d)). The pledged bank deposit as at 31 December 2025 is expected to be released in years 2027 and 2028.

Notes to the Consolidated Financial Statements

21. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade payables	22,337	28,507
Accrued expenses	4,117	2,417
Other payables	2,644	764
Consideration payables for acquisition of subsidiaries (note 35)	3,522	—
	32,620	31,688

Included in trade payables as at 31 December 2025 was an amount of approximately HK\$6,287,000 (2024: HK\$6,936,000) which is interest bearing at 4% per annum.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	4,493	6,059
31 to 60 days	2,943	3,097
61 to 90 days	3,311	2,523
91 to 120 days	887	—
Over 120 days	10,703	16,828
	22,337	28,507

(b) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Contract liabilities related to trading in steel works	6,906	—

Notes to the Consolidated Financial Statements

21. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities (Continued)

Movements on contract liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	—	395
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	—	(395)
Increase in contract liabilities as a result of receiving sales deposits during the year in respect of trading in steel works	6,906	—
At 31 December	6,906	—

22. DIVIDEND PAYABLE

The amount is payable to a non-controlling shareholder of a subsidiary, Genghiskhan Land Holdings Limited ("Genghiskhan"). Genghiskhan was struck off from the Register of Companies of the BVI on 30 April 1998 and subsequently dissolved on 30 April 2008.

The amount is unsecured, interest-free, repayable on demand and denominated in HK\$.

23. AMOUNT DUE TO A DIRECTOR

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Advance from:		
— Mr. Ng Lai Ming	3,000	2,000

The advance from Mr. Ng Lai Ming is unsecured, bears interest at 3.5% per annum (2024: 2.5% per annum) on simple basis and payable semi-annually, and is repayable upon 3 months notice.

Notes to the Consolidated Financial Statements

24. BORROWINGS

The breakdown of borrowings are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Bank borrowings (note (a))	9,787	21,480
Lease liabilities (note (b))	246	1,551
	10,033	23,031
	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Non-current liabilities		
Bank borrowings	—	1,788
Lease liabilities	—	239
	—	2,027
Current liabilities		
Bank borrowings	9,787	19,692
Lease liabilities	246	1,312
	10,033	21,004
Total	10,033	23,031

(a) Bank borrowings

The carrying amount of the bank borrowings are denominated in HK\$.

At the end of reporting period, bank borrowings were scheduled to repay as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
On demand or within 1 year	9,787	19,692
Later than 1 year but not exceeding 2 years	—	1,788
	9,787	21,480

Notes to the Consolidated Financial Statements

24. BORROWINGS (CONTINUED)

(b) Lease liabilities

The movements of lease liabilities are as follows:

	Other properties leased for own use HK\$'000
At 1 January 2024	1,890
Finance cost (note 11)	161
Lease payments	(2,327)
Effect on lease modification	1,868
Exchange realignment	(41)
At 31 December 2024 and 1 January 2025	1,551
Finance cost (note 11)	59
Lease payments	(1,378)
Effect on lease modification	(6)
Exchange realignment	20
At 31 December 2025	246

For the year ended 31 December 2025, the Group's total cash outflow for leases including short-term leases (note 7) amounted to HK\$2,607,000 (2024: HK\$2,662,000).

Notes to the Consolidated Financial Statements

24. BORROWINGS (CONTINUED)

(b) Lease liabilities (Continued)

The lease liabilities were repayable as follows:

	Future lease payments HK\$'000	Interest HK\$'000	Present value of future lease payments HK\$'000
As at 31 December 2025			
No later than 1 year	249	(3)	246
As at 31 December 2024			
No later than 1 year	1,371	(59)	1,312
Later than 1 year but not later than 2 years	243	(4)	239
	1,614	(63)	1,551

(c) Banking facilities

As at 31 December 2025, the Group has obtained total banking facilities from banks of approximately HK\$13,800,000 (31 December 2024: HK\$33,500,000), of which HK\$4,000,000 (31 December 2024: HK\$12,000,000) has not been utilised.

The banking facilities are secured by the followings:

- (i) the assignment of the life insurance policy of Mr. Ng Lai Ming with an insured sum of US\$1,582,862 (note 16) for the bank borrowings;
- (ii) corporate guarantees provided by the Company and its subsidiaries, M&L HK and East Focus; and
- (iii) personal guarantees provided by an executive director.

Notes to the Consolidated Financial Statements

24. BORROWINGS (CONTINUED)

(c) Banking facilities (Continued)

The weighted average of the effective interest rates of the borrowings at the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
<i>Floating rate</i>		
Bank borrowings	5.83%	6.82%

(d) Guarantees

The Group provided guarantees in favour of customers in Australia for certain sales of goods contracts. Details of these guarantees as of the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Aggregate value of bank guarantees issued in favour of customers	4,430	—

The guarantees were required for the entire period of the relevant contracts. As at 31 December 2025, the relevant contracts were expected to be completed in years 2027 and 2028.

The directors are of the opinion that it is not probable that the financial institutions would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made as at the end of the reporting period.

Notes to the Consolidated Financial Statements

25. DEFERRED TAXATION

The movements in deferred tax assets and (liabilities) during the reporting period are as follows:

	Tax losses HK\$'000	Unrealised profit HK\$'000	Accelerated tax depreciation allowances HK\$'000	Withholding tax HK\$'000	Revaluation of land and buildings HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	2,071	269	(410)	(957)	(2,512)	—	(1,539)
(Charge)/credit to profit or loss (note 12)	(8)	(4)	122	—	—	223	333
Charge to other comprehensive income	—	—	—	—	(3,667)	—	(3,667)
Exchange realignment	(139)	—	34	30	415	—	340
At 31 December 2024 and 1 January 2025	1,924	265	(254)	(927)	(5,764)	223	(4,533)
(Charge)/credit to profit or loss (note 12)	(728)	(51)	111	—	—	367	(301)
Charge to other comprehensive income	—	—	—	—	(556)	—	(556)
Utilisation upon disposal of assets held for sale	—	—	—	—	5,403	—	5,403
Exchange realignment	96	—	—	(45)	(265)	7	(207)
At 31 December 2025	1,292	214	(143)	(972)	(1,182)	597	(194)

Notes to the Consolidated Financial Statements

25. DEFERRED TAXATION (CONTINUED)

Represented by:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Deferred tax assets	1,026	964
Deferred tax liabilities	(1,220)	(5,497)
	(194)	(4,533)

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on the unremitted earnings or dividends declared in respect of profits earned by subsidiaries established in the PRC from 1 January 2008 onwards.

As at 31 December 2025, the Group had unused tax losses of HK\$31,974,000 (2024: HK\$33,901,000) available for offset against the future profits, in which HK\$4,124,000 (2024: HK\$8,403,000) were recognised as deferred tax assets. Deferred tax assets have not been provided in respect of the tax losses to the extent of to HK\$27,850,000 (2024: HK\$25,498,000) as it is not probable that taxable profit will be available against which these unused tax losses can be utilized. The aforementioned tax losses are subject to the final assessment of the local tax authorities. The tax losses incurred in Hong Kong, Singapore and Australia may be carried forward indefinitely. The tax losses incurred in the PRC may be carried forward for five years from the financial year when the corresponding loss was incurred.

26. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary share of HK\$0.1 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	600,000,000	6,000

Notes to the Consolidated Financial Statements

27. SHARE PREMIUM AND OTHER RESERVES

	Share premium	Capital reserve (note (a))	Revaluation reserve (note (c))	Translation reserve (note (d))	Statutory reserve (note (b))	Retained earnings/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	63,332	15,642	7,685	(131)	1,522	9,271	97,321
Loss for the year	—	—	—	—	—	(12,826)	(12,826)
Other comprehensive income:							
Fair value adjustment on revaluation of lands and buildings, net of tax effect	—	—	8,913	—	—	—	8,913
Exchange differences arising from translation of foreign operations	—	—	—	(447)	—	—	(447)
Total comprehensive income for the year	—	—	8,913	(447)	—	(12,826)	(4,360)
Difference in depreciation provided based on historical cost and revalued amount	—	—	(55)	—	—	55	—
Balance at 31 December 2024	63,332	15,642	16,543	(578)	1,522	(3,500)	92,961
Balance at 1 January 2025	63,332	15,642	16,543	(578)	1,522	(3,500)	92,961
Profit for the year	—	—	—	—	—	9,426	9,426
Other comprehensive income:							
Transferred to retained earnings upon disposal (note 15(d))	—	—	(14,806)	—	—	14,806	—
Fair value adjustment on revaluation of lands and buildings, net of tax effect	—	—	1,762	—	—	—	1,762
Exchange differences arising from translation of foreign operations	—	—	—	773	—	—	773
Total comprehensive income for the year	—	—	(13,044)	773	—	24,232	11,961
Forfeiture of unclaimed dividend	—	—	—	—	—	1,167	1,167
Difference in depreciation provided based on historical cost and revalued amount	—	—	(47)	—	—	47	—
Balance at 31 December 2025	63,332	15,642	3,452	195	1,522	21,946	106,089

Notes to the Consolidated Financial Statements

27. SHARE PREMIUM AND OTHER RESERVES (CONTINUED)

Notes:

- (a) Capital reserve of HK\$15,642,000 as at 31 December 2025 and 2024 included:
- reserve of HK\$989,000, representing difference between the fair value of the consideration paid and the carrying amount of net assets attributable to the additional interest in a group of subsidiaries being acquired from non-controlling interests on 12 September 2013; and
 - reserve of HK\$14,653,000, representing difference between the carrying value of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange thereof.
- (b) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. The PRC company is required to appropriate 10% of statutory net profits to statutory reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the statutory reserve using its post-tax profits in accordance with resolutions of the Board.
- (c) Balance represents gains or losses arising on the revaluation of properties. The balance on this reserve is wholly non-distributable.
- (d) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy in note 4.3.

Notes to the Consolidated Financial Statements

28. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash (used in)/generated from operations

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Profit/(Loss) before income tax	9,941	(13,357)
Adjustments for:		
Finance income	(289)	(319)
Finance costs	1,384	2,148
Depreciation	2,862	4,196
Reversal of impairment loss on trade receivables	(483)	(1,086)
Forfeiture of unclaimed dividend	—	(350)
Increase in fair value of other investments	(149)	(142)
Impairment loss on inventories	73	605
Impairment loss of assets classified as held for sale	—	960
Gain on bargain purchase arising from acquisition of a subsidiary	(4,716)	—
Gain on disposal of assets classified as held for sale	(503)	—
Gain on disposal of property, plant and equipment	(123)	—
Cash generated from/(used in) operation before changes in working capital	7,997	(7,345)
Changes in working capital		
Inventories	(1,617)	313
Trade and other receivables and contract assets	(6,496)	11,101
Pledged bank deposits	(4,282)	—
Trade and other payables	(4,536)	6,105
Contract liabilities	6,888	(395)
Balances with a director	—	(507)
Other provision	—	(88)
Net cash (used in)/generated from operations	(2,046)	9,184

Notes to the Consolidated Financial Statements

28. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Liabilities from financing activities		
	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Advance from a director HK\$'000
At 1 January 2025	21,480	1,551	2,000
Changes from financing cash flows:			
Proceeds from borrowings	8,000	—	1,000
Repayment of borrowings	(19,693)	—	—
Payment of principal element of lease liabilities	—	(1,319)	—
Total changes from financing cash flows	(11,693)	(1,319)	1,000
Exchange realignment	—	20	—
Other changes:			
Modification of lease	—	(6)	—
Total other changes	—	(6)	—
At 31 December 2025	9,787	246	3,000

	Liabilities from financing activities		
	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Advance from a director HK\$'000
At 1 January 2024	28,068	1,890	3,220
Changes from financing cash flows:			
Proceeds from borrowings	18,000	—	—
Repayment of borrowings	(24,588)	—	(1,220)
Payment of principal element of lease liabilities	—	(2,166)	—
Total changes from financing cash flows	(6,588)	(2,166)	(1,220)
Exchange realignment	—	(41)	—
Other changes:			
Modification of lease	—	1,868	—
Total other changes	—	1,868	—
At 31 December 2024	21,480	1,551	2,000

Notes to the Consolidated Financial Statements

29. DIVIDENDS

The Board does not recommend the payment of both interim and final dividends for the year ended 31 December 2025 (2024: Nil).

30. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2025 and 2024.

31. COMMITMENTS

The Group had no significant commitments as at 31 December 2025 (2024: commitment of HK\$13,269,000 relating to the acquisition of property, plant and equipment).

32. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Other than those disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties in the normal course of the Group's business:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Interest expense paid to a director (note 11)	90	56

(b) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Salaries, wages and other benefits	3,683	3,115
Contributions to defined contribution retirement plans	135	117
	3,818	3,232

33. ULTIMATE HOLDING COMPANY

Management consider that JAT United Company Limited as the ultimate holding company of the Group, which is a company incorporated in BVI and owned by Mr. Ng Lai Ming, who is also the executive director and chairman of the Board of the Company.

Notes to the Consolidated Financial Statements

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	35,297	35,297
	35,297	35,297
Current assets		
Prepayments and other receivables	64	245
Amounts due from subsidiaries	51,766	37,463
Cash and cash equivalents	103	15,112
	51,933	52,820
Current liabilities		
Accrued expenses	608	270
Net current assets	51,325	52,550
NET ASSETS	86,622	87,847
CAPITAL AND RESERVES		
Share capital	6,000	6,000
Reserve	80,622	81,847
TOTAL EQUITY	86,622	87,847

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2026 and were signed on its behalf by:

Ng Lai Ming
Executive Director

Ng Lai Tong
Executive Director

Notes to the Consolidated Financial Statements

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserve movements of the Company are as follows:

	Share premium and other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	129,114	(46,124)	82,990
Loss and total comprehensive income for the year	—	(1,143)	(1,143)
At 31 December 2024 and 1 January 2025	129,114	(47,267)	81,847
Loss and total comprehensive income for the year	—	(1,225)	(1,225)
At 31 December 2025	129,114	(48,492)	80,622

35. BUSINESS ACQUISITION

On 10 December 2025 (“Acquisition Date”), East Focus, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the vendors, pursuant to which East Focus has conditionally agreed to acquire, and the vendors have conditionally agreed to sell, the sale shares, representing the 100% of the shares in MEK HK (“Acquisition”), at the total consideration of EUR650,000 (equivalent to approximately HK\$5,870,000) and in the form of cash. MEK Group was a disc cutters supplier of the Group before the Acquisition. The Acquisition has achieved vertical integration and allowing the Group in reducing production costs and stabilising its supply chain while diversifying its income through distribution of disc cutters to the Chinese and Singaporean markets.

The fair value of the identifiable assets and MEK HK and its subsidiary, Palmieri China (together “MEK Group”) as at the Acquisition Date and the gain on bargain purchase arising from the Acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed:

	HK\$'000
Property, plant and equipment	57
Inventories	4,297
Trade receivables	6,548
Deposits	131
Other receivables	301
Cash at bank and in hand	93
Other payables	(767)
Accrued expenses	(74)
Total identifiable net assets acquired at fair value	10,586

Notes to the Consolidated Financial Statements

35. BUSINESS ACQUISITION (CONTINUED)

Accounting for business acquisition:

	HK\$'000
Consideration	5,870
Less: Fair values of net identifiable assets	(10,586)
Gain on bargain purchase arising from the Acquisition	4,716

Analysis of the cash flows in respect of the Acquisition:

	HK\$'000
Cash consideration paid	(2,348)
Cash and bank balances acquired	93
Net outflows of cash and cash equivalents included in cash flows from investing activities	(2,255)

In the opinion of the directors, the gain on bargain purchase is mainly attributable to the immediate cash realisation need of the vendors and the Group's capability in negotiating the terms of the Acquisition in favour of the Group with the vendors.

Since the Acquisition date, MEK Group did not contribute any revenue to the Group and contribute loss of HK\$221,000 to the Group's profit or loss. Had the acquisition been occurred on 1 January 2025, the revenue and profit of the Group would have been HK\$82,341,000 and HK\$7,657,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future performance.

Notes to the Consolidated Financial Statements

36. NON-CONTROLLING INTERESTS

The following table lists out the information relating to M&L HK, the only subsidiary of the Group which has a material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025	2024
	HK\$'000	HK\$'000
NCI percentage	4.67%	4.67%
Current assets	116,894	113,729
Non-current assets	7,954	9,846
Current liabilities	(99,544)	(96,779)
Non-current liabilities	(1,504)	(3,467)
Net assets	23,800	23,329
Carrying amount of NCI	1,169	1,184
Revenue	50,822	59,634
Loss for the year	(565)	(4,706)
Total comprehensive income for the year	(696)	(4,673)
Loss allocated to NCI	(10)	(192)
Dividend paid to NCI	—	—
Cash flows from operating activities	3,847	5,523
Cash flows used in investing activities	(1,262)	(470)
Cash flows from/(used in) financing activities	4,029	(7,488)

Notes to the Consolidated Financial Statements

37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Financial assets at amortised cost:		
— Trade and other receivables	63,932	63,916
— Pledged bank deposits	4,430	—
— Cash and cash equivalents	17,118	23,390
	85,480	87,306
Financial liabilities at amortised cost:		
— Trade and other payables	32,014	31,475
— Amount due to a director	3,000	2,000
— Bank borrowings	9,787	21,480
	44,801	54,955
Other financial instruments:		
— Lease liabilities	246	1,551

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group is exposed to foreign currency exchange fluctuations mainly from exposures arising in the normal course of its business, primarily with respect to US\$, EUR, AUD and RMB. Foreign exchange risk arises from transactions, and recognised assets and liabilities denominated in foreign currencies and net investments in foreign operations.

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign risk exposure.

Notes to the Consolidated Financial Statements

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2025, the net monetary liabilities denominated in EUR was approximately EUR921,000 (2024: EUR583,000). Had HK\$ been strengthened/weakened by 5% against the EUR with all other variables held constant, pre-tax profit for the year would have been higher/lower by approximately HK\$421,000 (2024: pre-tax loss would have been lower/higher by approximately HK\$236,000), mainly as a result of foreign exchange gains/losses on translation of EUR denominated trade receivables and payables and cash and cash equivalents.

Since the HK\$ is pegged with US\$, there are no significant foreign currency exposures for US\$ denominated financial assets and liabilities.

The remaining assets and liabilities of each company within the Group are mainly denominated in their respective functional currencies. The directors are of the opinion that the volatility of the Group's profit or loss against changes in exchange rates of foreign currencies arising from these assets and liabilities would not be significant. Accordingly, no sensitivity analysis is performed.

(ii) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, contract assets and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk includes risks resulting from counterparty default and risks of concentration. In respect of trade receivables, individual credit evaluations are performed on major customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer such as financial background as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle billings in accordance with contracted terms and other debts in accordance with agreements.

Management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit periods of up to 270 days are granted to customers. The Group's customers mainly engage in industry related to the provision of construction work. The particular credit period granted is pitched after taking into account the business cycle of the industry engaged by the customers. In addition, the Group allows longer time for settlement in practice for SOE customers which have proven strong financial background, as its business strategy. For SOE customers, management has kept ongoing communication with these customers for settlement arrangement.

Notes to the Consolidated Financial Statements

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECL, and performs impairment assessment under ECL model on trade receivables and contract assets. Except for the customers which are assessed to be credit-impaired and thus are assessed for impairment individually, trade receivables are grouped under a provision matrix by reference to historical data on payment pattern for different risk cluster with reference to the days past due. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle the trade receivables. Trade receivables and contract assets have been grouped based on shared credit risk characteristic which is the days past due. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowances based on past due status is not further distinguished between the Group's different customer bases. Normally, the Group does not obtain collateral from customers.

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables:

As at 31 December 2025

	Gross carrying amount HK\$'000	Individually assessed for loss allowance HK\$'000	Balance under collective assessment HK\$'000	ECL rate	Collectively assessed loss allowance HK\$'000	Total loss allowance HK\$'000
Current (not past due)	22,685	—	22,685	0.00%	—	—
1-30 days past due	2,224	—	2,224	0.00%	—	—
31-180 days past due	4,403	—	4,403	0.18%	8	8
181-365 days past due	8,957	—	8,957	0.39%	35	35
1-2 years past due	2,414	—	2,414	0.46%	11	11
2-3 years past due	1,802	—	1,802	1.00%	18	18
3-4 years past due	2,302	—	2,302	1.30%	30	30
Over 4 years past due	19,604	3,192	16,412	18.98%	3,115	6,307
	64,391	3,192	61,199		3,217	6,409

Notes to the Consolidated Financial Statements

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

As at 31 December 2024

	Gross carrying amount HK\$'000	Individually assessed for loss allowance HK\$'000	Balance under collective assessment HK\$'000	ECL rate	Collectively assessed loss allowance HK\$'000	Total loss allowance HK\$'000
Current (not past due)	24,978	—	24,978	0.01%	2	2
1–30 days past due	517	—	517	0.00%	—	—
31–180 days past due	2,157	—	2,157	0.37%	8	8
181–365 days past due	6,822	—	6,822	0.51%	35	35
1–2 years past due	3,939	—	3,939	0.76%	30	30
2–3 years past due	2,725	—	2,725	1.06%	29	29
3–4 years past due	10,339	—	10,339	1.23%	127	127
Over 4 years past due	15,895	4,555	11,340	16.25%	1,843	6,398
	67,372	4,555	62,817		2,074	6,629

The Group has assessed that the ECL rate of contract assets was not significant as at 31 December 2025. Accordingly, no loss allowance for contract assets was recognised.

In respect of other debt financial assets, the directors of the Company make periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months ECL. For the year ended 31 December 2024 and 2025, the Group assessed the ECL for other debt financial assets were insignificant and thus no loss allowance was recognised.

The credit risks on cash and cash equivalents are limited because the counterparties are reputable and creditworthy banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(iii) Cash flow interest rate risk

Other than the bank borrowings which carry interest at prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities which are subject to cash flow interest rate risk. Therefore, the interest rate risk mainly arises from interest-bearing bank borrowings.

At 31 December 2025, had the interest rate on bank borrowings been 100 basis point higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher by approximately HK\$82,000 (2024: post-tax loss would have been higher/lower, by HK\$179,000) mainly as a result of higher/lower interest expense on the floating rate bank borrowings.

Notes to the Consolidated Financial Statements

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows and the earliest date the Group can be required to pay. Specifically, for the bank borrowings which contains a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the borrowings with immediate effect. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand HK\$'000	Within 1 year HK\$'000	In the 2nd year HK\$'000	In the 3rd to 5th years HK\$'000	Total HK\$'000
As at 31 December 2025					
— Bank borrowings	8,000	1,833	—	—	9,833
— Lease liabilities	—	249	—	—	249
— Amount due to a director	—	3,026	—	—	3,026
— Trade and other payables	56	38,392	—	—	38,448
	8,056	43,500	—	—	51,556
As at 31 December 2024					
— Bank borrowings	18,000	1,830	1,841	—	21,671
— Lease liabilities	—	1,371	243	—	1,614
— Amount due to a director	—	2,012	—	—	2,012
— Trade and other payables	139	31,405	—	—	31,544
	18,139	36,618	2,084	—	56,841

Notes to the Consolidated Financial Statements

38. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The following table summarises the maturity analysis of bank borrowings which contain repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Bank borrowings	Within 1 year HK\$'000	In the 2nd year HK\$'000	In the 3rd to 5th years HK\$'000	Total contractual undiscounted cash flow HK\$'000
As at 31 December 2025	9,787	—	—	9,787
As at 31 December 2024	18,319	—	—	18,319

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-asset ratio. The ratio is calculated as total debts divided by total assets. Total debts include interest-bearing borrowings, lease liabilities and advance from a director, Ng Lai Ming.

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Total debts	13,033	25,031
Total assets	172,150	168,418
Debt-to-asset ratio	7.57%	14.86%

(c) Fair value estimation

The carrying amounts of the Group's financial assets, including trade and other receivables and cash and cash equivalents, and financial liabilities, including trade and other payables, amount due to a director, and the current portion of the bank borrowings, approximate their fair values as at the reporting date due to their short term maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values. The carrying values of pledged bank deposits and the non-current portion of bank borrowings are assumed to approximate its fair value as the amount bears interest at commercial rate.

Financial Summary

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from this annual report and prior year financial statements, is set out below.

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	82,341	67,711	153,748	87,047	85,991
Gross profit	35,245	23,466	55,457	29,259	21,075
Profit/(Loss) before income tax	9,941	(13,357)	9,446	(8,701)	(9,230)
Income tax (expense)/credit	(525)	339	(2,184)	126	(31)
Profit/(Loss) for the year	9,416	(13,018)	7,262	(8,575)	(9,261)
Profit/(Loss) for the year attributable to equity holders of the Company	9,426	(12,826)	6,888	(8,452)	(9,059)
	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	40,620	20,471	41,081	41,361	41,940
Current assets	131,530	147,947	139,522	153,469	156,839
Total assets	172,150	168,418	180,603	194,830	198,779
Non-current liabilities	1,747	8,051	7,708	8,748	11,629
Current liabilities	57,145	60,222	68,199	90,854	83,732
Total liabilities	58,892	68,273	75,907	99,602	95,361
Non-controlling interests	1,169	1,184	1,375	1,003	1,152