Basic House New Life Group Limited
簡樸新生活集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code : 8360

ANNUAL REPORT 2025

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This report, for which the directors (the "Directors") of Basic House New Life Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). 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 aspects 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. Chan Hung Kai *(Chairman)*
Mr. Chung Kar Ho Carol

Independent Non-executive Directors

Mr. Tam Chak Chi
Ms. Lau Ho Kwan
Mr. Tang Chi Chiu

Audit Committee

Mr. Tam Chak Chi *(Chairman)*
Ms. Lau Ho Kwan
Mr. Tang Chi Chiu

Remuneration Committee

Mr. Tam Chak Chi *(Chairman)*
Mr. Chung Kar Ho Carol
Mr. Tang Chi Chiu

Nomination Committee

Mr. Tam Chak Chi *(Chairman)*
Mr. Chung Kar Ho Carol
Ms. Lau Ho Kwan

Company Secretary

Mr. Leung Tze Wai

Authorised Representatives

Mr. Leung Tze Wai
Mr. Chung Kar Ho Carol

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Unit 204A, 2/F, Century Centre,
44–46 Hung To Road,
Kwun Tong, Hong Kong

Independent Auditors

McMillan Woods (Hong Kong) CPA Limited

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Dah Sing Bank
DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
Wing Lung Bank Limited

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301–04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

Stock Code

8360

Company Website

www.basicnewlife.com

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Basic House New Life Group Limited (the "Company") together with its subsidiaries (collectively referred to as the "Group"), principally derives its revenue from the following business arms: (i) Design and Fit Out Business, which provides integration of interior design, fit out solutions and repair and maintenance services in Hong Kong; and (ii) Treasury Investment Business, which invests in equity securities listed in Hong Kong and derivatives listed in Hong Kong and Overseas.

Design and Fit Out Business

The business was established in 1999 under the name of AL Design & Associates Limited ("AL Design"), which is a well-established interior design and fit out solutions provider in Hong Kong. The Group believes that its success is firmly rooted in its extensive experience and portfolio in interior design and fit out works as well as project management. The Group's services can be broadly categorised as (i) design and fit out and (ii) design only. In addition, the Group also provides maintenance and aftersales services which could cater for its customers' different requirements.

Treasury Investment Business

The Group established the Treasury Investment Business during the year ended 31 December 2023. The Group will keep seeking for opportunities of equity appreciation and cash flow return in the equity securities market listed in Hong Kong and derivatives market listed in Hong Kong and Overseas.

Prospects

For the Design and Fit Out Business, the management of the Group (the "Management") is committed to strengthen the customer base. The Group will continue to find new orders and customers. Because of the unstable economic condition, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Design and Fit Out Business in the long run.

The Group commenced the business of securities investment during the year ended 31 December 2023. The Board is optimistic on the prospects of the equity securities market listed in Hong Kong and considered that the new business will further enhance the Company's financial performance as well as the value of the shareholders.

In addition, the Group will dedicate further resources to capturing emerging opportunities in the property market, with a particular focus on the Basic Housing Units sector. Consistent with its strategy to broaden and diversify its business portfolio, the Group will draw upon its proven expertise in interior design, fit-out, and repair and maintenance services to develop and manage high-quality, compliant Basic Housing Units.

The Basic Housing Units Ordinance (Chapter 658 of the Laws of Hong Kong), promulgated on 3 October 2025 and effective from 1 March 2026 (except Part 2 thereof), requires subdivided units to satisfy prescribed minimum living standards before they may be lawfully rented. This regulatory framework aims to enhance safety, hygiene, and overall living conditions for tenants. In alignment with these developments, the Group plans to strengthen its Basic Housing Units Business by acting as landlord, principal tenant, or service provider, offering comprehensive conversion, consultancy, and management solutions to property owners. The Group targets the development of approximately 1,000 units in the first year, with potential annual rental income of around HK$60 million at full occupancy. Over the next three years, it intends to expand to approximately 3,000 units, fostering sustainable growth and delivering long-term value to shareholders.

Financial Review

Revenue

The Group's revenue increased from approximately HK$65.7 million for the year ended 31 December 2024 to approximately HK$79.4 million for the year ended 31 December 2025, representing an increase of approximately 20.9%.

Such growth was primarily driven by an increase in the number of projects commenced during the year.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the year ended 31 December 2024 and 31 December 2025.

	Year ended 31 December			
	2025		2024	
	HK$'000	%	HK$'000	%
Design and Fit Out Business	**76,733**	**96.6**	61,349	93.4
Securities Investment Business	**–**	**–**	–	–
Others	**2,679**	**3.4**	4,318	6.6
	79,412	**100.0**	65,667	100.0

Cost of sales and services

The majority of the Group's cost of sales and services was raw material costs, labor and operating cost of design and fit out business. The Group's cost of sales and services increased by approximately 30.1% to approximately HK$60.6 million for the year ended 31 December 2025 as compared to the year ended 31 December 2024.

Direct costs increased more rapidly than revenue, reflecting intensified market competition and rising cost pressures. Going forward, the Group will implement enhanced cost control measures and strengthen operational discipline to improve overall efficiency and margin resilience. Concurrently, the Group will continue to actively identify and secure quality projects to broaden its revenue base, with the objective of maintaining an appropriate balance between sustainable growth and financial stability.

Expense

Selling and administrative expenses for the year ended 31 December 2025 was approximately HK$28.7 million (2024: HK$34.1 million).

Finance costs increased to HK$29.4 million, in line with the rise in bond payables during the year. To strengthen the Group's financial position and progressively reduce its gearing ratio, management will prudently explore alternative financing channels and seek funding solutions with more favourable terms and lower financing costs, with a view to optimising the Group's capital structure over the longer term.

Loss for the year

The loss for the year ended 31 December 2025 was approximately HK$32.7 million. The loss for the year ended 31 December 2024 was approximately HK$10.8 million.

Liquidity, Financial And Capital Resources

Capital structure

As at 31 December 2025, the share capital and capital deficiency attributable to owners of the Company amounted to approximately HK$36,027,000 and HK$41,939,000 respectively (2024: HK$36,027,000 and HK$10,865,000 respectively).

Cash position

As at 31 December 2025, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$61.1 million (2024: HK$53.6 million), representing an increase of approximately 14.0% as compared to that of at 31 December 2024.

Gearing ratio

As at 31 December 2025, the gearing ratio, expressed as a percentage of interest-bearing debt, bonds payable, contingent consideration payable and convertible bond over total assets was approximately 108.8% (31 December 2024: 83.9%). The increase in gearing ratio was mainly resulted by the issuance of bonds during the year. The management will timely monitor the financial position of the Group and deleverage the gearing when appropriate.

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$"). The Group's assets and liabilities are mainly denominated in HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

Significant Investments Held

As at 31 December 2025, the Group held approximately HK$46,000 and HK$12,622,000 of equity investments which were classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively. Details of the significant listed equity investments are as follows:

	Notes	Place of incorporation	Gain on change in fair value HK$'000	Market value HK$'000	Approximate percentage of equity investment %	Approximate percentage to the total asset %	Approximate percentage to the interest in the respective investment as at 31 December 2025 %
HSBC Holdings plc (0005.hk)	1	England	860	46	0.4	0.1	<0.01
CK Hutchison Holdings Limited (00001.hk)	2	Cayman Islands	1,693	26	0.2	0.0	<0.01
Midland Holdings Limited (01200.hk)		Bermuda	(24)	N/A	N/A	N/A	0.0
BYD Company Limited (01211.hk)	3	PRC	(436)	10	0.1	0.0	<0.01
Chinese Estates Holdings Limited (00127.hk)	4	Bermuda	85	2,047	16.2	1.4	<0.01
Kuaishou Technology (01024.hk)		Cayman Islands	1,106	N/A	N/A	N/A	0.0
Dickson Concepts International Ltd (00113.hk)		Bermuda	(27)	N/A	N/A	N/A	0.0
Brilliance China Automotive Holdings Limited (01114.hk)		Bermuda	(35)	N/A	N/A	N/A	0.0
Spring Real Estate Investment Trust (01426.hk)		Hong Kong	(103)	N/A	N/A	N/A	0.0
Global International Credit Group Limited (01669.hk)		Cayman Islands	159	N/A	N/A	N/A	0.0
Wanda Hotel Development Company Limited (00169.hk)		Bermuda	(1,781)	N/A	N/A	N/A	0.0
New World Development Company Limited (00017.hk)	5	Hong Kong	2	7	0.1	0.0	<0.01
Geely Automobile Holdings Limited (00175.hk)		Cayman Islands	682	N/A	0.0	N/A	0.0
Most Kwai Chung Limited (01716.hk)	6	Cayman Islands	57	249	2.0	0.2	<0.01
FWD Group Holdings Limited (01828.hk)		Cayman Islands	(63)	N/A	N/A	N/A	0.0
Sun Hing Printing Holdings Limited (01975.hk)		Cayman Islands	10	N/A	0.0	N/A	0.0
ZTO Express (Cayman) Inc (02057.hk)	7	Cayman Islands	130	16	0.1	0.0	<0.01
Jiangsu Innovative Ecological New Materials Limited (02116.hk)		Cayman Islands	28	N/A	N/A	N/A	0.0
Legion Consortium Limited (02129.hk)		Cayman Islands	(27)	N/A	N/A	N/A	0.0
SF Real Estate Investment Trust (02191.hk)		Hong Kong	(191)	N/A	N/A	N/A	0.0

	Notes	Place of incorporation	Gain on change in fair value HK$'000	Market value HK$'000	Approximate percentage of equity investment %	Approximate percentage to the total asset %	Approximate percentage to the interest in the respective investment as at 31 December 2025 %
Ping An Insurance (Group) Company of China, Ltd. (02318.hk)		PRC	691	N/A	N/A	N/A	0.0
China Life Insurance Company Limited (02628.hk)	8	PRC	1,012	27	0.2	0.0	<0.01
Champion Real Estate Investment Trust (02778.hk)		Hong Kong	208	N/A	N/A	N/A	0.0
Peiport Holdings Ltd. (02885.hk)		Cayman Islands	219	N/A	N/A	N/A	0.0
Midea Group Co., Ltd. (00300.hk)	9	PRC	163	8	0.1	0.0	<0.01
Soho Holly Futures Co Limited (03678.hk)		PRC	(27)	N/A	N/A	N/A	0.0
Meituan (03690.hk)	10	Cayman Islands	219	10	0.1	0.0	<0.01
Far East Hotels and Entertainment Limited (00037.hk)	11	Hong Kong	(552)	3,095	24.4	2.1	<0.01
Hong Kong Exchanges and Clearing Limited (00388.hk)		Hong Kong	768	N/A	N/A	N/A	0.0
Dah Sing Financial Holdings Limited (00440.hk)	12	Hong Kong	443	4,922	38.9	3.4	<0.01
Lens Technology Co., Ltd. H Shares (06613.hk)		PRC	1,096	N/A	N/A	N/A	0.0
Haier Smart Home Co Ltd (06690.hk)	13	PRC	196	5	0.0	0.0	<0.01
Tencent Holdings Limited (00700.hk)		Cayman Islands	117	N/A	N/A	N/A	0.0
hmvod Limited (08103.hk)	14	Cayman Islands	(988)	180	1.3	0.1	0.01
Legendary Education Group Limited (08195.hk)	15	Cayman Islands	(40)	259	2.0	0.2	<0.01
Link Real Estate Investment Trust (00823.hk)		Hong Kong	482	N/A	N/A	N/A	0.0
Super Strong Holdings Limited (08262.hk)	16	Cayman Islands	(589)	558	4.4	0.4	0.01
EDICO Holdings Limited (08450.hk)	17	Cayman Islands	(355)	1,192	9.4	0.8	0.01
Tai Cheung Holdings Limited (00088.hk)		Bermuda	24	N/A	N/A	N/A	0.0
JD.Com Inc. (09618.hk)	18	Cayman Islands	(93)	11	0.1	0.0	<0.01
ANE (Cayman) Inc. (09956.hk)		Cayman Islands	50	N/A	N/A	N/A	0.0
Chery Automobile Co., Ltd. H Shares (09973.hk)		PRC	(105)	N/A	N/A	N/A	0.0
Alibaba Group Holding Limited (09988.hk)		Cayman Islands	356	N/A	N/A	N/A	0.0
UnitedHealth Group Incorporated (UNH)		USA	291	N/A	N/A	N/A	0.0
			5,711	12,668	100.0	8.7	

Notes:

1. HSBC Holdings plc (HSBC) is the banking and financial services company. According to the latest published annual report of HSBC Holdings plc (HSBC), it had net asset value of approximately HK$198,225 million.

2. CK Hutchison Holdings Limited is an investment holding company principally engaged in the retail business of health and beauty products.According to its latest published annual report, it had net asset value of approximately HK$688,392 million.

3. BYD Company Limited is a China-based company mainly engaged in the manufacture and sales of transportation equipment.According to its latest published interim report, it had net asset value of approximately RMB$244,750 million.

4. Chinese Estates Holdings Limited is engaged in property development and trading, property leasing and securities investments. According to its latest published annual report, it had net asset value of approximately HK$11,935 million.

5. New World Development Company Limited is an investment holding company mainly engaged in the property development.According to its latest published interim report, it had net asset value of approximately HK$205,674 million.

6. Most Kwai Chung Limited is an investment holding company mainly engaged in the provision of integrated advertising and media services. According to its latest published interim report, it had net asset value of approximately HK$55 million.

7. ZTO Express Cayman Inc is a holding company that provides express delivery services and other value-added logistics services through a nationwide network. According to its latest published interim report, it had net asset value of approximately RMB64,856 million.

8. China Life Insurance Co Limited is a China-based company principally engaged in underwriting of life, health, accident and other types of personal insurance business. According to its latest published interim report, it had net asset value of approximately RMB535,599 million.

9. Midea Group Co., Ltd. is a China-based company principally engaged in the manufacture and distribution of household electronics. According to its latest published interim report, it had net asset value of approximately RMB229,424 million.

10. Meituan is an investment holding company mainly engaged in technology retail, providing daily necessities and services through technology and retail fields, including food delivery, in-store, hotel and travel reservations, other services and sales. According to its latest published interim report, it had net asset value of approximately RMB184,298 million.

11. Far East Hotels and Entertainment Limited is an investment holding company principally engaged in hotel operation. According to its latest published interim report, it had net asset value of approximately HK$293 million.

12. Dah Sing Financial Holdings Limited is an investment holding company mainly engaged in the banking business. According to its latest published interim report, it had net asset value of approximately HK$45,184 million.

13. Haier Smart Home Co Ltd, formerly Qingdao Haier Co Ltd, is a China-based company principally engaged in research and development, manufacturing and sales of home appliances. According to its latest published interim report, it had net asset value of approximately RMB122,579 million.

14. hmvod Limited is an investment holding company mainly engaged in the production and distribution of films, television programs and music production on over the top (OTT) platforms. According to its latest published interim report, it had net loss value of approximately HK$73 million.

15. Legendary Education Group Limited, formerly Legendary Group Ltd, is an investment holding company mainly engaged in the financial quotient and investment education business. According to its latest published interim report, it had net asset value of approximately HK$462 million.

16. Super Strong Holdings Limited operates as a contractor in the Hong Kong construction industry. The Company is principally engaged in general building works and specialist building works in Hong Kong. According to its latest published annual report, it had net asset value of approximately HK$76 million.

17. EDICO Holdings Limited is an investment holding company mainly engaged in the provision of financial printing services. According to its latest published annual report, it had net asset value of approximately HK$38 million.

18. JD.Com Inc is a company principally engaged in the e-commerce business, including online retail and online marketplace mainly through its retail mobile apps and www.jd.com website (collectively, JD Platform). According to its latest published interim report, it had net asset value of approximately RMB297,289 million.

The above-mentioned investments were primarily funded by the internal resources of the Group. The management would also continue to monitor the performance and share price of the above securities.

Investment Policy and Objectives

The Company's investment objectives are to achieve capital appreciation and generate sustainable shareholder value. The Group's investment policy is designed to optimize returns for the Group and the Company's shareholders, while managing investment risks through diversification across various sectors and ongoing portfolio review. The investment strategy is to pursue a balanced approach in exploring both short-term market opportunities and long-term sustainable growth, primarily to build a diversified portfolio delivering dividend income, potential capital gain and/or exposures to sectors with long term growth prospects. The scope of investments may include equity securities and derivatives listed on recognised stock exchanges and derivatives markets in Hong Kong and overseas, including but not limited to equities, bonds, exchange-traded funds, real estate investment trusts and exchange-listed futures and options, with clear restrictions on unlisted or over-the-counter derivatives, leveraged foreign exchange contracts, structured products or other off-exchange speculative instruments.

The investment portfolio shall be evaluated quarterly or upon significant change in economic or market conditions to assess investment allocations, valuation changes, risk exposure and asset diversification. The Board shall review the portfolio's performance and risk profile, and make adjustments as necessary to optimize shareholders' returns and in alignment with the investment objectives.

Risk Management and Control Measures

To ensure a prudent risk profile aligned with its investment objectives, the Group maintains the risk management and control measures with clear quantitative and qualitative risk limits as set forth below:

(i) The aggregate market value of all investment held shall not exceed 50% of the Group's total assets. To mitigate the concentration risk arising from over-reliance on a single asset or sector, the Group shall not invest in (a) any single investee company that exceeds 10% of the Group's total assets; and (b) any single sector that exceeds 25% of the Group's total assets.

(ii) For investments conducted through off-exchange transactions, where counterparty risk is inherently elevated due to the absence of centralized clearing mechanisms, the Group shall undertake rigorous due diligence on counterparties, including evaluation of creditworthiness, business conditions and financial status of counterparties to mitigate potential counterparty risks arising.

(iii) To maintain an adequate liquidity position supporting operational efficiency, the Group shall (i) maintain a substantial proportion (i.e. at least 50%) of the investment portfolio in liquid assets, primarily in listed equities that can be readily traded on the market; and (ii) conduct regular liquidity assessments to ensure sufficient cash reserves and liquid instruments are available to meet operational cash outflows.

These risk management and control measures are designed to safeguard the Group's assets, optimize returns within acceptable risk parameters, and protect shareholders' interests consistent with the Group's investment objectives and policy.

Approval and Oversight Mechanisms

Any potential investment or divestment opportunity shall be subject to the Board's review, deliberation and approval in advance. The Board, as the ultimate decision-making authority, shall (i) evaluate each proposed investment or divestment against the Group's investment policy and objectives; and (ii) assess transaction size, risk exposures, liquidity position and alignment with the Group's risk management framework.

The Board shall monitor the investment portfolio on an ongoing basis through regular reviews (at minimum on a quarterly basis) to assess investment allocations, valuation changes, risk exposure, asset diversification and compliance with risk limits. The Board will also review the portfolio's performance and risk profile against the Group's investment policy and risk management framework, and make adjustments as necessary to optimize shareholders' returns. The investment policy and objectives as well as the risk management framework will also be reviewed by the Board at least annually in response to the evolving market conditions, regulatory changes and the Group's strategic direction.

Capital Allocation Policies and Strategies

The Group's capital allocation policy is designed for the prudent optimization of idle funds to enhance earnings per share and increase overall shareholders' returns while maintaining financial strength and operational flexibility to support sustainable growth and respond to changing market conditions and emerging opportunities. Any surplus cash or funds not required for the Group's operational purposes may be deployed to generate reasonable returns through diversified capital deployment approaches, including securities investment, time deposits, debt repayment, dividend distributions and share buybacks.

Each capital deployment proposal undergoes rigorous review and approval by the Board to ensure that such capital deployment represents an appropriate use of shareholders' capital and aligns with their long-term investment expectations. The Board critically evaluates proposals to safeguard shareholders' capital and deliver reasonable returns, balancing sustainable growth with risk management. The Group will adjust its capital allocation strategy if market conditions or other circumstances indicate that alternative uses of capital (such as dividend distributions or share-buyback) would better serve shareholders' interests.

Under the Company's dividend policy, the Company will declare and/or recommend the payment of dividends to shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions.

Management Expertise

The Group's securities investment activities are primarily overseen and managed by the executive Directors with relevant expertise as follows:

- Mr. Chan Hung Kai, an executive Director and the Chairman of the Board, brings extensive entrepreneurial experience and investment acumen developed over 15 years of engaged participation in value investing and equity selection strategies.

- Mr. Chung Kar Ho Carol, an executive Director, contributes over 10 years of professional experience in providing financial services and investment solutions across insurance and investment sectors. During the period from October 2008 to March 2023, he was a licensed person initially carrying on Type 4 (advising on securities) regulated activity until June 2010, and thereafter Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), accredited to a licensed corporation specialising in asset and fund investment solutions.

Both Directors have demonstrated substantial investment acumen with extensive experience in equity investments and comprehensive understanding of securities markets. Complemented by the diverse sectoral knowledge, business acumen and risk management capabilities of other Board members, the Board collectively possesses a comprehensive combination of skills and experience to effectively evaluate, approve, monitor and manage the Group's securities investment activities, thereby exercising sound judgment in investment decision-making.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed herein, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

Material Transactions

On 7 February 2025, the Company conducted the following on-market acquisitions and disposals, each of which constituted a discloseable transaction of the Company (the details of which are set out in the announcement of the Company dated 7 February 2025):

- acquisition of a total of 200,200 class B ordinary share(s) ("Kuaishou B Shares") of the share capital of Kuaishou Technology, an exempted company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, of which the Meituan B Shares are listed on the Main Board of the Stock Exchange (stock codes: 1024 (HKD counter) and 81024 (RMB counter)), in the open market at an aggregate consideration of approximately HK$9.1 million (exclusive of transaction costs) (equivalent to the price of approximately HK$46.0 per Kuaishou B Share);

- acquisition of a total of 400,000 ordinary share(s) ("Geely Shares") in the share capital of Geely Automobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock codes: 175 (HKD counter) and 80175 (RMB counter)), in the open market at an aggregate consideration of approximately HK$6.7 million (exclusive of transaction costs) (equivalent to the price of approximately HK$16.9 per Geely Share);

- acquisition of a total of 500,000 overseas listed foreign share(s) ("China Life H Shares") in the share capital of China Life Insurance Company Limited, a joint stock limited company incorporated in the PRC with limited liability, of which the China Life H Shares are listed on the Main Board of the Stock Exchange (stock code: 2628), in the open market at an aggregate consideration of approximately HK$7.4 million (exclusive of transaction costs) (equivalent to the price of approximately HK$14.8 per China Life H Share);

- acquisition of a total of 60,000 class B ordinary shares ("Meituan B Shares") of the share capital of Meituan, an exempted company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability, of which the Meituan B Shares are listed on the Main Board of the Stock Exchange (stock codes: 3690 (HKD counter) and 83690 (RMB counter)), in the open market at an aggregate consideration of approximately HK$9.2 million (exclusive of transaction costs) (equivalent to the price of approximately HK$153.9 per Meituan B Share);

- disposal of a total of 150,000 Kuaishou B Shares in the open market at an aggregate consideration of approximately HK$7.0 million (exclusive of transaction costs) (equivalent to the price of approximately HK$46.6 per Kuaishou B Share);

- disposal of a total of 300,000 Geely Shares in the open market at an aggregate consideration of approximately HK$5.3 million (exclusive of transaction costs) (equivalent to the price of approximately HK$17.7 per Geely Share); and

- disposal of a total of 300,000 China Life H Shares in the open market at an aggregate consideration of approximately HK$4.5 million (exclusive of transaction costs) (equivalent to the price of approximately HK$14.9 per China Life H Share).

On 6 March 2025, Golden Decoration and Design Limited (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the provisional sale and purchase agreements with (i) Mr. Wong Yee To (as vendor) for the acquisition of the residential property situated at 5th Floor, No. 75 Prince Edward Road West, Kowloon, Hong Kong at the consideration of HK$2,900,000 in cash; and (ii) Mr. Lui Hung Lun (as vendor) for the acquisition of the residential property situated at 3rd Floor, Section C of Lot No. 732 in DD450, Tsuen Wan, New Territories, Hong Kong at the consideration of HK$2,400,000 in cash. The completion of the acquisitions of the properties took place on 30 July 2025. Details of the acquisitions are set out in the announcement of the Company dated 6 March 2025.

On 14 March 2025, the Company has further conducted the following on-market acquisitions (the details of which are set out in the announcement of the Company dated 14 March 2025):

- a total of 100,000 Geely Shares in the open market at an aggregate consideration of approximately HK$1.8 million (excluding transaction costs) (equivalent to the price of approximately HK$17.5 per Geely Share). Such further acquisition, when aggregated with the previous acquisition and disposal of Geely Shares on 7 February 2025 as a whole, constituted a discloseable transaction of the Company; and

- a total of 39,200 ordinary share(s) ("Dah Sing Shares") in the share capital of Dah Sing Financial Holdings Limited in the open market at an aggregate consideration of approximately HK$1.2 million (excluding transaction costs) (equivalent to the price of approximately HK$31.7 per Dah Sing Share). Such further acquisition, when aggregated with the previous acquisition of 60,800 Dah Sing Shares at an aggregate consideration of approximately HK$1.9 million on 6 March 2025 as a whole, constituted a discloseable transaction of the Company.

On 18 March 2025, the Company has further conducted the following on-market acquisitions (the details of which are set out in the announcement of the Company dated 18 March 2025):

- a total of 100,000 Geely Shares in the open market at an aggregate consideration of approximately HK$1.8 million (excluding transaction costs) (equivalent to the price of approximately HK$17.88 per Geely Share). Such further acquisition, when aggregated with the aforesaid previous acquisitions and disposal of Geely Shares as a whole, constituted a discloseable transaction of the Company; and

- a total of 66,800 Dah Sing Shares in the open market at an aggregate consideration of approximately HK$2.2 million (excluding transaction costs) (equivalent to the price of approximately HK$33.4 per Dah Sing Share). Such further acquisition, when aggregated with the previous acquisitions of a total of 100,000 Dah Sing Shares as a whole, constituted a discloseable transaction of the Company.

On 24 March 2025, the Company has further conducted the following on-market disposals (the details of which are set out in the announcement of the Company dated 25 March 2025):

- a total of 200,000 China Life H Shares in the open market at an aggregate consideration of approximately HK$3.2 million (excluding transaction costs) (equivalent to the price of approximately HK$15.8 per China Life H Share);

- a total of 300,000 Geely Shares in the open market at an aggregate consideration of approximately HK$5.2 million (excluding transaction costs) (equivalent to the price of approximately HK$17.4 per Geely Share); and

- a total of 50,200 Kuaishou B Shares on the open market at an aggregate consideration of approximately HK$2.9 million (excluding transaction costs) (equivalent to the price of approximately HK$57.8 per Geely Share).

Each of the above further disposal, when aggregated with the previous disposal(s) of respective relevant shares within a 12-month period as a whole, constituted a discloseable transaction of the Company.

On 25 March 2025, the Company acquired a total of 250,000 ordinary share(s) ("CKH Shares") in the share capital of CK Hutchison Holdings Limited (Stock Code: 1), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, in the open market at an aggregate consideration of approximately HK$11.3 million (exclusive of transaction costs) (equivalent to the price of approximately HK$45.0 per CKH Share). The acquisition constituted a discloseable transaction of the Company, the details of which are set out in the announcement of the Company dated 25 March 2025.

On 21 August 2025, the Company disposed of a total of 250,000 CKH Shares in the open market at an aggregate consideration of approximately HK$13.0 million (exclusive of transaction costs) (equivalent to an average price of approximately HK$51.8 per CKH Share). Such disposal constituted a discloseable transaction of the Company, the details of which are set out in the announcement of the Company dated 21 August 2025.

Pledge of Assets

As at 31 December 2025, the Group did not have any pledged assets (31 December 2024: Nil).

Contingent Liabilities and Capital Commitments

Certain customers of design and fit out contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

As at 31 December 2025, the Group had paid a refundable deposit of HK$1,300,000 (31 December 2024: HK$945,000) and, together with certain directors of a subsidiary, had also given counter indemnities to an insurance company for a surety bond issued in favour of a customer by the insurance company amounted to HK$2,650,000 (31 December 2024: HK$1,350,000) which remained outstanding at the end of the reporting period. Where the Group fails to provide satisfactory performance to the customer, the customer may demand the insurance company to pay the sum stipulated in the surety bond and the Group may then become liable to compensate the insurance company accordingly.

Save as disclosed herein, the Group has no other material contingent liabilities (31 December 2024: Nil) and any material capital commitments as at 31 December 2025. (31 December 2024: Nil).

Employees and Emolument Policies

The Group had approximately 40 employees (including Directors) as at 31 December 2025 (2024: 39). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Legal Proceedings

On 8 November 2023, ACE Architectural and Interior Design Limited ("ACE"), a former subsidiary of the Company, was ordered to be wound up by the High Court of Hong Kong in HCCW347/2023 and the Provisional Liquidator of ACE was appointed.

ACE filed a notice of appeal against the Order (the "Appeal") to the Court of Appeal of the High Court on 6 December 2023. At the time of filing of the notice of Appeal on 6 December 2023, the Board had undertaken a parallel effort to seek legal advice in evaluating the substantive legal merits. Failure to file the notice of Appeal within the 28-day time limit from the date of the Order would have resulted in ACE forfeiting its right to pursue such Appeal.

After due deliberation on the legal assessment, the Board has resolved not to proceed with the Appeal. Given (i) the insolvency of ACE with net liabilities of approximately HK$65 million as at the Deconsolidation Date; (ii) the substantial requisite funding from the Group to remedy the insolvent condition of ACE; and (iii) the ongoing litigation time and costs associated with continued pursuit of the Appeal, the Board considers that the withdrawal of the Appeal represents the most prudent and beneficial course of action for the Company, and is in the interests of the Company and the shareholders of the Company.

To the best knowledge, information and belief of the Board, the Group had not provided any form of corporate guarantee or collateral to secure the external debts incurred by ACE. With no contingent liabilities incumbent upon the Group for ACE's failure to repay those external debts, the Company considers that there will be no adverse impact on the financial position of the Group. Details were set out in the Company's announcements dated 8 November 2023 and 9 July 2024.

As at the date of this report, ACE is undergoing the liquidation process, with the provisional liquidator taking steps to administer its assets and liabilities.

Significant Event after the Reporting Period

The following event took place subsequent to the end of the reporting period:

On 14 March 2026, Golden Decoration and Design Limited (an indirect wholly-owned subsidiary of the Company) (as purchaser), Mr. Chung To Chau and Ms. Chung Shou Kuen (as vendors) and Wah On Estate Agent Company Limited (as agent) entered into a provisional sale and purchase agreement, pursuant to which the purchaser agreed to purchase, and the vendors agreed to sell, the residential property situated at Flat 7, 6th Floor, Man Fai Building, No. 41 Man Yuen Street, Kowloon, Hong Kong at the consideration of HK$5,000,000 in cash. The formal agreement for the sale and purchase of the property had been signed. The completion of the acquisition of the property has not taken place up to the date of approval of these Consolidated Financial Statements. Details of the acquisition are set out in the announcement of the Company dated 17 March 2026.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT

Executive Directors

Mr. Chan Hung Kai ("Mr. Chan"), aged 46, was appointed as an executive Director on 6 July 2022 and a Chairman of the Board on 29 July 2022.

Mr. Chan has extensive experience in the fields of interior fit out and design, real estate, property management and merger and acquisition.

He is the director of Metropolitan Capital and Metropolitan Opportunity Fund SPC. The fund's principal focus is in real estate enhancement through upgrade in interior design and fit out. He also founded Advocates for Children and The Aged Limited, a non-profit organization, in 2013.

Mr. Chan obtained his Bachelor of Science Degree in Physiotherapy from the Hong Kong Polytechnic University in 2002. He is a registered physiotherapist in Hong Kong.

Mr. Chung Kar Ho Carol ("Mr. Chung"), aged 42, was appointed as an executive Director of the Company on 6 December 2023. He is a member of nomination committee and remuneration committee.

Mr. Chung has over 10 years' experience in providing financial services and solutions to clients in the field of insurance and investment. He was a district director of Convoy Financial Services Limited, a wholly-owned subsidiary of Convoy Global Holdings Limited (the shares of which were formerly listed on the main board of the Stock Exchange (stock code: 1019)) from August 2008 to March 2023.

Mr. Chung holds a Degree of Bachelor of Science from the Chinese University of Hong Kong in 2005.

Independent Non-executive Directors

Mr. Tam Chak Chi ("Mr. Tam"), aged 49, was appointed as an independent non-executive Director of the Company on 28 September 2018. He is a chairman of audit committee, nomination committee and remuneration committee.

Mr. Tam has more than 22 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies. He is currently an executive director of Ocean Star Technology Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8297) an independent non-executive director of Wealth Glory Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8269), and an independent non-executive director of Wisdom Wealth Resources Investment Holding Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0007), and a financial consultant of various private companies.

Mr. Tam holds a bachelor's degree of commerce from the University of Toronto. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a member of the American Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT (CONTINUED)

Ms. Lau Ho Kwan ("Ms. Lau"), (formerly known as Lau Hor Kwan and Lau Wai Kiu Queenie), aged 42, was appointed as an independent non-executive Director of the Company on 12 December 2024. She is a member of audit committee and nomination committee.

Ms. Lau H.K. has over 16 years of experience in marketing, market research and customer relationship management. Since October 2017, Ms. Lau has been serving as a director in a real estate agency firm in the United Kingdom. She has also been serving as a director in an aromatherapy company since January 2020, primarily responsible for promoting and educating community members about professional aromatherapy aiming to raising awareness of mental and spiritual health among the public. From August 2014 to March 2018, Ms. Lau worked under the Ministry of Economy of the Consulate General of Mexico in Hong Kong as an administration and event coordinator, mainly responsible for, among others, market research and analysis for bilaterial economic affairs between Hong Kong and Mexico. From December 2007 to April 2009, she served as an international supply chain and logistics analyst in a company principally engaged in the provision of advertising services in the United States of America.

Ms. Lau holds a bachelor and master degrees of business administration from the East Tennessee State University in the United States of America.

Mr. Tang Chi Chiu ("Mr. Tang"), aged 42, was appointed an independent non-executive Director of the Company on 30 December 2024. He is a member of audit committee and remuneration committee.

Mr. Tang C.C. has over 15 years of experience in the field of accounting, auditing and company secretarial services and has served various senior positions at various private and listed companies. Mr. Tang joined Man Shun Group (Holdings) Limited (Stock Code: 1746) ("Man Shun Group"), a company listed on the Main Board of the Stock Exchange, as the chief financial officer in January 2017, and was later appointed as a director in February 2018 and redesignated as an executive director of Man Shun Group in March 2018 until his resignation in April 2019. He was appointed as an independent non-executive director of Optima Automobile Group Holdings Limited (Stock Code: 8418), a company listed on GEM of the Stock Exchange, from September 2019 to September 2020. Mr. Tang had served as a company secretary of Hephaestus Holdings Limited (formerly known as Union Asia Enterprise Holdings Limited) (Stock Code: 8173), a company listed on GEM of the Stock Exchange, from November 2019 to March 2022. Since June 2025, Mr. Tang has been serving as an independent non-executive director of EDICO Holdings Limited (Stock Code: 8450), a company listed on GEM of the Stock Exchange.

Mr. Tang holds a bachelor's degree in business administration majoring in accountancy and a master of science degree majoring in finance from the City University of Hong Kong, and an executive master's degree in business administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a practicing certified public accountant in Hong Kong.

Senior Management

Mr. Yau Chung Ping ("Mr. Yau"), aged 54, is a co-founder of the Group. He was appointed as the director, Design of AL Design & Associates Limited ("AL Design"), a wholly-owned subsidiary of the Company, since its founding in October 1999.

Mr. Yau has overall responsibilities for client development, new business initiatives and overall design and project management for AL Design's clients.

Mr. Yau has over 28 years of experience in interior design and project management in Hong Kong and China. In 1999, Mr. Yau co-founded AL Design with Ms. Sz. Over the 23 years at AL Design, Mr. Yau has directed his design team through a variety of projects in the field of interior design and project management covering the commercial, residential and retail sectors that reflect the brand and image of their corporate clients. He is committed to serving the community, contributing to numerous charities; and using environmentally friendly practices and materials wherever possible.

Mr. Yau received a Diploma in Interior and Environmental Design from the First Institute of Arts and Design in August 1994 and Fellowship from The Canadian Chartered Institute of Business Administration in 2016. He has been a professional member of the Hong Kong Interior Design Association since 2004 and International Interior Design Association in 2016. He is also an associated member of International Facility Management Association since 2017. In 2016, Mr. Yau is award "Outstanding Entrepreneur Award 2016" from CAPITAL Entrepreneur magazine.

Ms. Sz Kit ("Ms. Sz"), aged 55, is a co-founder of the Group. She was appointed as the director, Projects of AL Design, a wholly-owned subsidiary of the Company, since its founding in October 1999.

Ms. Sz has overall responsibilities for project management of the Group's business, including the management of opportunities and risks, human resource planning and deployment, quality control, progress of work against cost and deadline, and environmental and safety issues.

Ms. Sz has over 28 years of experience in interior design and project management in Hong Kong covering the residential, office, commercial, hospitality and government sectors. She started her career in 1993, initially as a draftsman and subsequently as an interior designer at Ming Yip Design Limited; and in 1997, joined FCS Interior Design Consultant Limited as an interior designer, with focus on the commercial office sector.

In 1999, Ms. Sz co-founded AL Design with Mr. Yau. Over the 21 years at AL Design, Ms. Sz has worked closely with Mr. Yau in building the business from scratch.

Ms. Sz received a diploma in Architecture and Urban Planning from the department of Architecture at Guangzhou University (China) in July 1991. She has been a professional member of the Hong Kong Interior Design Association since 2004.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT (CONTINUED)

Ms. Lau Yee Nga, Angela ("Ms. Lau"), aged 51, joined the Group in November 1999 when AL Design was founded. She is currently the director, Sales & Marketing of AL Design and is responsible for sales & marketing and new business development and achieving the Group's revenue and profit targets.

Ms. Lau started her career in 1996 as a Capacity Management Officer at Maersk Hong Kong Limited. The following year, in 1997, she joined FCS Interior Design Consultant Limited as a Marketing Executive. In 1999, Ms. Lau became a member of the founding team at AL Design, served initially as an Assistant Marketing Manager and subsequently rose through the ranks to become a Senior Manager, Sales & Marketing. Between the period June 2010 and January 2011, and May 2012 and October 2013, Ms. Lau was on a sabbatical leave. In January 2016, she was re-designated as the director, Sales & Marketing.

Ms. Lau received a Bachelor of Science degree (Honors) in Statistics from the Chinese University of Hong Kong in December 1996.

Ms. Chan Choi Yi ("Ms. Chan"), aged 56, joined the Group in August 2000, less than a year after AL Design was founded. She is currently the associate director, Human Resources & Administration of AL Design and is responsible for human resource planning & deployment and administration.

Ms. Chan started her career in 1989; was a Clerk at Bank of Communications Hong Kong Branch (1989–1992), a junior secretary at Stephen-Bensive Asia Ltd. (1992–1993), a secretary of Ricofield Company Limited (1993–1994), a secretary to Deputy Managing Director at Fuchuen Machinery and Equipment Company Limited (1994–1999), and a Secretary to Director at Hong Kong Darong (International) Co. Ltd. (1999).

Ms. Chan received a certificate in Secretaries from the Hong Kong Management Association in 1992, a certificate in Logistics Management from the School of Continuing Education Hong Kong Baptist University in 2001, and a certificate in Employment Ordinance from the Hong Kong Management Association in 2013.

Mr. Leung Tze Wai ("Mr. Leung"), aged 43, joined the Group in May 2022. He is currently the company secretary and authorized representative of the Company.

Mr. Leung holds a Bachelor Degree of Commence (Accounting) from the University of Adelaide, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. Mr. Leung has over 15 years of experience in the auditing, accounting and financial sectors. He was the chief financial officer and company secretary of Legendary Education Group Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8195) between May 2016 and September 2017. From August 2020 to September 2021, he has also served as the company secretary of Legendary Education Group Limited. He is the company secretary of certain companies listed on GEM and Main Board of the Stock Exchange. He is currently an independent non-executive director of Super Strong Holdings Limited (Stock code: 8262), a company listed on the GEM of the Stock Exchange since March 2016.

The directors of the Company (the "Directors") are pleased to present their annual report together with the audited consolidated financial statements of the Group (the "Consolidated Financial Statements") for the year ended 31 December 2025.

Principal Activities and Business Review

The Group principally derives its revenue from two business arms: (i) Design and fit out business, which provides integration of interior design, fit out solutions and repair and maintenance services in Hong Kong's and (ii) Treasury investment business, which invests in equity securities listed in Hong Kong and derivatives listed in Hong Kong and Overseas.

The business review of the Group for the Year together the future business development are set out in the section headed "Management Discussion and Analysis" on pages 3 to 16 of this annual report. This discussion form part of the report of directors.

Environmental Policies and Performance

Details of the key laws and regulations that have a significant impact on the Group's business, their key scope and our compliance measures are outlined as the following table:

Laws and Regulations	Key scope	Compliance measures
Noise Control Ordinance (CAP. 400)	These provisions deal with noise emanating from places such as industrial, commercial, trade or business premises	The Group has signed framework agreement with subcontractors who acknowledged the ultimate responsibilities of laws and regulations compliance relating to their fit out work at our project locations. Our project team will monitor the day-to-day work of subcontractors and provide advice whenever there is potential risk of non-compliance of laws and regulations.
Waste Disposal (Charges for Disposal of Construction Waste) Regulation (CAP. 354N)	Construction waste producers, such as construction contractors, renovation contractors or premises owners, prior to using government waste disposal facilities, need to open a billing account with the Environmental Protection Department and pay for the construction waste disposal charge	

A separate environmental, social and governance report is expected to be published on the website of the Stock Exchange and the Company no later than 5 months after the year-end date.

Compliance with Laws and Regulations

The Group is principally engaged in providing integrated interior design and fit out management services in Hong Kong. Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating.

Relationship with key parties

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

The Group's principal customers comprises business owners and residential property owners/tenants. The Group provides high standard and tailor-made design and fit out management to our customers, as well as strong maintenance and after-sales services to maintain a close relationship with our existing customers to encourage re-engagement and/or referral.

Suppliers

Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its suppliers in order that fit out work can be completed with high efficiency and quality so as to further enhance our reputation in the market.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment with flexibility for their creativity to fulfil the interior design projects.

The key objective of our human resource management is to recognise and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The principal goal of the Group is to maximise the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

Principal Risks and Uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

- Failure to obtain new contracts could materially affect our financial performance;
- We rely on our management team in operating our business;
- We rely on our ability to successfully meet customers' and end users' preference by delivering our interior design solutions in a timely manner;
- We rely on the performance of our project management staff; and
- We rely on our suppliers to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such suppliers. Also, there is no assurance that these suppliers will be able to continue to provide services to us at fees acceptable to us.

Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 67.

The Directors did not recommend the payment of a final dividend to shareholders of the Company for the Year (2024: Nil).

Five Years Financial Summary

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 196. This summary does not form part of the Consolidated Financial Statements.

Shares Issued in the Year

Details of the shares issued in the year ended 31 December 2025 are set out in note 37 to the Consolidated Financial Statements.

Equity Fund-raising Activity of the Company and the Use of Proceeds

Issue of Convertible Bonds

On 20 December 2024, the Company entered into separate subscription agreements (collectively the "Subscription Agreements") with 31 individual investors who are the Hong Kong citizens (as the subscribers). Pursuant to the Subscription Agreements, the Company conditionally agreed to issue, and the subscribers conditionally agreed to subscribe for, or procure the subscription by an independent nominee of, the convertible bonds (the "Convertible Bonds") in an aggregate principal amount of HK$4,700,000 at its face value, which may be converted into an aggregate of 7,833,316 conversion shares based on the initial conversion price of HK$0.6 upon full conversion.

The conversion shares, when allotted and issued, would rank pari passu with the shares of the Company (the "Shares") in issue. The 7,833,316 conversion shares will be allotted and issued under the general mandate granted by the shareholders to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2024.

The market price of the conversion shares was HK$0.6 per Share as quoted on the Stock Exchange on 20 December 2024, being the date of the Subscription Agreements. The aggregate nominal value of such 7,833,316 conversion shares amounted to HK$783,331.6 based on par value of HK$0.1 per Share. Based on the actual net proceeds from the issue of the Convertible Bonds of approximately HK$4.6 million and an aggregate of 7,833,316 conversion shares upon exercise in full of the conversion rights attaching to the Convertible Bonds, the net issue price for each conversion share was approximately HK$0.59.

Completion of the subscription took place on 8 January 2025, upon which the Convertible Bonds were issued to the subscribers pursuant to the terms and conditions of the Subscription Agreements. Based on the initial conversion price of HK$0.6 per conversion share, an aggregate of 7,833,316 conversion shares upon exercise in full of the conversion rights attaching to the Convertible Bonds represents approximately 2.13% of the total issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Convertible Bonds carry an interest rate of 6% per annum with the maturity date falling on the second anniversary of the issue date, subject to the exercise of the Company's right to extend such date to the third anniversary of the issue date by providing written notice to the bondholder prior to such date.

During the year ended 31 December 2025, there were no exercises of conversion rights attaching to the Convertible Bonds, and no redemption, purchase/sale or cancellation of the Convertible Bonds by the Company. The full principal amount of the Convertible Bonds remained outstanding as at 31 December 2025.

The Directors considered that the issuance of the Convertible Bonds will strengthen the financial position of the Group and support the business development of the Group. The Company believes that the subscribers' interest in making an investment into the Group under the subscriptions reflects their confidence in the Group's business and growth potential. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the subscribers is an independent third party.

The gross proceeds and actual net proceeds from the issue of the Convertible Bonds amounted to HK$4.7 million and approximately HK$4.6 million. Details of the use of the net proceeds are as follows:

Use of net proceeds	Total planned amount to be used HK$' million	Actual use of net proceeds up to 31 December 2025 HK$' million
Business operations and general working capital of the Group	4.6	4.6 (Note)
	4.6	4.6

Note: Such proceeds were used for staff salaries and related payroll expenses.

Equity-linked Agreements

Save for the share schemes and the convertible bonds of the Company as well as the relevant agreement under the paragraph headed "Details of Performance Guarantee under Rule 19.36B of the GEM Listing Rules", no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

Convertible Securities, Options, Warrants or Similar Rights

During the year ended 31 December 2025 and as at 31 December 2025, the Company has the following outstanding convertible bonds:

- the 3% convertible bonds with principal amount of HK$5,000,000 issued on 22 May 2023, due on 21 May 2030. Based on the initial conversion price of HK$1.80 per conversion share, an aggregate of 2,777,777 conversion shares upon exercise in full of the conversion rights attaching to the convertible bonds represents approximately 0.77% of the total issued share capital of the Company as enlarged by the allotment and issue of the conversion shares; and

- the 6% convertible bonds with principal amount of HK$4,700,000 issued on 8 January 2025, due on 7 January 2027 (or 7 January 2028 subject to the exercise of the Company's right to extend the maturity date). Based on the initial conversion price of HK$0.6 per conversion share, an aggregate of 7,833,316 conversion shares upon exercise in full of the conversion rights attaching to the convertible bonds represents approximately 2.13% of the total issued share capital of the Company as enlarged by the allotment and issue of the conversion shares.

During the year ended 31 December 2025, there were no exercises of conversion rights attaching to the abovementioned convertible bonds, and no redemption, purchase/sale or cancellation of the abovementioned convertible bonds by the Company. The full principal amount of the abovementioned convertible bonds remained outstanding as at 31 December 2025. Further details of the convertible bonds of the Company are set out in note 35 to the Consolidated Financial Statements.

Details of Performance Guarantee under Rule 19.36B of the GEM Listing Rules

Reference is made to the announcements of the Company dated 22 October 2024 and 20 November 2024 regarding the acquisition of the entire share capital of HLC Design and Build Limited ("HLC"). Completion of the acquisition took place on 1 November 2024. Pursuant to the sale and purchase agreement dated 22 October 2024 entered into among the Company, System Return Limited (the wholly-owned subsidiary of the Company) (as purchaser) and an independent third party (as vendor), the vendor has irrevocably and unconditionally guaranteed to the Company that the audited net profit(s) after tax of HLC for each of the years ending 31 December 2025, 2026, 2027 and 2028 shall be no less than HK$1,000,000.

Based on the management accounts of HLC as reviewed by the auditors of the Company at the group level, HLC recorded a net profit after tax of approximately HK$2,176,000 for the year ended 31 December 2025. The profit guarantee for the year ended 31 December 2025 is therefore expected to be met, which is subject to the finalization and issuance of the audit report on the financial statements of HLC at the company level prepared by an independent auditor in accordance with HKFRS (expected in around July or August 2026). Pursuant to the sale and purchase agreement, the first instalment of HK$1,000,000 shall be settled by the allotment and issue of 1,785,714 consideration shares at the issue price of HK$0.56 per consideration share by the Company to the vendor (or his nominee(s)) within 14 business days upon issuance of the audit report on the financial statements of HLC prepared by an independent auditor. Further announcement will be made by the Company as and when necessary.

Pre-emptive Rights

There is no provision for the 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

The Company has not redeemed any of its shares during the period from the Listing Date to 31 December 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period from the Listing Date to 31 December 2025.

Distributable Reserves

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$nil (2024: HK$nil). Details of the movement in reserve during the Year are set out in note 49 to the Consolidated Financial Statements.

Donations

During the Year, charitable and other donations made by the Group amounted to HK$8,730 (2024: HK$nil).

Major Customers and Suppliers

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	4.5%
– five largest suppliers in aggregate	18.2%
Sales	
– the largest customer	25.7%
– five largest customers in aggregate	52.1%

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

Directors and Directors' Service Contracts

The directors of the Company who held office during the Year and as at the date of this report were:

Executive Directors:

Mr. Chan Hung Kai *(Chairman)*
Mr. Chung Kar Ho Carol

Independent Non-executive Directors:

Mr. Tam Chak Chi
Ms. Lau Ho Kwan
Mr. Tang Chi Chiu

Each of the executive Directors and independent non-executive Directors has entered into a service contract and/or letter of appointment with the Company for a fixed term, subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service contract/letter of appointment.

In accordance with the Article 83 (3) of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with the Article 84 (1) of Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation.

Accordingly, Mr. Chan Hung Kai, Mr. Chung Kar Ho Carol, Mr. Tam Chak Chi, Ms. Lau Ho Kwan, and Mr. Tang Chi Chiu, being all Directors of the Company, shall retire from office at the forthcoming annual general meeting to be held on 25 June 2026 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

Biographical Details of Directors and Senior Management

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 17 to 20 of this annual report.

Changes of Directors' Information under Rule 17.50A(1) of the GEM Listing Rules

The changes in information of the Directors and the chief executives of the Company since the date of the report of the Company for the year ended 31 December 2024 and up to the date of this report, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

- Mr. Tang Chi Chiu, an independent non-executive Director, has ceased to be a member of the nomination committee of the Company with effect from 2 October 2025.

- Ms. Lau Ho Kwan, an independent non-executive Director, has been appointed as a member of the nomination committee of the Company with effect from 2 October 2025.

Mr. Tang Chi Chiu has been appointed as an independent non-executive director of EDICO Holdings Limited (Stock Code: 8450), a company listed on GEM of the Stock Exchange, with effect from 1 June 2025.

Management Contracts

Save for the service contract, 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.

Permitted Indemnity Provisions

Pursuant to Article 164 of the Articles of Association of the Company, the Directors, Secretary and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Such provision was in force during the Year. In addition, the Company has also maintained Directors and officers liability insurance during the Year.

Directors' Remuneration

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. The remuneration of Directors (including executive Directors and independent non-executive Directors) on named basics are set out in note 40 to the consolidated Financial Statements.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Company's Business

No transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

Connected/Related Parties Transactions

Details of the related parties transactions undertaken in the normal course of business are set out in note 48 to the Consolidated Financial Statements. None of them constitutes a discloseable connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

Share Schemes

On 20 October 2023 (the "Adoption Date"), the relevant ordinary resolutions were passed by the shareholders at the extraordinary general meeting of the Company regarding, among others, (i) the termination of the then share option scheme of the Company which was conditionally adopted pursuant to a resolution passed by its then sole shareholder on 15 June 2016 (the "2016 Share Option Scheme"); (ii) the adoption of a new share option scheme (the "2023 Share Option Scheme"); and (iii) the adoption of a share award scheme (the "Share Award Scheme", together with the 2023 Share Option Scheme, the "Schemes").

Scheme limit

The maximum number of Shares that may be issued in respect of all share options and award shares granted under all of the Schemes pursuant to the scheme limit granted on the Adoption Date (the "Scheme Limit") was 36,027,400 Shares, representing 10% of the issued share capital of the Company as at the Adoption Date. No share options or award shares had been granted under the Schemes from the Adoption Date up to and including 31 December 2025. Accordingly, the Scheme Limit had not been utilized, and the number of options and awards available for grant pursuant to the Scheme Limit under the Schemes was 36,027,400 Shares as at 1 January 2025 and 31 December 2025.

The Share Award Scheme

During the year ended 31 December 2025, no award shares were granted, vested, cancelled or lapsed under the Share Award Scheme. There were no unvested award shares under the Share Award Scheme as at the beginning and the end of the year ended 31 December 2025.

Purpose of the scheme

The purpose of the Share Award Scheme is, through an award of Shares, to (i) recognise the contributions by certain eligible participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Total number of shares available for issue

The total number of Shares available for issue under the Share Award Scheme amounted to 36,027,400 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this report.

Eligible participant

Eligible persons under the Share Award Scheme include any person, being an employee (whether full time or part time, and including any person who are granted awards as an inducement to enter into employment contracts with any member of the Group) or a director (excluding independent non-executive Directors) of any member of the Group whom the Board or its delegate considers, in their sole discretion, to have contributed or will contribute to the Group.

Maximum entitlement of each participant

The maximum number of Shares issued or to be issued in respect of all options and awards granted to a selected participant at any one time or in aggregate under the Share Award Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective Schemes) in any 12-month period up to and including the date of such relevant grant should not exceed 1% of the issued share capital of the Company (the "1% Individual Limit"). Where any grant of award to a selected participant may result in exceeding the 1% Individual Limit, the Company shall not grant such award(s) unless it is separately approved by the shareholders in general meeting, with such selected participant and his/her close associates (or associates if the selected participant is a connected person of the Company (as defined in the GEM Listing Rules)) abstaining from voting.

Any grant of award to the connected persons of the Company (as defined in the GEM Listing Rules) shall be subject to the prior approval of the independent non-executive Directors and compliance with the requirements of the GEM Listing Rules.

Where any grant of award(s) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of his/her associates would result in the Shares issued and to be issued in respect of all awards granted under the Share Award Scheme and all other share award schemes of the Company (excluding any awards lapsed in accordance with the terms of the respective scheme(s)) to such person in any 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant of award(s) must be approved by the shareholders in general meeting, with such selected participant, his/her associates and all core connected persons of the Company (as defined in the GEM Listing Rules) abstaining from voting in favour at such general meeting in the manner set out in the GEM Listing Rules.

Where any grant of award(s) to a substantial shareholder, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the Share Award Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective Scheme(s)) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant of award(s) must be approved by the shareholders in general meeting, with such selected participant, his/her associates and all core connected persons of the Company (as defined in the GEM Listing Rules) abstaining from voting in favour at such general meeting in the manner set out in the GEM Listing Rules.

Vesting period and condition(s)

The vesting of any awards granted under the Share Award Scheme shall be subject to a vesting period to be determined by the Board in its absolute discretion, provided that the vesting period shall not be less than twelve (12) months, subject to a shorter vesting period for the award shares granted to selected participants at the discretion of the remuneration committee of the Company (the "Remuneration Committee") or the Board under circumstances as stipulated under the rules of the Share Award Scheme.

Amount payable on application or acceptance and period of payment

Unless otherwise determined by the Board or the Remuneration Committee in its absolute discretion at the relevant time for each individual award, a selected participant is not required to bear or pay any price or fee for the acceptance of the award. As such, the period of payment is not applicable herein.

Purchase price of the award shares

The purchase price (if any) in respect of any particular award shall be such price as the Board or the Remuneration Committee may in its absolute discretion determine at the time of grant of the relevant award and taking into consideration factors including but not limited to the prevailing closing price of the Shares, the purpose of the Share Award Scheme and the characteristics and profile of the relevant selected participant(s).

Remaining life

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date. As at 31 December 2025, the remaining life of the Share Award Scheme is less than 8 years.

The 2023 Share Option Scheme

During the year ended 31 December 2025, no share options were granted, exercised, cancelled or lapsed under the 2023 Share Option Scheme. There were no outstanding share options under the 2023 Share Option Scheme as at the beginning and the end of the year ended 31 December 2025.

Purpose of the scheme

The purpose of the 2023 Share Option Scheme is to (i) recognise the contributions by certain eligible participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Total number of shares available for issue

The total number of Shares available for issue under the 2023 Share Option Scheme amounted to 36,027,400 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of this report.

Eligible participant

Eligible persons under the 2023 Share Option Scheme include any person, being an employee (whether full time or part time, and including any person who are granted options as an inducement to enter into employment contracts with any member of the Group) or a director (excluding independent non-executive Directors) of any member of the Group whom the Board or its delegate considers, in their sole discretion, to have contributed or will contribute to the Group.

Option Period

The period for the exercise of an option shall be notified by the Board to the grantee in the offer, but in any event shall not exceed 10 years from the offer date (subject to early termination in accordance with the 2023 Share Option Scheme).

Vesting period and condition(s)

An option granted under the 2023 Share Option Scheme shall become exercisable subject to a vesting period to be determined by the Board in its absolute discretion, provided that the vesting period shall not be less than twelve (12) months, subject to a shorter vesting period for the options granted to selected participants at the discretion of the Remuneration Committee or the Board under circumstances as stipulated in the rules of the 2023 Share Option Scheme.

Maximum entitlement of each participant

The maximum number of Shares issued or to be issued in respect of all options and awards granted to a selected participant at any one time or in aggregate under the 2023 Share Option Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective Schemes) in any 12-month period up to and including the date of such relevant grant should not exceed 1% Individual Limit. Where any grant of option to a selected participant may result in exceeding the 1% Individual Limit, the Company shall not grant such option(s) unless it is separately approved by the shareholders in general meeting, with such selected participant and his/her close associates (or associates if the selected participant is a connected person of the Company (as defined in the GEM Listing Rules)) abstaining from voting.

Any grant of option to the connected persons of the Company (as defined in the GEM Listing Rules) (including any Director, chief executive or substantial shareholder of the Company or their respective associates) must be approved by the independent non-executive Directors.

Where any grant of award(s) to a substantial shareholder, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Option Scheme and all other Schemes (excluding any options and awards lapsed in accordance with the terms of the respective Scheme(s)) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant of option(s) must be approved by the shareholders in general meeting, with such selected participant, his/her associates and all core connected persons of the Company (as defined in the GEM Listing Rules) abstaining from voting in favour at such general meeting in the manner set out in the GEM Listing Rules.

Amount payable on application or acceptance and period of payment

A selected participant may accept the offer in the manner set out in the offer letter and within ten (10) business days from the offer date (unless otherwise specified in offer letter). Unless otherwise determined by the Board or the Remuneration Committee in its absolute discretion at the relevant time for each individual offer, a selected participant is not required to bear or pay any price or fee for the acceptance of the offer.

Exercise price of options

The subscription price in respect of any option shall be such price as the Board at its absolute discretion shall determine, provided that it must be at least the highest of: (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date (which must be a business day); and (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) business days immediately preceding the offer date (which must be a business day).

Remaining life

Subject to any early termination as may be determined by the Board, the 2023 Share Option Scheme shall be for a term of ten (10) years commencing from the Adoption Date. As at 31 December 2025, the remaining life of the 2023 Share Option Scheme is less than 8 years.

2016 Share Option Scheme

Movement of the share options during the year ended 31 December 2025

Details of the share options granted under the 2016 Share Option Scheme and outstanding during the year ended 31 December 2025 ("FY2025") are as follows:

Grantees	Date of grant	Exercise price (HK$)	Exercise period	Vesting period/ conditions/ performance target	Number of share options outstanding as at 1 January 2025	Granted during FY2025	Exercised during FY2025	Cancelled during FY2025	Lapsed during FY2025	Outstanding as at 31 December 2025
Directors										
Mr. Chan Hung Kai	19 January 2023	1.1	19 January 2023 to 18 January 2033	N/A	3,600,000	–	–	–	–	3,600,000
Mr. Wong Kin Yeung (Note 1)	19 January 2023	1.1	19 January 2023 to 18 January 2033	N/A	3,600,000	–	–	–	–	3,600,000
Eligible Employees										
	9 October 2020	0.363	9 October 2020 to 8 October 2030	N/A	947,200	–	–	–	–	947,200
	19 January 2023	1.1	19 January 2023 to 18 January 2033	N/A	14,400,000	–	–	–	–	14,400,000
Consultants										
Eligible service providers (Note 2)	19 January 2023	1.1	19 January 2026 to 18 January 2033	Note 3	330,000	–	–	–	–	330,000
					22,877,200	–	–	–	–	22,877,200

Notes:

1. Mr. Wong Kin Yeung resigned as an executive Director and the chief executive officer of the Company with effect from 3 January 2024.

2. The grantees included five individuals, namely, Ho Yung Ah, Chan Yim Tung, Hung Siu Yan, Chen Xiaomeng and Chan Yiu Kei. Ho Yung Ah is a human resources consultant to the Company, who has provided consultancy solution services including but not limited to human capital management consulting services, talent acquisition and executive search, and has solidified the Group's manpower and managed to maintain the workforce of the Group during the COVID-19 period. The other four grantees are the market consultants to the Company, who have provided marketing-related services, including but not limited to market research, formulating marketing strategy, and assisting in implementation of marketing activities, for AL Design & Associates Limited, a principal subsidiary of the Company. In determining the grant of share options to the aforesaid service providers, the Board has considered factors such as (i) their contribution to the business affairs of and the benefits to the Group with regard to the quality of services provided or expected to be provided to the Group; (ii) their work experience, professional qualifications, knowledge in the industry or other relevant factors which could be valuable to the Group; and (iii) the continuity of services provided to the Group. In view of the above, the Directors consider that the grant of the share options to the aforesaid service providers is in line with the objective and purpose of the 2016 Share Option Scheme and the long-term interests of the Group and the shareholders as a whole.

3. No share options can be exercised within three years from the date of grant.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 31 December 2025, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying shares of the Company:

Name of Directors	Capacity	Number of Shares held	Number of Options held	Total	Percentage of the Company's issue share as at 31 December 2025 (%)
Chan Hung Kai	Beneficial owner	18,941,200	3,600,000	22,541,200	6.26
	Interest of spouse	39,600 (Note 1)	–	39,600	0.01
Chung Kar Ho Carol	Beneficial owner	2,004,000	–	2,004,000	0.56

Note:

(1) 39,600 shares are owned by Ms. Sze Yee Fun Louisa, who is the spouse of Mr. Chan Hung Kai.

Saved as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as 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/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section headed "Share Option Scheme and Share Award Scheme", as at 31 December 2025, neither the company, holding company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the company or any other body corporate, and none of the directors and chief executive of the company or their spouses or children under the age of 18, had any right to subscribe for the securities of the company, or had exercised any such rights.

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 December 2025, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares	Percentage of the Company's issue share capital as at 31 December 2025
Lui Yu Kin	Beneficial owner	65,738,000	18.25%

Saved as disclosed above, as at 31 December 2025, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Directors' Interests in Competing Business

During the Year, none of the directors, or any of their respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

Sufficiency of Public Float

The Company relies on the Initial Prescribed Threshold (as defined in Rule 17.37B of the GEM Listing Rules) for compliance with Rule 17.37B of the GEM Listing Rules, where the minimum percentage threshold applicable to the Company is at least 25% of the total number of issued shares of the Company. As of 31 December 2025, based on the information publicly available to the Company and within the knowledge of the Directors, approximately 73.38% of the total number of issued shares of the Company were held by the public (as defined in the GEM Listing Rules). Accordingly, based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained the minimum prescribed public float in compliance with Rule 17.37B of the GEM Listing Rules.

The Company had one class of shares listed on the Stock Exchange, namely the Shares. The composition of ownership of the Shares in issue as at 31 December 2025 is set out below:

Group of shareholders	Number of Shares held	Shareholding
(a) Shareholders who are not members of "the public"		
(i) Substantial shareholders and their close associates		
Lui Yu Kin	65,738,000	18.25%
(ii) Directors and chief executives of the Company and their close associates		
Chan Hung Kai	18,980,800 (Note 1)	5.27%
Chung Kar Ho Carol	2,004,000	0.55%
(iii) Other persons excluded from the definition of "the public" (Note 2)	9,192,000	2.55%
Sub-total	95,914,800	26.62%
(b) Shareholders who are members of "the public"		
(i) Persons who fall within the definition of "the public" and have disclosed their interests pursuant to Part XV of the SFO	–	–
(ii) A trustee holding shares which are regarded as being held by "the public" pursuant to Note 3 to Rule 11.23 of the GEM Listing Rules	–	–
(iii) Other members of "the public"	264,359,200	73.38%
Sub-total	264,359,200	73.38%
Total number of issued Shares	360,274,000	100.00%

Notes:

(1) These Shares included 39,600 Shares owned by Ms. Sze Yee Fun Louisa, who is the spouse of Mr. Chan Hung Kai.

(2) These persons include directors, chief executives or substantial shareholders of the subsidiaries of the Company or a close associate of any of them.

Corporate Governance Report

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 41 to 57 in this annual report.

Closure of the Register of Members

The Register of Members of the Company will be closed from 22 June 2026 to 25 June 2026 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on 18 June 2026.

Audit Committee

The Company established the Audit Committee on 15 June 2016 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review financial statements of the Company and judgement in respect of financial reporting; oversee internal control procedures of the Company; and review risk management and internal control system of the Group.

As at the date of this report, the Audit Committee consists of 3 independent non-executive Directors, namely Mr. Tam Chak Chi, Ms. Lau Ho Kwan and Mr. Tang Chi Chiu. Mr. Tam Chak Chi is the chairman of the Audit Committee. The Group's results for the year ended 31 December 2025 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 December 2025 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Auditor

CCTH CPA Limited resigned as the auditor of the Company with effect from 19 December 2025. McMillan Woods (Hong Kong) CPA Limited was appointed as the new auditor of the Company with effect from 23 December 2025 to fill the casual vacancy following the resignation of CCTH CPA Limited and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcements of the Company dated 23 December 2025 and 21 January 2026.

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2024 had been audited by CCTH CPA Limited. The Consolidated Financial Statements for the year ended 31 December 2025 have been audited by McMillan Woods (Hong Kong) CPA Limited, who retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditor is to be proposed at the AGM.

Save as disclosed above, there was no change in the auditor of the Company in the preceding three years.

By order of the Board
Basic House New Life Group Limited

Chan Hung Kai
Chairman and executive Director

Hong Kong, 17 April 2026

Corporate Governance Principles and Practices

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

During the Year, the Board considers that the Company has complied with all the corporate governance codes (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules, save for the deviations as further explained below.

The Board of Directors

Composition and Responsibilities

Throughout the Year, the Board comprises five Directors. As at the date of this annual report, there are two executive Directors and three independent non-executive Directors of the Company. The composition of the Board is as follows:

Executive Directors
Mr. Chan Hung Kai *(Chairman)*
Mr. Chung Kar Ho Carol

Independent Non-executive Directors
Mr. Tam Chak Chi
Ms. Lau Ho Kwan
Mr. Tang Chi Chiu

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section "Biographical Details of the Directors and Senior Management" on pages 17 to 20. The updated list of Directors and their role and function are published at the GEM website and the Company's website at www.basicnewlife.com.

Save as disclosed in the section headed "Biographical Details of the Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board help the Board to provide the Company with effective leadership and ensure the continuing effectiveness of the management team and the high standards of probity within the Company. The executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board's deliberation and decisions.

The Company has throughout the Year met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the Year, the independent non-executive Directors represent at least one-third of the Board.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence for the Year. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the GEM Listing Rules throughout the Year.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chan Hung Kai was appointed as the Chairman of the Board on 29 July 2022. The Board is in the process of finding an appropriate person to fill the vacancy of the CEO as soon as practicable. In addition, the Board is also supervised by three independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

Procedure for Seeking Independent Professional Advice by Directors

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the GEM Listing Rules and CG Code. The Company will consider to develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

The Company has subscribed an insurance policy with an aim to indemnify its Directors and senior management from any losses, damages, liabilities and expenses arising from, including but not limited to, any proceedings brought against them during the performance of their duties pursuant to their respective services agreements entered into with the Company.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business.

For the year ended 31 December 2025, a total of 15 Board meetings were held. Apart from the meetings of the Board, remuneration committee, nomination committee and audit committee, written approval from the Board and Board committees had also been obtained by written resolutions on a number of matters.

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meetings, board committee meetings and general meetings held during the Year:

	Board Meeting	General Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Executive Directors					
Mr. Chan Hung Kai	15/15	1/1	N/A	N/A	N/A
Mr. Chung Kar Ho Carol	15/15	1/1	N/A	1/1	2/2
Independent Non-executive Directors					
Mr. Tam Chak Chi	15/15	1/1	4/4	1/1	2/2
Ms. Lau Ho Kwan	15/15	1/1	4/4	N/A	N/A
Mr. Tang Chi Chiu	15/15	1/1	4/4	1/1	2/2

The Company was incorporated in Cayman Islands on 1 February 2016 and registered in Hong Kong on 10 March 2016 under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting.

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

Appointment, Re-election and Removal

Each of the executive Directors and independent non-executive Directors has entered into a service contract and/or letter of appointment with the Company for a fixed term and will continue thereafter until terminated in accordance with the terms of the service agreement. The aforesaid service contracts and/or the letters of appointment may be terminated by not less than one month's notice in writing served by either party on the other.

In accordance with the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with Rule 5.02D of the GEM Listing Rules which took effect on 31 December 2023, (i) Ms. Lau Ho Kwan, who has been appointed as an independent non-executive Director with effect from 12 December 2024; and (ii) Mr. Tang Chi Chiu, who has been appointed as an independent non-executive Director with effect from 30 December 2024, obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 12 December 2024 and 20 December 2024 respectively, and confirmed that he/she understood his/her obligations as a director of a listed issuer.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines throughout the Year.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

Induction and Continuous Professional Trainings of Directors

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

For the year ended 31 December 2025, all directors have participated in continuous professional development, by attending conferences, seminars and in-house briefing, and reading materials relevant to their duties, responsibilities and the Group's business.

Board Committees

Audit Committee

The Company established an audit committee on 15 June 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix C1 to the GEM Listing Rules. The terms of reference of the audit committee was amended on 31 December 2018 and are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The composition of the audit committee during the Year and up to the date of this report is as follows:

Independent non-executive Directors:
Mr. Tam Chak Chi *(Chairman)*
Ms. Lau Ho Kwan
Mr. Tang Chi Chiu

None of the members of the audit committee is a former partner of the Company's existing auditing firm. Mr. Tam Chak Chi, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

During the Year, the audit committee held four meetings. Details of the attendance of the members of the audit committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the audit committee during the Year is as follows:

- met with the external auditors, reviewed and made recommendations for the Board's approval on the annual and interim reports of the Company;
- considered and made recommendations on the appointment or re-appointment of the independent auditors of the Group, and the terms of engagement;
- reviewed and approved audit fee; and
- reviewed the effectiveness of the Company's risk management and internal control systems.

Remuneration Committee

The Company established the remuneration committee on 15 June 2016 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the GEM Listing Rules. The written terms of reference of the remuneration committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee during the Year and up to the date of this report is as follows:

Executive Directors:

Mr. Chung Kar Ho Carol

Independent non-executive Directors:

Mr. Tam Chak Chi *(Chairman)*
Mr. Tang Chi Chiu

During the Year, the remuneration committee held one meeting. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the remuneration committee during the Year is as follows:

- reviewed and recommended to the Board on the Group's remuneration policy and strategy;
- reviewed and recommended to the Board on the remuneration packages of the executive Directors and independent non-executive Directors of the Company; and
- reviewed and recommended to the Board on the remuneration package of the senior management of the Company.

Nomination Committee

The Company established the nomination committee on 15 June 2016 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the GEM Listing Rules. The written terms of reference of the nomination committee was amended on 2 October 2025 and are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee include, among others, reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors, developing and reviewing the policy for the nomination of Directors, developing and reviewing the diversity policy on the Board members, reviewing the measurable objectives that the Board has set for the promotion of gender diversity on the Board and the measures the Company has adopted to develop a pipeline of potential successors to the Board to achieve gender diversity, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, developing and reviewing the policy for the nomination of Directors, annually assessing each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, and supporting the Company's regular evaluation of the Board's performance.

The composition of the nomination committee is as follows:

Executive Director:
Mr. Chung Kar Ho Carol

Independent non-executive Directors:
Mr. Tam Chak Chi *(Chairman)*
Ms. Lau Ho Kwan

During the Year, the nomination committee held two meetings. Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the nomination committee during the Year is as follows:

- reviewed the existing Board's structure, size and composition;
- reviewed the board diversity policy;
- reviewed and assessed the independence of the independent non-executive Directors; and
- made recommendations on the retiring Directors at the AGM of the Company.

Board Nomination Policy

The Company adopted a nomination policy for the nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Procedure

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board diversity policy

The Company recognises the benefits of having diversity in the composition of the Board and adopted its own board diversity policy on 15 June 2016.

The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee has monitored the implementation of the board diversity policy since its adoption, and also reviewed it on an annual basis to ensure its effectiveness.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be independent non-executive Directors; and

2. at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board has achieved the measurable objectives in the board diversity policy.

As at the date of this Annual Report, the Board comprises five Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Corporate Governance Function

During the Year, the Board has reviewed the corporate governance practices of the Company with reference to the CG Code as set out in Appendix C1 to the GEM Listing Rules. The summary of their work of is as follows:

- reviewed the Company's policies and practices on corporate governance and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management of the Group;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and
- reviewed the Company's compliance with CG Code and disclosure in the corporate governance report.

Policy on Payment of Dividends

The Company adopted a policy on payment of dividends (the "Dividend Policy"), which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

Remuneration of Directors and Senior Management

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of non-executive Directors and independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

Accountability and Audit

Financial Reporting

The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 58 to 66 of the Consolidated Financial Statements.

External Auditor's Remuneration

During the Year, the Company engaged McMillan Woods (Hong Kong) CPA Limited as the external auditor. The fee in respect of audit services provided by McMillan Woods (Hong Kong) CPA Limited for the year ended 31 December 2025 amounted to HK$900,000.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditor for annual audit services is reasonable.

Risk Management and Internal Control Systems

Responsibility of the Board

The Board is committed to the maintenance of good corporate governance, practices and procedures, and implements an effective risk management and internal control systems of the Group. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our Risk Management and Internal Control Framework

Risk Management and Risk Assessment

The Board has the overall responsibilities of the risk management and internal controls systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management system on an ongoing basis.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal controls. Essential to the Group's risk management and internal control systems are policies and procedures that are documented and communicated to employees.

To provide sound and effective risk management, the Group has established a risk management system which includes the following key features:

- An organisational structure for different responsible parties with defined authority, responsibilities and risk management roles;
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly;
- A Risk Management Policy has been established to provide a framework, which includes a risk assessment process, for the identification, analysis, evaluation, treatment, monitoring and reporting of the Group's key risks to support the achievement of the organisation's overall strategic objectives.

Risk assessment has been performed by management to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Remedial measures are developed to manage these risks to an acceptable level. The results of risk assessment are reported to and discussed with the Board.

Internal Control

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss. Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit department. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems. In addition, the Group engages an independent professional advisor with the aim of setting up and maintaining an effective internal audit function. The independent professional advisor assists the Board and the Audit Committee in conducting an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects, including strategic, financial, operational and compliance controls at entity and operational levels.

The Group reviews the internal audit charter to define the scope, duties and responsibilities and reporting protocol of the internal audit function. The Group also conducts an annual risk assessment to identify potential strategic risks, operational risks, financial risks and compliance risks of its major business. The identified risks are analysed, rated and prioritised based on the likelihood of occurrence and their impacts on achieving corporate objectives. Respective internal control measures are proposed to mitigate the consequences of the potential risks to the Group. A continuous three-year audit plan is devised upon the results of the risk assessment and under a risk based approach. An annual internal audit project is executed by the independent professional advisor according to the three-year audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control systems. The risk assessment report, three-year audit plan and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improving the Group's operations.

The Company has also formulated policies on handling and dissemination of inside information that set out procedures in handling inside information in a secure and proper manner and to avoid mishandling of inside information of the Group.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

For the year ended 31 December 2025, the Board, through its Audit Committee, with result of the annual internal audit project executed by the independent professional advisor, is satisfied that, save for the internal control deficiency as identified by the Board in respect of the Company's delay in publication of the annual results for the year ended 31 December 2025 (enhancement measures of which are further set out below), the Group's risk management and internal control systems (i) are effective and adequate to meet the needs of the Group in its current business environment; and (ii) comply with the then prevailing code provisions on internal control as set out in Appendix C1 of the GEM Listing Rules.

As disclosed in the announcement of the Company dated 31 March 2026 regarding the delay in publication of the annual results for the year ended 31 December 2025, additional time is required for the auditors to complete the annual audit procedures, including the collection of outstanding audit confirmations in respect of the bonds.

To prevent the recurrence of similar incidents, the following measures and improvements to the internal processes and systems have been implemented by the Group:

(i) at the audit planning stage, the Company will work with the auditors to review all confirmation procedures required to ensure timely identification of heightened risk or complexity arising from changes in the Company's financial position and capital structure during the year. In particular, bond confirmation procedures will be incorporated into the key events timeframe outlined in the audit planning memorandum/report, with an earlier commencement date (targeting no later than early February of the following year) to allow sufficient time for follow-up with bondholders;

(ii) within two weeks after the end of each financial year, the Company will provide the auditors with the latest full list of outstanding bonds together with all relevant supporting documents and information, so as to facilitate the timely despatch of confirmation requests in accordance with the audit plan; and

(iii) throughout the audit process, the Audit Committee will maintain close dialogue with management and the auditors to monitor the status of all outstanding audit procedures (in particular, audit confirmation procedures) on a regular basis (at least bi-weekly), and to identify and address any potential delays at an early stage to ensure timely publication of the annual results in compliance with Rule 18.49 of the GEM Listing Rules.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and Securities and Futures Ordinance ("SFO").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours with the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. In addition, the relevant policy has been uploaded to the intranet of the Company for easy access by all employees. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

Delegation by the Board

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

Company Secretary

The Company appointed Mr. Leung Tze Wai ("Mr. Leung"), as its company secretary on 11 May 2022.

The biographical details of Mr. Leung are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the Year, Mr. Leung, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG Code.

Changes in Constitutional Documents

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its Memorandum and Articles of Association. During the Year, the shareholder has passed resolution on 28 September 2023 approving the adoption of second amended and restated Memorandum and Articles of Association of the Company. Save as the aforesaid, there has been no changes in the constitutional documents of the Company.

Shareholders' Rights

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 58 of the Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at www.basicnewlife.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

Communication with Shareholders and Investors

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.basicnewlife.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on 25 June 2026. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Hong Kong, 17 April 2026

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

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Hong Kong

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兆安中心24樓

TO THE SHAREHOLDERS OF
BASIC HOUSE NEW LIFE GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Basic House New Life Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 67 to 195, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting 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 ("HKSAs") as issued by 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, that the Group incurred net losses amounted to approximately HK$32,726,000 for the year ended 31 December 2025 and the total liabilities of the Group at 31 December 2025 exceed the Group's total assets at that date by approximately HK$41,978,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements for at least twelve months immediately after 31 December 2025. Our opinion is not modified in respect of this matter.

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. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter

Recognition of contract revenue

Refer to note 6 to the consolidated financial statements

The Group recorded revenue from design and fit out services for the year ended 31 December 2025 of approximately HK$72.0 million.

Revenue are recognised according to the stage of completion of individual contracts, calculated on the proportion of total costs incurred up to the year end date compared to the estimated total costs of the relevant contract, on the basis that the stage of completion and the total costs of the design and fit out work can be measured reliably.

We have identified the recognition of contract revenue as key audit matter as management judgment is used to estimate the costs to complete individual design and fit out projects in progress and determine the stage of completion of the projects as at the year end date.

Our procedures in relation to management's recognition of contract revenue included:

- We obtained an understanding of the basis and judgments of management for contract revenue recognition.
- We selected, on a sample basis, design and fit out contracts and:
  - Checked the terms and conditions of the selected contracts to facilitate our understanding of the respective work nature and contractual relationship with the customers.
  - Checked correspondences with the customers, including the documents or communication evidence to evaluate the reasonableness of management's estimates on the budgeted total contract sum.
  - Assessed management's determination of the stage of completion of the selected projects through inquiry with project managers, review of project status reports and, other correspondences with customers and performing site visits.

Key Audit Matter	How our audit addressed the key audit matter
	– Considered the reasonableness of forecasted costs to completion and expected margins by comparing them to managements budgets and actual costs incurred for the projects as well as margins of similar projects. Furthermore, we assessed if historical estimates of project revenue and margin in the past years were reasonable based on amounts finally invoiced and settled.

Impairment assessment of trade receivables and contract assets

Refer to notes 22 and 25 to the consolidated financial statements

The Group had trade receivables and contract assets with the carrying amounts of approximately HK$14.8 million and HK$8.2 million respectively at 31 December 2025. Impairment loss on trade receivables of approximately HK$2.3 million and reversal of impairment loss on contract assets of approximately HK$91,000 were recognised in profit or loss in respect of the year ended 31 December 2025.

Management has performed impairment assessment of the trade receivables and contract assets based on information including ageing of the trade receivables, past repayment history and subsequent settlement status of receivable balance and contract assets, credit profile of the customers and on-going trading relationship with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances and contract assets in order to estimate the expected credit losses for the impairment assessment.

Our procedures in relation to management's impairment assessment on trade receivables and contract assets as at 31 December 2025 included:

- We obtained an understanding of the key controls that the Group has implemented to manage and monitor its credit risk;
- We made enquiry of management regarding the status of each of the significant trade receivables past due and contract assets which were not yet billed to customers as at year end, the Group's on-going business relationship with the relevant customers and past repayment history of the customers.

Key Audit Matter	How our audit addressed the key audit matter
We focused on this area due to the magnitude of the trade receivables and the contract assets at 31 December 2025; and the impairment assessment of trade receivables and contract assets under the expected credit losses model which involve significant management judgments and estimates.	• We checked, on a sample basis, the ageing analysis of the trade receivables as at 31 December 2025 to the underlying financial records; • We assessed the subsequent settlement of receivable balances and contract assets. Where settlement had not been received subsequent to the year end date, we obtained an understanding of the basis of management's judgments about the recoverability of the outstanding receivables and contract assets and evaluate the impairment losses made by management for these balances. • We corroborated explanations from management with supporting evidence, such as correspondence with customers, public search of the customers' profiles as we evaluated management's judgments. • We assessed the appropriateness of the expected credit loss positioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit loss.

Key Audit Matter	How our audit addressed the key audit matter

Impairment assessment of goodwill

Refer to note 19 to the consolidated financial statements

The Group recognised goodwill amounted to approximately HK$7.7 million in connection with the acquisition of 100% equity interest in HLC Design and Build Limited ("HLC"). Management of the Group conducted impairment assessment of the Group's goodwill and considered it appropriate not to make impairment loss on goodwill for the year.

We focused on the impairment assessment of the goodwill as management assessment of impairment of goodwill involves judgments and estimates about the future results of the related cash generating unit ("CGU"), key assumptions including revenue growth rate and gross profit margin, long-term growth rate and discount rates applied to future cash flow forecast.

Our procedures in relation to management's impairment assessment on the goodwill included:

- We obtained an understanding of the internal key controls that management implemented in impairment assessment of goodwill.
- We evaluated and challenged the composition of the Group's future cash flow forecast in the CGU, and the process by which they were drawn up, including testing the underling value in use calculation.
- We made enquiry with management and challenged the key assumptions including revenue growth rate and gross profit margin by comparing the current year's actual results with future plans.
- We have also considered the adequacy of the disclosure of impairment assessments of the goodwill set out in note 19 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter

Valuation of contingent consideration payable for business acquisition

Refer to note 33 to the consolidated financial statements

As at 31 December 2025, the Group had contingent consideration payable with the carrying amount of approximately HK$3.8 million, which are due for payable from 2026 to 2028.

The Group recognised consideration for acquisition at fair value (estimated at the date of acquisition) for each contingent consideration arrangement. These fair value measurements require management's estimation and significant judgment on post-acquisition performance of the acquired business and discount rates used.

Contingent consideration payable is remeasured at fair value at each reporting date, and may be affected by changes in the estimation of post-acquisition performance of the acquired business. Any resulting gain or loss is recognised in the consolidated profit and loss. For the year ended 31 December 2025, a gain of approximately HK$3.6 million was recognised in the consolidated profit and loss and was included in other gains.

We focused on this area as the assessment made by management involved significant estimates and judgments in relation to the post-acquisition probabilistic financial performance of the related business and discount rate applied, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired business.

Our procedures in relation to management's estimation and assessment on post-acquisition performance of the acquired business included:

- We obtained understanding of the management's key controls over the contingent consideration payable assessment process.
- We compared the contingent consideration payable calculation prepared by management with the terms for the contingent considerations set out in the sales and purchase agreement for the acquired businesses.
- We made enquiry with management and challenged the key assumptions including revenue growth rate and gross profit margin by comparing the current year' s actual results with future plans and the probabilities adopted.
- We evaluated performance forecasts of the related business and the probabilities of the future financial performance adopted in the contingent consideration payable calculation and tested the mathematical accuracy of the underlying calculation of consideration payable.
- We compared the discount rates used by management against market information.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed qualified opinion on those statements on 31 March 2025.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 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.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of 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.

Audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism 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 activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Chan Chun Sing
Practisting Certificate Number P05537
Hong Kong

17 April 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	6	**79,412**	65,667
Other income	7	**3,557**	1,694
Other gains/(losses), net	8	**5,174**	8,528
Impairment loss on trade receivables, net	22	**(2,269)**	(1,039)
Impairment loss on deposits and other receivables	45	**(405)**	(500)
Impairment loss on loans and interest receivables	23	**(58)**	–
Reversal of impairment loss/(impairment loss) on contract assets, net	25	**91**	(1,155)
Subcontracting and materials costs		**(60,607)**	(46,583)
Employee benefit expenses	9	**(17,893)**	(17,345)
Rental expenses		**(464)**	(1,126)
Other expenses		**(10,384)**	(15,608)
Operating loss	10	**(3,846)**	(7,467)
Finance income	11	**1,238**	185
Finance costs	12	**(29,388)**	(3,136)
Share of (losses)/profits of associates		**(92)**	61
Loss before income tax		**(32,088)**	(10,357)
Income tax expense	13	**(638)**	(459)
Loss for the year		**(32,726)**	(10,816)
Loss for the year attributable to:			
Owners of the Company		**(32,542)**	(11,262)
Non-controlling interests		**(184)**	446
Loss for the year		**(32,726)**	(10,816)
Loss for the year		**(32,726)**	(10,816)
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss:			
Gain on change in fair value of financial assets at fair value through other comprehensive income		**860**	337
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		**19**	(31)
Other comprehensive income for the year, net of tax		**879**	306
Total comprehensive expense for the year, net of tax		**(31,847)**	(10,510)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**(31,663)**	(10,956)
Non-controlling interests		**(184)**	446
		(31,847)	(10,510)
		2025 HK Cents	2024 HK Cents
Loss per share	15		
Basic and diluted		**(9.03)**	(3.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	16	**344**	452
Investment properties	17	**5,180**	–
Right-of-Use assets	18	**574**	–
Goodwill	19	**7,887**	7,688
Interests in associate	20	**–**	231
Financial assets at fair value through other comprehensive income	21	**46**	1,999
Rental deposits	22	**100**	–
		14,131	10,370
Current assets			
Trade and other receivables	22	**29,475**	13,993
Loans and interest receivables	23	**19,953**	986
Financial assets at fair value through profit or loss	24	**12,622**	12,001
Contract assets	25	**8,214**	9,243
Derivative financial instruments	35	**328**	–
Amount due from non-controlling interest	26	**5**	5
Cash and cash equivalents	27	**61,065**	53,569
		131,662	89,797
Current liabilities			
Trade and other payables	28	**23,411**	19,933
Contract liabilities	25	**2,658**	1,777
Advance payments received from issue of convertible bonds	29	**–**	4,700
Advance payments received from issue of bonds payable	32	**200**	–
Amount due to a shareholder	30	**–**	2,078
Borrowings	31	**–**	3,575
Financial liabilities at fair value through profit or loss	24	**751**	–
Promissory note payable	34	**–**	518
Bonds payable	32	**50,498**	24,199
Contingent consideration payable	33	**491**	1,097
Lease liabilities	36	**587**	–
Income tax payable		**1,051**	453
Bank overdrafts	27	**497**	–
		80,144	58,330
Net current assets		**51,518**	31,467
Total assets less current liabilities		**65,649**	41,837
Non-current liabilities			
Bonds payable	32	**96,053**	42,918
Convertible bonds	35	**8,235**	3,259
Contingent consideration payable	33	**3,339**	6,380
		107,627	52,557
Net liabilities		**(41,978)**	(10,720)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Capital deficiency			
Share capital	37	**36,027**	36,027
Reserves		**(77,966)**	(46,892)
Capital deficiency attributable to owners of the Company		**(41,939)**	(10,865)
Non-controlling interests		**(39)**	145
Total capital deficiency		**(41,978)**	(10,720)

The consolidated financial statements on pages 67 to 195 were approved and authorised for issue by the board of directors on 17 April 2026 and are signed on its behalf by:

Chan Hung Kai
Director

Chung Kar Ho Carol
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Other reserve (Note 38) HK$'000	Exchange reserve HK$'000	Investment revaluation reserve (Note 38) HK$'000	Share option reserve (Note 38) HK$'000	Convertible bond reserve (Note 35) HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2024	36,027	134,917	5,922	–	11	4,447	2,234	(183,552)	6	(302)	(296)
Loss for the year	–	–	–	–	–	–	–	(11,262)	(11,262)	446	(10,816)
Other comprehensive (expenses)/ income for the year	–	–	–	(31)	337	–	–	–	306	–	306
Total comprehensive income/ (expense) for the year, net of tax	–	–	–	(31)	337	–	–	(11,262)	(10,956)	446	(10,510)
Capital contribution to a subsidiary from non-controlling interest	–	–	85	–	–	–	–	–	85	1	86
At 31 December 2024	36,027	134,917	6,007	(31)	348	4,447	2,234	(194,814)	(10,865)	145	(10,720)
At 1 January 2025	**36,027**	**134,917**	**6,007**	**(31)**	**348**	**4,447**	**2,234**	**(194,814)**	**(10,865)**	**145**	**(10,720)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(32,542)**	**(32,542)**	**(184)**	**(32,726)**
Other comprehensive income for the year	**–**	**–**	**–**	**19**	**860**	**–**	**–**	**–**	**879**	**–**	**879**
Total comprehensive income/ (expense) for the year, net of tax	**–**	**–**	**–**	**19**	**860**	**–**	**–**	**(32,542)**	**(31,663)**	**(184)**	**(31,847)**
Recognition of equity component of convertible bond (note 35)	**–**	**–**	**–**	**–**	**–**	**–**	**589**	**–**	**589**	**–**	**589**
Disposal of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(1,186)**	**–**	**–**	**1,186**	**–**	**–**	**–**
At 31 December 2025	**36,027**	**134,917**	**6,007**	**(12)**	**22**	**4,447**	**2,823**	**(226,170)**	**(41,939)**	**(39)**	**(41,978)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Operating activities			
Loss before income tax		**(32,088)**	(10,357)
Adjustments for:			
Depreciation of property, plant and equipment		**197**	345
Depreciation of investment properties		**120**	–
Depreciation of right-of-use assets		**714**	556
Gain on remeasurement of a previously held interest in an associate		**(260)**	–
Gain on bargain purchases		**(675)**	–
Gain on change in fair value of contingent consideration payable		**(3,647)**	(942)
Gain on change in fair value of derivative financial instruments		**(128)**	–
Gain on change in fair value of financial liabilities at fair value through profit or loss		**(405)**	–
Gain on disposal of subsidiaries, net	43	**(546)**	(4,676)
Loss/(gain) on change in fair value of financial assets at fair value through profit or loss		**669**	(3,015)
Dividend income from equity investments		**(3,409)**	(492)
Finance income		**(1,238)**	(185)
Finance costs		**29,388**	3,136
Share of losses/(profits) of associates		**92**	(61)
Impairment loss on goodwill		**–**	306
Impairment loss on trade receivables, net		**2,269**	1,039
Impairment loss on deposits and other receivables		**405**	500
Impairment loss on loans and interest receivables		**58**	–
(Reversal of impairment loss)/impairment loss on contract assets, net		**(91)**	1,155
Operating loss before working capital changes		**(8,575)**	(12,691)
Increase in trade and other receivables		**(17,756)**	(2,269)
Increase in loans and interest receivables		**(17,950)**	(986)
Decrease/(increase) in contract assets		**1,120**	(2,949)
Decrease in amounts due to non-controlling interests		**–**	(758)
Increase in trade and other payables		**5,352**	4,239
Increase in contract liabilities		**881**	77
Increase in financial assets at fair value through profit or loss		**(1,290)**	(2,331)
Increase in financial liabilities at fair value through profit or loss		**1,156**	–
Cash used in operations		**(37,062)**	(17,668)
Income tax paid		**(40)**	(67)
Net cash used in operating activities		**(37,102)**	(17,735)

The above consolidated statement of comprehensive income should be read in conjunction with the accompany notes.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Investment activities			
Purchase of property, plant and equipment		**(134)**	(328)
Proceeds from disposal of property, plant and equipment		**21**	–
Purchase of investment properties		**(5,300)**	–
Proceeds from disposal of financial liabilities at fair value through other comprehensive income		**2,813**	–
Interest received		**163**	185
Dividend income from equity investments		**3,409**	492
Acquisition of subsidiaries	42	**(150)**	727
Capital contribution to a subsidiary from non-controlling interest		**–**	86
Disposal of subsidiaries	43	**(4)**	–
Net cash generated from investing activities		**818**	1,162
Financing activities			
Advance from a shareholder	46	**–**	764
Repayment to a shareholder	46	**(2,078)**	(661)
Transaction costs of issue of convertible bonds		**(89)**	–
Proceeds from issue of bonds payable, net	46	**91,400**	42,918
Repayment of bonds payable	46	**(20,050)**	–
Proceeds from borrowings	46	**–**	540
Repayment of borrowings	46	**(3,575)**	(3,700)
Repayment of promissory note	46	**(500)**	–
Advance payments received from issue of convertible bonds	46	**–**	4,700
Advance payments received from issue of bonds payable	46	**200**	–
Finance costs paid	46	**(21,306)**	–
Payment of lease liabilities	46	**(747)**	(600)
Net cash generated from financing activities		**43,255**	43,961
Net increase in cash and cash equivalents		**6,971**	27,388
Cash and cash equivalents at beginning of the year		**53,569**	26,176
Effect of foreign exchange rate changes		**28**	5
Cash and cash equivalents at end of the year		**60,568**	53,569
Analysis of cash and cash equivalents at end of the year			
Cash and bank balances		**61,065**	53,569
Bank overdrafts		**(497)**	–
		60,568	53,569

1 General Information

Basic House New Life Group Limited (the "Company") was incorporated in the Cayman Islands on 1 February 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong located at Unit 204A, 2/F, Century Centre, 44-46 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company together with its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of interior design and fit out solutions services as well as overall project management and securities investment in Hong Kong.

The shares of the Company (the "Share(s)") are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

2 Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements of the Company have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out in note 4.

2 Basis of Preparation of Consolidated Financial Statements (Continued)

Going concern basis

Notwithstanding that the Group incurred net losses approximately HK$32,726,000 for the year ended 31 December 2025; and the total liabilities of the Group at 31 December 2025 exceed the Group's total assets at that date by approximately HK$41,978,000, the directors of the Company consider it appropriate for the preparation of the consolidated financial statements on a going concern basis for at least twelve months immediately after 31 December 2025 after taking into account the following circumstances and measures:

(a) The substantial shareholder of the Company, Mr. Lui Yu Kin, has agreed to provide loan to the extent of HK$42,000,000 to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

(b) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.

(c) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Material uncertainty regarding the Group's ability to operate as a going concern exists as to whether management of the Group will be able to achieve its plans and measures as described above. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3 Application of New and Amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

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]
Amendment to HKAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards Volume 11[1]

1 Effective for annual periods beginning on or after 1 January 2026.
2 Effective for annual periods beginning on or after 1 January 2027.
3 No mandatory effective date yet determined but available for adoption.

3 Application of New and Amendments to HKFRS Accounting Standards (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards that are not yet effective in respect of the current year will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two 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, Change in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other 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.

4 Material Accounting Policy Information

4.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured 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 to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisition

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4 Material Accounting Policy Information (Continued)

4.1 Consolidation (Continued)

Subsidiaries (Continued)

(a) Business combinations or asset acquisitions (Continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs, and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

4 Material Accounting Policy Information (Continued)

4.1 Consolidation (Continued)

Subsidiaries (Continued)

(a) Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

4 Material Accounting Policy Information (Continued)

4.1 Consolidation (Continued)

Subsidiaries (Continued)

(b) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.2 Investments in subsidiaries

Investments in subsidiaries are accounted for in the Company's statement of financial position at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4 Material Accounting Policy Information (Continued)

4.3 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

4 Material Accounting Policy Information (Continued)

4.3 Investments in associates (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profit or loss resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors led by the Group's Chief Executive Officer ("CEO") that makes strategic decisions.

4.5 Foreign currency translation

(a) Functional and presentation currency

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

4 Material Accounting Policy Information (Continued)

4.5 Foreign currency translation (Continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within "finance income or expenses". All other foreign exchange gains and losses are presented in consolidated statement of profit or loss and other comprehensive income within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Group companies

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

(i) assets and liabilities are translated at the closing rate at the end of the reporting period;

(ii) income and expenses are translated at average exchange rates (unless this average rate 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 dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

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

4 Material Accounting Policy Information (Continued)

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is 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 repairs and maintenance are charged to profit or loss for the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	3 years
Leasehold improvements	5 years or remaining lease term, whichever is shorter
Office equipment	3 years
Furniture	5 years
Motor vehicles	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.10).

Gain or loss on disposal of an asset is determined by comparing proceeds with carrying amount of the assets and are recognised within "other gains/(losses), net" (Note 8).

4.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives, using the straight-line method.

4 Material Accounting Policy Information (Continued)

4.7 Investment properties (Continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4.8 Intangible assets

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and not larger than an operating segment. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs). Any impairment of goodwill is recognised immediately as an expense and is not subsequently reversed.

4 Material Accounting Policy Information (Continued)

4.9 Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4 Material Accounting Policy Information (Continued)

4.9 Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4 Material Accounting Policy Information (Continued)

4.9 Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 Financial Instruments ("HKFRS 9") and are initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

4 Material Accounting Policy Information (Continued)

4.9 Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4 Material Accounting Policy Information (Continued)

4.9 Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

4.10 Impairment of non-financial assets

Non-financial assets (other than goodwill) are tested 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where an impairment loss subsequent reverses, the carrying amount of the asset or cash-generating unit (other than goodwill) is increased to the revised estimate of its recoverable amounts, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in profit or loss.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is included in the "finance income" line item in profit or loss.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment revaluation reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets, rental deposits, amount due from non-controlling interest and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/accumulated losses.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

When the financial liability is contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, the financial liability is classified as FVTPL.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to a shareholder, amount due to non-controlling interest, advance payments received from issue of bonds payables, bank overdrafts, borrowings, bonds payable, promissory note payable and convertible bond payable) are subsequently measured at amortised cost, using the effective interest method.

Convertible bond issued by the Company

Convertible bonds issued by the Company contain both the liability and conversion option components which are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

4 Material Accounting Policy Information (Continued)

4.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bond issued by the Company (Continued)

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.12 Contract assets/contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

4 Material Accounting Policy Information (Continued)

4.13 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(i) Cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(ii) Cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an significant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

4.14 Current and deferred income tax

The income tax expense 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.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. 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.

4 Material Accounting Policy Information (Continued)

4.14 Current and deferred income tax (Continued)

Deferred income tax

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.15 Employee benefits

Pension obligation

The Group operates a defined contribution plan. The scheme is generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

4 Material Accounting Policy Information (Continued)

4.15 Employee benefits (Continued)

Pension obligation (Continued)

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Retirement benefits to employees in the PRC are provided through a defined contribution plan. The Group is required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central pension scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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 leave are not recognised until the time of leave.

4 Material Accounting Policy Information (Continued)

4.15 Employee benefits (Continued)

Share-based payments

Equity-settled share-based payments transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium respectively. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits/accumulated losses.

Share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

4.16 Provision

Provisions for environment restoration, restructuring costs and legal claims 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

4 Material Accounting Policy Information (Continued)

4.16 Provision (Continued)

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 any one 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.

4.17 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

4 Material Accounting Policy Information (Continued)

4.17 Revenue recognition (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

4.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

5 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Recognition of contract revenue

Revenue are recognised according to the stage of completion of individual contracts, calculated on the proportion of total costs at the end of the reporting period compared to the estimated total costs of the relevant contract, on the basis that the stage of contract completion and the total costs of the design and fit out work can be measured reliably.

Management assess the stage of completion of projects through the site visit of the project in progress at the year-end date. The Group reviews and revises the expected margin prepared for each contract as the contract progresses. Expected margins are prepared by the management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted costs to complete and the actual amounts incurred for the projects. Such significant estimates may have an impact on the profit and loss recognised in each year.

As at 31 December 2025, the carrying amount of contract assets is HK$8,214,000 (2024: HK$9,243,000), which are subject to the aforementioned estimation uncertainties.

(b) Impairment of trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables and contract assets. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates (taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort). At every reporting date, the historical observed default rates are reassessed and changes in forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for expected credit loss individually.

The provision for expected credit loss is sensitive to changes in estimates. Details of the Group's trade receivables and contract assets are disclosed in Notes 22 and 25 respectively.

5 Critical Accounting Estimates and Judgments (Continued)

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, impairment loss on goodwill may arise.

As at 31 December 2025, the carrying amount of goodwill is HK$7,887,000 (2024: HK$7,688,000) (net of accumulated impairment loss of nil (2024: HK$306,000)). Details of the recoverable amount calculation are disclosed in note 19.

(d) Contingent considerations of acquisition of HLC Design and Build Limited ("HLC")

The Group's business acquisition of HLC have involved post-acquisition performance-based contingent considerations. The Group follows the requirements of HKFRS 3 (Revised) to recognise the fair value of those contingent considerations for acquisitions, as of their respective acquisition dates as the consideration transferred in exchange for the acquired businesses. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired subsidiaries and significant judgment about the time value of money. Contingent considerations shall be remeasured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the profit or loss of the Group.

The basis of the contingent consideration reflects the post-acquisition financial profitability of the acquired business. Consequently, the actual additional consideration payable may vary according to the future performance of each individual acquired business, and the liabilities provided reflect estimates of such future performances.

Due to the acquisition of HLC for which consideration remains outstanding and the variety of bases of determination, it is not practicable to provide any meaningful sensitivity in relation to the critical assumptions concerning future profitability of each acquired business and the potential impact on the gain or loss on remeasurement of contingent consideration payables and goodwill for each acquired business.

As at 31 December 2025, the carrying amount of contingent consideration is HK$491,000 (2024: HK$1,097,000).

6 Revenue and Segment Information

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 HK$'000	2024 HK$'000
Design and fit out		
Design and fit out	**72,003**	60,098
Design	**3,296**	5
Maintenance and after sales services	**1,434**	1,246
	76,733	61,349
Others		
Consultancy fee income	**2,224**	4,318
Management fee income	**455**	–
	2,679	4,318
	79,412	65,667
Disaggregated by time of revenue recognition within the scope of HKFRS 15		
Over time	**77,978**	64,416
At point in time	**1,434**	1,251
	79,412	65,667

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

6 Revenue and Segment Information (Continued)

Specially, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

(i) Design and fit out services – provision of integrated interior design, fit out solutions and repair and maintenance services in Hong Kong.

(ii) Securities investment – investment in equity securities and futures listed in Hong Kong.

Segment revenue and results

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

For the year ended 31 December 2025

	Design and fit out HK$'000	Securities investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue	76,733	–	2,679	79,412
Segment (loss)/profit	(134)	2,063	952	2,881
Finance income				1,238
Share of loss of associates				(92)
Unallocated other income				148
Unallocated other gains, net				2,709
Unallocated expenses				(9,625)
Finance costs				(29,347)
Loss before income tax				(32,088)
Income tax expense				(638)
Loss for the year				(32,726)

6 Revenue and Segment Information (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Design and fit out HK$'000	Securities investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue	61,349	–	4,318	65,667
Segment (loss)/profit	(7,988)	3,047	1,171	(3,770)
Finance income				185
Share of profits of associates				61
Unallocated other income				1,042
Unallocated other gains, net				5,118
Unallocated expenses				(9,878)
Finance costs				(3,115)
Loss before income tax				(10,357)
Income tax expense				(459)
Loss for the year				(10,816)

Segment revenue represents revenue from external customers. There were no inter-segment sales for the year ended 31 December 2025 (2024: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, share of profits/(losses) of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6 Revenue and Segment Information (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	2025 HK$'000	2024 HK$'000
Design and fit out	**28,155**	17,901
Securities investment	**12,668**	14,000
Others	**79**	1,173
Total reportable segment assets	**40,902**	33,074
Unallocated assets	**104,891**	67,093
Consolidated assets	**145,793**	100,167

Segment liabilities

	2025 HK$'000	2024 HK$'000
Design and fit out	**25,375**	16,598
Securities investment	**497**	–
Others	**248**	243
Total reportable segment liabilities	**26,120**	16,841
Unallocated liabilities	**161,651**	94,046
Consolidated liabilities	**187,771**	110,887

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, goodwill, interests in associates, amount due from non-controlling interest and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than advance payments received from issue of convertible bonds, amount due to a shareholder, borrowings, bonds payable, promissory note payable, convertible bond and contingent consideration payable.

6 Revenue and Segment Information (Continued)

Other segment information

For the year ended 31 December 2025

	Design and fit out HK$'000	Securities investment HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (Note)	1,763	–	–	5,400	7,163
Depreciation	680	–	47	304	1,031
Impairment loss on trade receivables, net recognised in profit or loss	1,639	–	(78)	708	2,269
Impairment loss on deposits and other receivables recognised in profit or loss	405	–	–	–	405
Impairment loss on loans and interest receivables recognised in profit or loss	–	–	–	58	58
Reversal of impairment loss on contract assets recognised in profit or loss	(91)	–	–	–	(91)
Reversal of trade receivables previously written off	(170)	–	–	–	(170)
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:					
Subcontracting and materials costs	60,478	–	129	–	60,607
Employee benefit expenses	10,684	–	2,917	4,292	17,893
Share of losses of associates	–	–	–	92	92
Interest income	–	–	–	(1,238)	(1,238)
Interest expenses	40	–	–	29,348	29,388

Note: Non-current assets excluded goodwill.

6 Revenue and Segment Information (Continued)

Other segment information (Continued)

For the year ended 31 December 2024

	Design and fit out HK$'000	Securities investment HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets (Note)	171	–	137	20	328
Depreciation	795	–	29	77	901
Impairment loss on trade receivables, net recognised in profit or loss	961	–	78	–	1,039
Impairment loss on other receivables recognised in profit or loss	–	–	–	500	500
Impairment loss on contract assets recognised in profit or loss	1,155	–	–	–	1,155
Reversal of trade receivables previously written off	(201)	–	–	–	(201)
Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:					
Impairment of goodwill	–	–	–	306	306
Subcontracting and materials costs	46,583	–	–	–	46,583
Employee benefit expenses	10,621	378	1,790	4,556	17,345
Share of profits of associates	–	–	–	(61)	(61)
Interest income	(47)	(138)	–	–	(185)
Interest expenses	–	–	–	3,136	3,136

Note: Non-current assets excluded goodwill.

6 Revenue and Segment Information (Continued)

Geographical information

The Group's geographical segments are classified according to the location of its customers. Segment revenue from external customers by location of customers during the year is as follows:

Revenue from external customers

	2025 HK$'000	2024 HK$'000
Hong Kong	**79,412**	65,667

Information about major customers

Revenue from individual customer contributing over 10% of the revenue of the Group is as follows:

	2025 HK$'000	2024 HK$'000
Customer A from Design and fit out segment	**20,388**	12,436

Information about the Group's non-current assets by geographical location are detailed as below:

Non-current assets

	2025 HK$'000	2024 HK$'000
Hong Kong	**14,007**	8,264
The PRC, excluding Hong Kong	**78**	107
	14,085	8,371

Note: Non-current assets excluded financial assets at fair value through other comprehensive income.

7 Other Income

	2025 HK$'000	2024 HK$'000
Dividend income from equity investments		
– at fair value through other comprehensive income	**115**	169
– at fair value through profit or loss	**3,294**	323
	3,409	492
Sundry income	**148**	1,202
	3,557	1,694

8 Other Gains/(Losses), net

	2025 HK$'000	2024 HK$'000
(Loss)/gain on change in fair value of financial assets at fair value through profit or loss	**(264)**	3,015
Gain on disposal of subsidiaries (Note 43)	**546**	4,676
Gain on change in fair value of contingent consideration payable (Note 33)	**3,647**	942
Gain on change in fair value of derivative financial instruments	**128**	–
Gain on remeasurement of a previously held interest in an associate (Note 42)	**260**	–
Gain on bargain purchases (Note 42)	**675**	–
Reversal of trade receivables previously written off	**170**	201
Impairment of goodwill (Note 19)	**–**	(306)
Exchange gain	**12**	–
Other gains, net	**5,174**	8,528

9 Employee Benefit Expenses

	2025 HK$'000	2024 HK$'000
Employee benefit expenses, including directors' remuneration		
Salaries and allowances	**16,352**	16,476
Pension costs – defined contribution plans	**620**	670
Welfare and benefits	**921**	199
	17,893	17,345

(a) Pensions – defined contribution plans

The Group maintains a defined contribution pension scheme for its employees in Hong Kong under the Mandatory Provident Fund ("MPF"). The assets of this scheme are held separately from those of the Group under independently administered funds.

Under the MPF Scheme, each of the Group and its employees make monthly contributions to the scheme at 5% of the employee's relevant income, as defined in Hong Kong Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's contributions are subject to a cap of HK$1,500 per month. The contributions are fully and immediately vested for the employees. There were no forfeited contributions at the end of the reporting period which are available to offset future contributions.

For the year ended 31 December 2025, the aggregate amounts of the Group's contributions to the aforementioned pension scheme is HK$620,000 (2024: HK$670,000).

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, the Group has the obligation to pay long service payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

9 Employee Benefit Expenses (Continued)

(a) Pensions – defined contribution plans (Continued)

The Amendment Ordinance (note 3) was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

(b) Five highest paid individuals

No directors are regarded as the Group's five highest-paid individuals for the year ended 31 December 2025 (2024: none). The emoluments paid/payable to the five highest paid individuals for the year are as follows:

	2025 HK$'000	2024 HK$'000
Basic salaries and other employee benefit	**4,317**	5,101
Bonus	**200**	40
Pension costs – defined contribution plan	**122**	124
	4,639	5,265

The emoluments fell within the following band:

	2025 Number of individuals	2024 Number of individuals
Nil to HK$1,000,000	**3**	2
HK$1,000,001–HK$1,500,000	**1**	2
HK$1,500,001–HK$2,000,000	**1**	1
	5	5

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

10 Operating Loss

The Group's operating loss for the year is stated after charging the following:

	2025 HK$'000	2024 HK$'000
Auditor's remuneration		
– Audit services	**900**	1,050
– Non audit services	**130**	140
Depreciation of property, plant and equipment	**197**	345
Depreciation of investment properties	**120**	–
Depreciation of right-of-use assets	**714**	556

11 Finance Income

	2025 HK$'000	2024 HK$'000
Interest income on deposits with financial institutions	**44**	185
Interest income on loan receivables	**1,194**	–
	1,238	185

12 Finance Costs

	2025 HK$'000	2024 HK$'000
Interests on:		
– amount due to a shareholder	**3**	131
– borrowings	**88**	319
– bonds payable (Note 32)	**28,337**	2,256
– promissory note payable (Note 34)	**12**	55
– convertible bonds (Note 35)	**895**	354
– lease liabilities	**51**	21
– bank overdraft	**2**	–
	29,388	3,136

13 Income Tax Expense

	2025 HK$'000	2024 HK$'000
Current tax		
Hong Kong profits tax	**638**	377
PRC enterprise income tax	**–**	82
Income tax expense	**638**	459

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

At the end of the reporting period, the Group has unused tax losses of approximately HK$28,090,000 (2024: HK$16,571,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$4,915,000 (2024: HK$2,274,000) related to impairment losses on trade receivables, contract assets, deposits and other receivables and loans and interest receivables. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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

	2025 HK$'000	2024 HK$'000
Loss before income tax	**(32,088)**	(10,357)
Tax calculated at domestic tax rates in respective tax jurisdiction	**(5,379)**	(1,577)
Income not subject to tax	**(1,619)**	(1,115)
Expenses not deductible for tax purposes	**6,280**	3,663
Utilisation of tax losses previously not recognised	**(203)**	(684)
Temporary differences not recognised	**452**	11
Tax at concessionary rate	**(165)**	(490)
Tax losses not recognised	**1,272**	651
Income tax expense	**638**	459

14 Dividends

The Board of Directors does not recommend the payment of a dividend in respect of the year (2024: Nil).

15 Loss Per Share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2025	2024
Loss for the year attributable to owners of the Company (in HK$'000)	**(32,542)**	(11,262)
Weighted average number of ordinary shares ('000)	**360,274**	360,274
Basic loss per share (in HK cents)	**(9.03)**	(3.13)

(b) Diluted loss per share

As the Group incurred a loss for the years ended 31 December 2025 and 31 December 2024, the potential ordinary shares arising from the conversion of the convertible bonds and the exercise of the Company's share options were anti-dilutive. This is because their inclusion would have resulted in a decrease in the loss per share from continuing operations. Accordingly, the diluted loss per share is the same as the basic loss per share for both years.

16 Property, Plant and Equipment

	Computer equipment HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2024	806	1,985	237	612	185	3,825
Acquisition of a subsidiary (note 42(a))	–	70	–	32	–	102
Additions	168	1	–	15	144	328
Disposals of subsidiaries (note 43(a)(ii))	–	–	–	(10)	(185)	(195)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2024 and 1 January 2025	971	2,056	237	649	144	4,057
Additions	112	21	1	–	–	134
Disposal	(40)	–	–	–	–	(40)
Disposal of subsidiaries (note 43(b))	–	(70)	–	(32)	–	(102)
Exchange realignment	5	–	–	–	–	5
At 31 December 2025	1,048	2,007	238	617	144	4,054
Accumulated depreciation						
At 1 January 2024	752	1,872	188	497	136	3,445
Depreciation charged for the year	76	135	27	50	57	345
Disposal of subsidiaries (note 43(a)(ii))	–	–	–	(10)	(174)	(184)
Exchange realignment	(1)	–	–	–	–	(1)
At 31 December 2024 and 1 January 2025	827	2,007	215	537	19	3,605
Depreciation charged for the year	73	28	16	51	29	197
Eliminated on disposal	(19)	–	–	–	–	(19)
Disposal of subsidiaries (note 43(b))	–	(48)	–	(27)	–	(75)
Exchange realignment	2	–	–	–	–	2
At 31 December 2025	883	1,987	231	561	48	3,710
Carrying amounts						
At 31 December 2025	165	20	7	56	96	344
At 31 December 2024	144	49	22	112	125	452

17 Investment Properties

	HK$'000
Cost	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Addition	5,300
At 31 December 2025	5,300
Accumulated depreciation	
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Charge for the year	120
At 31 December 2025	120
Carrying value	
At 31 December 2025	5,180
At 31 December 2024	–

The investment properties, comprising of two residential properties in Hong Kong, is depreciated on a straight-line basis range from 30 to 40 years.

Rental income earned by the Group from the investment property which is leased out under operating leases, amounted to approximately HK$144,000 for the year ended 31 December 2025 (2024: nil).

Direct operating expenses incurred in respect of the investment property that generate rental income amounted to approximately HK$52,000 and nil for the years ended 31 December 2025 and 2024 respectively. While direct operating expenses incurred in respect of the investment property that did not generate rental income amounted to approximately nil and HK$131,000 for the years ended 31 December 2024 and 2025 respectively.

The fair values of the Group's investment property were estimated by independent and qualified professional valuers who are not connected to the Group at approximately HK$5,800,000 and nil at 31 December 2025 and 2024 respectively based on the valuation report on the investment property in prior year and were updated to reflect recent transactions involving similar properties in the vicinity, using the direct comparison approach. The fair value is classified as Level 3. The fair value of the Group's investment properties was determined based on a valuation carried out by the valuer. In estimating the fair value of the property, the highest and best use of the property is its current use. The operating leases do not transfer the ownership of the underlying asset to the lessee by end of lease term, and there is no option to purchase the asset. The lessor manages the risk associated with any rights it retains in underlying assets. Its risk management strategy for these rights includes various means to reduce risk such as exercising inspection rights subsequent to reasonable notice and purchasing fire insurance.

17 Investment Properties (Continued)

The following table give information about how the fair value of the investment property is determined.

Significant unobservable inputs	Sensitivity
Location	A better location, such as near the city centre would result in significant increase in fair value and vice versa.
Tenure	A preferable tenure, such as freehold property demand higher would result in significant increase in fair value and vice versa.

18 Right-of-Use Assets

	Leased properties HK$'000
Cost	
At 1 January 2024	1,113
Lease termination	(1,113)
At 31 December 2024 and 1 January 2025	–
Additions	1,629
Disposal on a subsidiary (Note 43(b))	(482)
At 31 December 2025	1,147
Accumulated depreciation	
At 1 January 2024	557
Depreciation charged for the year	556
Eliminated on lease termination	(1,113)
At 31 December 2024 and 1 January 2025	–
Depreciation charged for the year	714
Eliminated on disposal of a subsidiary (Note 43(b))	(141)
At 31 December 2025	573
Carrying amount	
At 31 December 2025	574
At 31 December 2024	–

	2025 HK$'000	2024 HK$'000
Expense relating to short-term leases	**464**	1,126
Total cash outflow for leases	**1,211**	1,726

18 Right-of-Use Assets (Continued)

As at 31 December 2025, the Group leases office under non-cancellable operating lease for its operations. Lease contracts are entered into for fixed terms of one to two years (2024: one year). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

19 Goodwill

	2025 HK$'000	2024 HK$'000
Cost		
At 1 January	**7,994**	1,115
Arising from acquisition of subsidiaries (Note 42(b))	**199**	7,994
Eliminated on disposal of a subsidiary (Note 43(b))	**(306)**	(1,115)
At 31 December	**7,887**	7,994
Accumulated impairment losses		
At 1 January	**306**	1,115
Impairment loss recognised for the year (Note 8)	**–**	306
Eliminated on disposal of a subsidiary (Note 43(b))	**(306)**	(1,115)
At 31 December	**–**	306
Carrying Amount		
At 31 December	**7,887**	7,688

An analysis of goodwill attributable to the relevant cash-generating units ("CGUs") is as follows:

	Design and fit out CGU HK$'000	Money lending CGU HK$'000	Total HK$'000
Carrying amount at 1 January 2024	–	–	–
Goodwill arising from acquisition of subsidiaries	7,688	306	7,994
Impairment loss recognised for the year (Note 8)	–	(306)	(306)
Carrying amount at 31 December 2024 and 1 January 2025	7,688	–	7,688
Goodwill arising from acquisition of subsidiaries	–	199	199
Carrying amount at 31 December 2025	7,688	199	7,887

19 Goodwill (Continued)

Design and fit out CGU

The goodwill arose from the business combination during the year ended 31 December 2024.

The recoverable amount of the design and fit out CGU has been determined based on a value in use calculation using cash flow projections on financial budgets covering a five-year period approved by senior management.

Key assumptions adopted in the preparation of cash flow projections used for value in use calculation were as follows:

	31 December 2025	31 December 2024
Compound annual growth rate of revenue in		
– First year	**5%–10%**	5%–10%
– Second year	**5%**	5%
– Third to fifth year	**2%**	2%
Annual growth rate beyond the five-year period	**2%**	2%
Discount rate	**13%–16%**	15.3%–19.0%

The budget gross margin used for the preparation of the cash flow projections is based on the gross margin achieved in prior year and its expectation for market development.

The annual revenue growth rate for the first year is estimated by management based on projects carried forward from the current year and forecast projects expected to be secured by the Group subsequent to the reporting period, and past performance, industry forecast and its expectation of market development. The discount rate used is before tax and reflects specific risks relating to this CGU. The annual growth rate beyond the five-year period is based on Hong Kong long term growth rate.

The values assigned to the key assumptions on inflation of materials price and discount rate are consistent with external information sources.

The directors believe that any reasonably change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the design and fit out CGU to exceed its recoverable amount, accordingly impairment loss on goodwill attributable to the related CGU is not required to be made in the consolidated financial statements (2024: Nil).

19 Goodwill (Continued)

Money lending CGU

The goodwill arose from the business combination during the year ended 31 December 2025.

Impairment loss has been fully recognised for the year ended 31 December 2024 on goodwill attributable to money lending CGU as management of the Group is of the view that the recoverable amount of the goodwill cannot be assured with reasonable uncertainty.

The recoverable amount of the money lending CGU has been determined based on a value in use calculation using cash flow projections on financial budgets covering a five-year period approved by senior management.

Key assumptions adopted in the preparation of cash flow projections used for value in use calculation were as follows:

	31 December 2025	31 December 2024
Compound annual growth rate of revenue in		
– First year	**5%**	5%
– Second year	**5%**	5%
– Third to fifth year	**2%**	2%
Annual growth rate beyond the five-year period	**2%**	2%
Discount rate	**18%**	18.7%

The budget gross margin used for the preparation of the cash flow projections is based on the gross margin achieved in prior year and its expectation for market development.

The annual revenue growth rate for the first year is estimated by management based on projects carried forward from the current year and forecast projects expected to be secured by the Group subsequent to the reporting period, and past performance, industry forecast and its expectation of market development. The discount rate used is before tax and reflects specific risks relating to this CGU. The annual growth rate beyond the five-year period is based on Hong Kong long term growth rate.

The values assigned to the key assumptions on inflation of materials price and discount rate are consistent with external information sources.

The directors believe that any reasonably change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the money lending CGU to exceed its recoverable amount. Accordingly impairment loss on goodwill attributable to the related CGU is not required to be made in the consolidated financial statements (2024: HK$306,000).

20 Interests in Associate

	2025 HK$'000	2024 HK$'000
Costs of investments	**1,035**	1,035
Share of post-acquisition losses and other comprehensive expense	**(446)**	(354)
	589	681
Less: impairment loss recognised	**(450)**	(450)
Transfer to investment in subsidiary (Note 42)	**(139)**	–
	–	231

Movements during the year are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**231**	834
Share of post-acquisition (losses)/profits	**(92)**	61
Transfer to investment in subsidiary (Note 42)	**(139)**	–
Disposal of interest in an associate (Note 43(a)(i))	**–**	(664)
At 31 December	**–**	231

20 Interests in Associate (Continued)

Particulars of the associate of the Group are as follows:

Name	Place of establishment/ registration and operations	Proportion equity interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		2025	2024	2025	2024	
Surich Asset Management Limited	Hong Kong	N/A (Note)	34%	N/A (Note)	34%	Asset management and advisory service

The associate was accounted for using the equity method in these consolidated financial statements during 2024.

Note:

On 21 March 2023, a wholly-owned subsidiary of the Company, Inno Chase Limited ("Inno Chase"), entered into an agreement with Surich Capital Holdings Limited ("Surich Capital"), under which the Group has agreed to acquire 34% equity interest in Surich Asset Management Limited ("Surich AM"), Surich AM is principally engaged in the provision of advisory on securities and asset management services. Pursuant to the acquisition agreement, the aggregate consideration for the acquisition amounted to HK$500,000, which was satisfied by issue of promissory note by the Company with the principal amount of HK$500,000. Completion of the acquisition of 34% equity interest in Surich AM took place on 21 March 2023.

The cost of the Group's 34% equity interest in Surich AM was deemed to be HK$423,000, which represents the fair value of the promissory note at the date of issue (note 34). During the year ended 31 December 2023, the Group made further capital injection to Surich AM amounted to HK$612,000. As at 31 December 2023, the Group's cost of investment in Surich AM amounted to HK$1,035,000.

Subsequent to acquisition, management of the Group conducted a review of the profitability of the business undertaken by Surich AM, and is of the view that it is appropriate to make impairment loss on the interests in Surich AM amounted to HK$450,000 for the year ended 31 December 2023, which was calculated based on the recoverable amount of the investment in Surich AM using the value in use basis, as determined by reference to the valuation conducted by an external valuer. The impairment loss, which was led by the revision of the future profitability of the business undertaken by Surich AM, impacted by depressing stock market sentiment, was recognised in profit or loss in respect of the year ended 31 December 2023.

Uoon the acquisition on 5 August 2025, the associate became a subsidiary of the Group. Details refer to note 42(b)(iii).

20 Interests in Associate (Continued)

Summarised financial information of material associate

	4 August 2025 Surich AM HK$'000	31 December 2024 Surich AM HK$'000
Current assets	**1,678**	1,344
Non-current assets	**–**	–
Current liabilities	**(504)**	(101)
Non-current liabilities	**–**	–
Net assets	**1,174**	1,243

	For the period from 1 January 2025 to 4 August 2025 Surich AM HK$'000	31 December 2024 Surich AM HK$'000
Revenue	**1,132**	1,911
Loss before tax	**(271)**	(680)
Income tax expense	**–**	–
Loss for the period/year	**(271)**	(680)

20 Interests in Associate (Continued)

Reconciliation to the Group's interests in associate:

	31 December 2025 Surich AM HK$'000	31 December 2024 Surich AM HK$'000
Proportion of the Group's ownership	N/A	34%
Group's share of net assets of the associates	N/A	423
Goodwill on acquisition	N/A	184
Impairment loss recognised	N/A	(450)
Carrying amount of the investment	N/A	231

21 Financial Assets at Fair Value Through Other Comprehensive Income

	2025 HK$'000	2024 HK$'000
Listed securities:		
Equity securities listed in Hong Kong	46	1,999

Movements of the financial assets at fair value through other comprehensive income during the year are as follows:

	2025 HK$'000	2024 HK$'000
As at 1 January	1,999	1,662
Gain on change in fair value recognised in other comprehensive income	860	337
Disposals during the year	(2,813)	–
As at 31 December	46	1,999

22 Trade and Other Receivables

	2025 HK$'000	2024 HK$'000
Trade receivables	**18,314**	8,213
Less: Provision for impairment of trade receivables	**(3,487)**	(1,218)
Trade receivables, net (Note a)	**14,827**	6,995
Prepayments, deposits and other receivables (Note b)	**14,648**	6,998
	29,475	13,993
Rental deposits	**100**	–

Notes:

(a) Trade receivables

The carrying amounts of trade receivables are denominated in HK$.

The Group does not grant credit term to customers. At 31 December 2025 and 2024, the ageing analysis of the trade receivables (after impairment loss recognised) based on invoice date were as follows:

	2025 HK$'000	2024 HK$'000
1–30 days	**4,818**	3,515
31–60 days	**427**	783
61–90 days	**3,735**	741
More than 90 days	**5,847**	1,956
	14,827	6,995

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which presents the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. Further information about expected credit loss provision is set out in Note 45.2 (c)(ii).

As of 31 December 2025, trade receivables of HK$14,827,000 (2024: HK$6,995,000) were past due but not considered to be impaired because management closely monitors the credit quality of these customers and is of the view that the customers are of good credit quality and there is no recent history of default regarding the relevant customers.

22 Trade and Other Receivables (Continued)

Notes: (Continued)

(a) Trade receivables (Continued)

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

	2025 HK$'000	2024 HK$'000
At 1 January	**1,218**	179
Impairment losses, net for the year (Note 8)	**2,269**	1,039
At 31 December	**3,487**	1,218

Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(b) Prepayments, deposits and other receivables

	2025 HK$'000	2024 HK$'000
Current portion		
Prepayments	**2,803**	2,828
Deposits and other receivables	**11,845**	4,170
	14,648	6,998
Non-current portion		
Rental deposits	**100**	–

As of 31 December 2025, included in deposits and other receivables are deposit paid to an insurance company for surety bonds issued in favour of the Group and consideration receivables from disposal of subsidiaries amounted to HK$1,300,000 and HK$100,000 respectively.

As of 31 December 2024, included in deposits and other receivables are deposit paid to an insurance company for surety bonds issued in favour of the Group and consideration receivables from disposal of subsidiaries amounted to HK$945,000 and HK$678,000 respectively.

23 Loans and Interest Receivables

	2025 HK$'000	2024 HK$'000
Loans and interest receivables thereon within one year	**19,953**	986
Analysed for reporting purpose as: Current assets	**19,953**	986

	2025 HK$'000	2024 HK$'000
Loans and interest receivables	**20,011**	986
Less: Provision for impairment of loans and interest receivables	**(58)**	–
Loans and interest receivables, net	**19,953**	986

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and imposes credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly. As part of its credit control policy, the Group generally requests and assess the quality of the collaterals, and charges higher interest rate on unsecured loans. The loans were granted as part of the Group's treasury management and capital deployment strategy to generate recurring interest income from its available cash resources. This approach is consistent with the Group's strategy of enhancing financial performance and creating long-term shareholders' value.

The secured loan receivables carry interest ranging from 8% to 15% (2024: 15%) per annum, whereas the unsecured loan receivables carry interest of 24% per annum (2024: Nil). All outstanding loans as at 31 December 2025 had a maturity of one year.

As at 31 December 2025, the carrying amount of loans and interest receivables amounting to HK$19,953,000 (2024: HK$986,000). Loan and interest receivables which are pledged with collaterals such as watch, properties and equity securities listed in Hong Kong (2024: equity securities listed in Hong Kong) amounted to approximately HK$17,811,000 (2024: HK$986,000), whereas unsecured loan and interest receivables amounted to approximately HK$2,142,000 (2024: Nil). There has not been any significant changes in the quality of the collateral held for the loans and interest receivables. As such, there were no material impairment of the loan and interest receivables during the year. As at 31 December 2025, the loss allowance for loans and interest receivables were estimated to be approximately HK$58,000 (2024: Nil). Please refer to note 45.2(c)(i) for the detailed basis of impairment assessments.

24 Financial Assets/(Liabilities) at Fair Value Through Profit or Loss

	2025 HK$'000	2024 HK$'000
Financial Assets at Fair Value Through Profit or Loss		
Equity securities listed in Hong Kong	**12,622**	12,001

Financial assets at fair value through profit or loss, representing equity securities listed in Hong Kong, are all held for trading.

Loss (2024: Gain) on change in fair value of the equity securities listed in Hong Kong amounted to HK$669,000 for the year ended 31 December 2025 (2024: HK$3,015,000) is included in other gains/(losses), net (Note 8).

	2025 HK$'000	2024 HK$'000
Financial Liabilities at Fair Value Through Profit or Loss		
Short positions in securities listed in Hong Kong	**(751)**	–

Financial liabilities at fair value through profit or loss, representing short positions in securities listed in Hong Kong, are held for trading.

Gain on change in fair value of financial liabilities amounted to HK$405,000 (2024: nil) is included in other gains/(losses), net in Note 8.

Information about the Group's exposure to price risk is set out in Note 45.2(b). Details about the methods and assumptions used in determining fair value are set out in Note 45.3.

25 Contract Assets and Contract Liabilities

	2025 HK$'000	2024 HK$'000
Contract assets		
Design and fit out services	**8,679**	9,799
Less: Impairment loss on contract assets recognised	**(465)**	(556)
	8,214	9,243

	2025 HK$'000	2024 HK$'000
Contract liabilities		
Design and fit out services	**2,658**	1,777

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance of projects works satisfactorily passing inspection.

The contract liabilities represent the payments received by the Group in advance of the performance of project works under the relevant contracts.

25 Contract Assets and Contract Liabilities (Continued)

Included in contract assets and contract liabilities are retentions held by customers for contract work amounted to HK$3,961,000 (2024: HK$1,310,000). Retention money is unsecured, interest free and expected to be received within the Group's normal operating cycle.

(a) Contract assets

As of 31 December 2025, contract assets with the carrying amount of HK$8,214,000 (2024: HK$9,243,000) were not considered to be impaired. Based on past experience, management of the Group are of the opinion that no additional provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which represents the use of the lifetime expected loss provision for contract assets. The expected credit losses on these contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at the reporting date. Reversal of expected credit loss on contract assets amounted to approximately HK$91,000 (2024: Provision HK$1,155,000) was made for the current year. Further information about the expected credit loss provision is set out in Note 45.2 (c)(ii).

Movements on the Group's allowance for impairment of contract assets are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**556**	271
(Reversal of)/provision for impairment losses recognised for the year	**(91)**	1,155
Arising from contract assets written off	**–**	(870)
At 31 December	**465**	556

25 Contract Assets and Contract Liabilities (Continued)

(b) Contract liabilities

The following table shows the amount of the revenue recognised in the current reporting period which relates to contract liability balance at the beginning of the year:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**802**	611

As all the contracts are with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

26 Amount due from Non-controlling Interest

The amount due from non-controlling interest is unsecured, interest free and repayable on demand.

27 Cash and Cash Equivalents

	2025 HK$'000	2024 HK$'000
Cash and balances with banks and other financial institutions (Note)	**61,065**	53,569
Bank overdrafts	**(497)**	–

Note: Included in cash and cash equivalents are deposits placed with certain financial institutions amounted to approximately HK$14,622,000 (2024: HK$2,707,000).

As at 31 December 2025, the Group had bank balances and cash totalled approximately HK$173,000 (2024: 410,000) which are denominated in RMB. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC Government.

Bank overdrafts carry interest at market rates which range from 3.55% to 4.55% (2024: nil).

28 Trade and Other Payables

	2025 HK$'000	2024 HK$'000
Trade payables	**20,690**	14,103
Accrued employee benefit expenses	**845**	706
Accrued interest on amount due to a shareholder	**–**	187
Accrued interest on borrowings	**–**	602
Other accruals and payables	**1,876**	4,335
	23,411	19,933

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

	2025 HK$'000	2024 HK$'000
Within 1 month	**15,195**	10,591
1 to 2 months	**2,570**	848
2 to 3 months	**148**	886
Over 3 months	**2,777**	1,778
	20,690	14,103

The trade payables are non-interest-bearing and are normally settled on terms of within 90 days.

29 Advance Payments Received from Convertible Bonds Subscription

	2025 HK$'000	2024 HK$'000
Advance payments received from issue of convertible bonds	**–**	4,700

29 Advance Payments Received from Convertible Bonds Subscription (Continued)

On 20 December 2024, the Company entered into subscription agreements with certain third parties and shareholders of the Company, under which the Company has conditionally agreed to issue convertible bonds to these third parties in an aggregate principal amount of HK$4,700,000. The convertible bonds can be converted into ordinary shares of the Company at an initial conversion price of HK$0.6 per share at the maturity date on 7 January 2027, which, subject to the exercise of the Company's right, may be extended to 7 January 2028. Advance payments amounted to HK$4,700,000 for the issue of the convertible bonds were received by the Company up to 31 December 2024 and the issue of the bonds was not completed as at that date, accordingly the advance payments were included in current liabilities.

30 Amount Due to a Shareholder

	2025 HK$'000	2024 HK$'000
Amount due to Mr. Lui Yu Kin	–	2,078

The substantial shareholder, Mr. Lui Yu Kin, made short-term advances to the Company, of which none (2024: HK$2,078,000) remained outstanding at the end of the reporting period. The amount due to a shareholder was unsecured, carries interest at 5% per annum and is repayable on demand. Separately, the substantial shareholder also agreed to provide a loan of up to HK$42,000,000 to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

31 Borrowings

	2025 HK$'000	2024 HK$'000
Borrowings from third parties, repayable on demand or within one year	–	3,575

The borrowings from third parties during 2024 bore interest ranging from 5% to 6% per annum. All of these borrowings were unsecured.

32 Bonds Payable

	2025 HK$'000	2024 HK$'000
Unsecured bonds payable		
– Within one year	**50,498**	24,199
– More than one year, but not exceeding two years	**96,053**	42,918
	146,551	67,117
Less: Amount shown under current liabilities	**(50,498)**	(24,199)
Amount shown under non-current liabilities	**96,053**	42,918

Movements of the bonds payable are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**67,117**	21,943
Proceeds received on issue of bonds	**95,900**	45,600
Transaction costs incurred for bonds issue	**(4,500)**	(2,682)
Interest charge for the year (Note 12)	**28,337**	2,256
Repayment of bonds during the year	**(20,050)**	–
Interest paid during the year	**(20,253)**	–
At 31 December	**146,551**	67,117

During the year, the Company issued unsecured bonds to certain shareholders of the Company and third parties with the aggregate principal amounts of HK$2,900,000 (2024: HK$2,800,000) and HK$93,000,000 (2024: HK$42,800,000), respectively. These issuances generated total proceeds of HK$2,900,000 (2024: HK$2,800,000) and HK$93,000,000 (2024: HK$42,800,000), respectively, before expenses.

During the year, the Company repaid a bond with the principal amount of HK$20,050,000 (2024: nil). At the end of the reporting period, the bonds payable with a principal amount of HK$143,000,000 (2024: HK$67,150,000) remained outstanding.

For the year ended 31 December 2025, bonds interest expenses to shareholders amounted to HK$1,800,000 (2024: HK$761,000) is included in interests on bonds payables in Note 12.

32 Bonds Payable (Continued)

The effective interest rate of the bonds payable in respect of the current year ranged from 4.88% to 26.47% (2024: from 4.88% to 15.09%) per annum, including interest rates on bond payable to shareholders ranging from 4.88% to 26.47% (2024: 4.88% to 15.09%).

	2025 HK$'000	2024 HK$'000
Advance payments received for the issuance of bonds payable	**200**	–

On 17 December 2025 and 24 December 2025, the Company entered into subscription agreements with certain third parties, under which the Company conditionally agreed to issue bonds to these third parties in an aggregate principal amount of HK$400,000. As at 31 December 2025, advance payments of HK$200,000 had been received by the Company in respect of the bond issuance, which remained incomplete at that date. Accordingly the advance payments were included in current liabilities.

33 Contingent Consideration Payable

	2025 HK$'000	2024 HK$'000
Contingent consideration payable in relation to acquisition of HLC at fair value	**3,830**	7,477
Contingent consideration payable		
– Within one year	**491**	1,097
– Within a period of more than one year but not exceeding two years	**491**	1,051
– Within a period of more than two years but not exceeding five years	**2,848**	5,329
	3,830	7,477
Less: Amount due within one year shown under current liabilities	**(491)**	(1,097)
Amount shown under non-current liabilities	**3,339**	6,380

33 Contingent Consideration Payable (Continued)

Movements during the year are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**7,477**	–
Arose from acquisition of subsidiary (Note 42(a)(iii))	**–**	8,419
Gain on change in fair value (Note 8)	**(3,647)**	(942)
At 31 December	**3,830**	7,477

Details regarding the acquisition of HLC are set out in Note 42(a)(iii).

The fair values of the contingent consideration payable at 1 November 2024 (date of acquisition of HLC) and 31 December 2025, were valued by independent professional valuers, based on the probabilistic approach of management's expectations of the net profit after tax of HLC in future years with key assumptions including revenue growth rate, gross profit margin, long term growth rate to arrive at the present value of the expected future economic benefits that will flow out of the Group arising from contingent consideration. The inputs to the model are as follows:

	At 31 December 2025	At 1 November 2024
Risk-free rate	2.30%	3.35%
Discount rate	2.30%	3.35%
Share price	HK$0.275	HK$0.60

34 Promissory Note Payable

Promissory note payable within one year are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**518**	463
Interest charge for the year (Note 12)	**12**	55
Repayment	**(530)**	–
At 31 December	**–**	518

34 Promissory Note Payable (Continued)

On 21 March 2023, the Company issued the promissory note with the principal amount of HK$500,000 as the consideration for the acquisition of 34% equity interest in Surich Asset Management Limited (Note 20).

The promissory note was unsecured, carries interest at 3% per annum and is payable on 20 March 2025 (the "Maturity Date"). The Company was also entitled to redeem, before the Maturity date, in full or in part with interest on the redeemed amount accrued up to the date of redemption by serving 3 business days prior written notice.

The fair value of the promissory note at the issue date was estimated to be HK$423,000, as valued by an external valuer, using the effective interest rate of 11.94% per annum.

As at 31 December 2025, the promissory note with principal amount of nil (2024: HK$500,000) remained outstanding.

35 Convertible Bonds

On 22 May 2023, the Company issued 3% convertible bond (the "Convertible Bond A") due on 21 May 2030 with the principal amount of HK$5,000,000 to a third party for a cash consideration of HK$5,000,000. The Convertible Bond A can be converted into ordinary shares of the Company at an initial conversion price of HK$1.80 per share at the maturity date on 21 May 2030. The Company is entitled to redeem all or part of the Convertible Bond A from the date of issue at the consideration which is equal to the principal amount of the bond redeemed together with any accrued interest.

Under the terms of the Convertible Bond A, unless previously redeemed, converted, or purchased and cancelled, the outstanding bond will be redeemed on 21 May 2030 at 100% of principal amount of the bonds together with accrued interest.

The Convertible Bond A contains two components: liability and equity (the conversion right) elements. The fair value of the liability component and equity component at the date of issue was valued by an external valuer. The fair value of the liability component at the date of issue was estimated using the effective interest rate of approximately 12.20% per annum.

35 Convertible Bonds (Continued)

On 8 January 2025, the Company issued 6% convertible bond (the "Convertible Bond B") due on 7 January 2027 with the principal amount of HK$4,700,000 to certain third parties for the aggregate cash consideration of HK$4,700,000. The Convertible Bond B can be converted into ordinary shares of the Company at an initial conversion price of HK$0.60 per share at the maturity date on 7 January 2027 ("Maturity date"), subject to the Company's right to extend such date to 7 January 2028.

Under the terms of the Convertible Bond B, the interest of the Convertible Bond B shall be payable by the Company semi-annually. The Company is entitled to redeem the Convertible Bond B on the Maturity Date. Unless agreed in writing by the bondholder of the Convertible Bond B, the outstanding principal amount of the Convertible Bond B shall not be repaid or prepaid by the Company prior to the Maturity Date. Unless previously redeemed, converted, or purchased and cancelled, the outstanding bond will be redeemed on the Maturity Date at 100% principal amount of the Convertible Bond B together with the accrued interest.

The Convertible Bond B contains three components: liability and equity (the conversion right) and derivative (the extension right) elements. The fair value of the liability component and derivative component at the date of issue was valued by an external valuer. The fair value of the liability component at the date of issue was estimated using the effective interest rate of approximately 11.88% per annum. The fair value of the derivative component at the date of issue and 31 December 2025 were valued using the Black-Scholes model. The inputs into the model are as follows:

	At date of issue	At 31 December 2025
Risk-free rate	3.39%	2.18%
Expected volatility	18.48%	65.05%
Expected life	2 years	1 year
Stock price	HK$0.55	HK$0.275
Conversion price	HK$0.60	HK$0.60

The risk-free rate was determined with reference to the yields of Hong Kong Sovereign Curve with maturity matching that of the Convertible Bond.

The expected volatility was determined based on historical volatilities of the Company.

35 Convertible Bonds (Continued)

Movements of the liability components, derivative components and equity components of the Convertible Bond for the years ended 31 December 2025 and 31 December 2024 are set out below:

	Liability components HK$'000	Derivative components HK$'000	Equity components HK$'000	Total HK$'000
At 1 January 2024	2,905	–	2,234	5,139
Imputed interest charge for the year (Note 12)	354	–	–	354
At 31 December 2024 and 1 January 2025	3,259	–	2,234	5,493
Issue during the year	4,300	(200)	600	4,700
Transaction costs	(78)	–	(11)	(89)
Imputed interest charge for the year (Note 12)	895	–	–	895
Interest paid during the year	(141)	–	–	(141)
Fair value gain for the year (Note 8)	–	(128)	–	(128)
At 31 December 2025	8,235	(328)	2,823	10,730

36 Lease Liabilities

	2025 HK$'000	2024 HK$'000
Lease liabilities payable within one year	587	–
Total lease liabilities payable	587	–
Less: Amount due for settlement within twelve months	(587)	–
Amount due for settlement after twelve months shown under non-current liabilities	–	–

37 Share Capital

	Par value HK$	Number of ordinary shares '000	Nominal amount of ordinary shares HK$'000
Authorised:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	0.1	1,000,000	100,000

	Par value HK$	Number of ordinary share '000	Nominal amount of ordinary shares HK$'000
Issued and fully paid:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	0.1	360,274	36,027

38 Reserves

Other Reserve

The Group

As of 31 December 2025, other reserve of HK$6,007,000 (2024: HK$6,007,000) represents the aggregate of (i) excess of capital contribution from non-controlling interest of a subsidiary amounted to HK$85,000 (2024: HK$85,000); and (ii) the excess of the combined capital group subsidiaries acquired in June 2016 over the nominal value of the ordinary shares of the Company issued in exchange thereof amounted to HK$5,922,000 (2024: HK$5,922,000).

The Company

Other reserve of HK$20,465,000 (2024: HK$20,465,000) (note 49) represents the excess of the net assets value of group subsidiaries acquired in June 2016 over the nominal value of ordinary shares of the Company issued in exchange thereof.

38 Reserves (Continued)

Investment Revaluation Reserve

The investment revaluation reserve represents cumulative gains and losses arising from revaluation of equity securities at fair value through other comprehensive income, net of cumulative gains and losses transferred to retained profit upon disposal.

Share Option Reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors and employees of the Group.

Convertible Bond Reserve

The convertible bond reserve represents the equity component (conversion rights) of convertible bonds issued by the Company. Items included in convertible bond reserve will not be reclassified subsequently to profit or loss.

39 Share-based Payment Transactions

Equity-settled share option scheme of the Company

2016 Share Option Scheme

The Company's share option scheme was conditionally adopted pursuant to a resolution passed by its sole shareholder on 15 June 2016 (the "2016 Share Option Scheme") and become unconditional on 12 July 2016 for the purpose of attracting and retaining the best available personnel, to provide additional incentive to selected participants, including directors of the Company and eligible employees of the Group to promote the success of the business of the Group. The 2016 Share Option Scheme adopted and became effective on 15 June 2016 for a period of 10 years.

The subscription price of the options granted is the highest of (i) the closing price of the Company's shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date offer of grant; (iii) the nominal value of the share.

The maximum number of shares of the Company which may be issued upon exercise of all options granted under the 2016 Share Option Scheme or other schemes adopted by the Company must not in aggregate exceed 30% of its issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange.

The 2016 Share Option Scheme was terminated pursuant to a special resolution passed by its shareholders on 20 October 2023. Upon the termination of the 2016 Share Option Scheme, no further share options would be offered under the 2016 Share Option Scheme but the 2016 Share Option Scheme would in other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options. Any outstanding options will continue to be valid and exercisable in accordance with the terms of the 2016 Share Option Scheme.

39 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(a) Share Option 2020

On 9 October 2020, certain share options were granted to (and accepted by) the grantees under 2016 Share Option Scheme (the "Share Option 2020"). These share options granted are fully exercisable at the date of acceptance.

No options under the Share Option 2020 were exercised, cancelled, forfeited or lapsed during the years ended 31 December 2025 and 31 December 2024. The Share Option 2020 granted and remained outstanding at 31 December 2025 and 31 December 2024 are as follows:

	Weighted average exercise price	Number of share options		
		Employees	Others	Total
	HK$	'000	'000	'000
At 1 January 2024, 31 December 2024 and 31 December 2025	**0.363**	**947**	**–**	**947**

The exercise price and exercise period of the share options outstanding as at 31 December 2025 and 31 December 2024 are as follows:

Number of options	Exercise price per share	Exercise period
'000	HK$	
947	0.363	9 October 2020 to 8 October 2030

39 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(b) Share Option 2023

On 19 January 2023, options to subscribe 22,116,000 shares at the exercise price at HK$1.10 per share was granted to grantees under 2016 Share Option Scheme, in which options to subscribe 21,930,000 shares (the "Share Option 2023") were accepted by the grantees and options to subscribe 186,000 shares were cancelled ("Cancelled Share Options"). None of any Cancelled Share Options has been exercised.

No options under the Share Option 2023 were exercised, cancelled, forfeited or lapsed during the years ended 31 December 2025 and 31 December 2024.

Movements in the Share Option 2023 during the years ended 31 December 2025 and 31 December 2024 are as follows:

	Weighted average exercise price	Number of share options			
		Directors	Employees	Others	Total
	HK$	'000	'000	'000	'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1.100	7,200	14,400	330	21,930

39 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

(b) Share Option 2023 (Continued)

The exercise price and exercise period of the share options outstanding as at 31 December 2025 and 31 December 2024 are as follows:

Number of options '000	Exercise price per share HK$	Exercise period
330	1.10	19 January 2026 to 18 January 2033
21,600	1.10	19 January 2023 to 18 January 2033

The fair value of the share options to subscribe 21,930,000 shares granted on 19 January 2023 was estimated to be HK$4,297,000, which was calculated using the binomial option pricing model. The input into the model were as follows:

Inputs into the model	Options granted on 19 January 2023
Weighted average share price (HK$ per share)	1.03
Exercise price (HK$)	1.10
Expected volatility	25.00%
Expected life of options (year)	10
Risk-free rate	2.94%
Expected dividend yield	0.00%

No other feature of the options granted was incorporated into the measurement of fair value.

The Group recognised the total expense of approximately HK$4,297,000 for the year ended 31 December 2023 in relation to share options granted by the Company.

At the end of the reporting period, the Company had approximately 22,877,000 (2024: 22,877,000) share options outstanding under the Company's 2016 Share Option Schemes, which represents approximately 6.35% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the capital structure of the Company as at 31 December 2024, result in the issue of approximately 22,877,000 (2024: 22,877,000) additional ordinary shares of the Company which would give rise to the total proceeds of approximately HK$24,467,000 (2024: HK$24,467,000).

39 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme

On 20 October 2023, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company (the "2023 Share Option Scheme") for the purpose of providing an incentive to selected eligible participants in order to retain them for the continual operation and development of the Group and attract suitable personnel for further development of the Group. Eligible participants of the 2023 Share Option Scheme include, among others, (i) any employee (whether full-time or part-time, and including any person who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) any director (excluding independent non-executive directors of the Company) of any member of the Group.

The 2023 Share Option Scheme has a life of ten years and no options were granted since the date of its adoption.

A summary of the general terms of the 2023 Share Option Scheme are as follows:

(i) Scheme mandate limit

The maximum number of shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme.

(ii) Grant of share options to connected person

The grant of share options to connected person (including director, chief executive or substantial shareholder of the Company or their respective associates) must be approved by the independent non-executive directors of the Company.

(iii) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue.

(iv) Time of exercise of options

The exercise period of the share options granted is determinable by the directors of the Company, and ends on a date which is no longer than ten years from the date of grant of the share options.

39 Share-based Payment Transactions (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 Share Option Scheme (Continued)

(v) Acceptance of offer

The date of grant of share options shall be accepted by the grantee within 10 days from the date of offer and notify the Company that he/she would accept the offer and the terms of the offer.

(vi) Subscription price for shares

The exercise price of share options shall be determinable by the directors of the Company at its absolute discretion, but in any event will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the Stock Exchange daily quotations sheet on the offer date, which must be a business day; and (ii) the average closing price of the shares as shown in the Stock Exchange daily quotation sheets for the five business days immediately preceding the offer date.

Equity-settled share award scheme of the Company

On 20 October 2023, the Company has adopted the share award scheme (the "Share Award Scheme"), in which the employees selected by the board of directors of the Company (the "Board") for participation in the Share Award Scheme (the "Eligible Participant") will be entitled to participate and pursuant to which awards will be satisfied by (i) shares of the Company transferred to the Trustee, appointed by the Company, from any person by way of gifts, or (ii) subscribed or purchased by the Trustee by utilizing the funds received by the Trustee.

The purpose of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board in accordance with the scheme rules, the Share Award Scheme shall be valid and effective for 10 years from the date of adoption.

39 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company (Continued)

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the scheme rules and the trust deed entered into between the Company and the Trustee (the "Trust Deed"). The Trustee shall hold the shares of the Company and the other trust funds (the "Trust Fund") in accordance with the terms of the trust deed (the "Trust Deed").

Pursuant to the term of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any employee (other than any excluded employee) to be a Eligible Participant and grant an award to such Eligible Participant in accordance with the scheme rules. No award shall be granted by the Board to Eligible Participant and no instructions to acquire any shares shall be given by the Board to the Trustee pursuant to the scheme rules where dealings in the shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Where any grant of awarded shares is proposed to be made to any Eligible Participant who is a director (including an independent non-executive director), such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the remuneration committee of the Company, by all of the other members of the remuneration committee of the Company.

In the event that the grant of an award to any connected person of the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Company shall comply with the applicable reporting, announcement or independent shareholders' approval requirements.

39 Share-based Payment Transactions (Continued)

Equity-settled share award scheme of the Company (Continued)

Subject to the scheme rules, the Board shall determine from time to time such vesting criteria and conditions or periods for an award to be vested. Prior to the vesting date, any award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable and no Eligible Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the awarded shares referable to him/her pursuant to such award.

In the event that prior to or on the vesting date, a Eligible Participant is found to be an excluded employee or is deemed to cease to be an employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant awarded shares shall not vest on the relevant vesting date but shall remain part of the Trust Fund.

No awarded shares have been granted by the Company during the years ended 31 December 2025 and 31 December 2024 since the date of adoption of the Share Award Scheme of 20 October 2023.

40 Benefits and Interests of Directors

(a) Directors' emoluments

The remuneration of the directors for the year ended 31 December 2025 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Equity-settled share-based expense HK$'000	Contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Chan Hung Kai	–	540	–	–	18	558
Mr. Chung Kar Ho Carol	–	60	–	–	3	63
Independent non-executive directors						
Mr. Tam Chak Chi	156	–	–	–	–	156
Ms. Lau Ho Kwan (Note 3)	120	–	–	–	–	120
Mr. Tang Chi Chiu (Note 4)	120	–	–	–	–	120
	396	600	–	–	21	1,017

40 Benefits and Interests of Directors (Continued)

(a) Directors' emoluments (Continued)

The remuneration of the directors for the year ended 31 December 2024 is set out below:

	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Equity-settled share-based expense HK$'000	Contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Chan Hung Kai	–	360	–	–	18	378
Mr. Chung Kar Ho Carol	–	430	–	–	12	442
Mr. Wong Kin Yeung (Note 1)	–	1	–	–	–	1
Mr. Kwan Tek Sian (Note 2)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Tam Chak Chi	156	–	–	–	–	156
Ms. Lau Ho Kwan (Note 3)	6	–	–	–	–	6
Mr. Tang Chi Chiu (Note 4)	–	–	–	–	–	–
Mr. Tse Chi Shing (Note 5)	156	–	–	–	–	156
Mr. Tse Wai Hei (Note 6)	156	–	–	–	–	156
	474	791	–	–	30	1,295

Note 1: Mr. Wong Kin Yeung resigned as executive director of the Company on 3 January 2024.

Note 2: Mr. Kwan Tek Sian resigned as executive director of the Company on 27 September 2024.

Note 3: Ms. Lau Ho Kwan was appointed independent non-executive director of the Company on 12 December 2024.

Note 4: Mr. Tang Chi Chiu was appointed independent non-executive director of the Company on 30 December 2024.

Note 5: Mr. Tse Chi Shing resigned as independent non-executive director of the Company on 30 December 2024.

Note 6: Mr. Tse Wai Hei resigned as independent non-executive director of the Company on 30 December 2024.

During the year, there was no arrangement under which a director or the chief executive of the Company waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors or the chief executive of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: Nil).

40 Benefits and Interests of Directors (Continued)

(b) Directors' retirement benefits and termination benefits

None of the directors received any retirement benefits or termination benefits for the financial year (2024: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, the Company does not pay consideration to any third parties for making available directors' services (2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

As at 31 December 2025, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Certain loans were granted by a director of the Company, Mr. Chan Hung Kai, during the years ended 31 December 2024. The loans are unsecured, carries interest at 5% per annum and is repayable on demand. The loans were fully repaid by the Company as at 31 December 2024. Interest on the director's loans amounted to nil for the year ended 31 December 2025 (2024: HK$53,000) was charged by the director.

Save as aforementioned, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the financial year.

41 Surety Bond

Certain customers of the Group's design and fit out contracts require a Group entity to provide performance guarantees in the form of surety bonds.

During the year, the Group paid a refundable deposit of HK$1,300,000 (2024: HK$945,000) (Note 22(b)) to an insurance company in respect for a surety bond issued in favour of a customer, amounting to approximately HK$2,650,000 (2024: HK$1,350,000). This surety bond remained outstanding at the end of the reporting period. In the event that the Group fails to deliver satisfactory performance to the customer, the customer may demand the insurance company to pay the sum stipulated in the surety bond, and the Group would then be liable to compensate the insurance company accordingly.

42 Acquisition of Subsidiaries

	2025 HK$'000	2024 HK$'000
Net cash (outflow)/inflow arising from acquisition of		
– More Money Credit Limited (Note (a)(i))	–	(396)
– Sing Yu Design Engineering Limited (Note (a)(ii))	–	69
– HLC Design and Build Limited (Note (a)(iii))	–	1,054
– Yes Man Finance Company Limited (Note (b)(i))	(200)	–
– Shenghe Industrial (HK) Limited (Note (b)(ii))	(9)	–
– Surich Asset Management Limited (Note (b)(iii))	59	–
Net cash (outflow)/inflow from acquisition of subsidiaries	(150)	727

(a) Acquisitions during the year ended 31 December 2024

(i) Acquisition of More Money Credit Limited ("More Money")

On 14 December 2023, the Company entered into a sale and purchase agreement with a third party for the acquisition of 100% equity interest in More Money for a cash consideration of HK$400,000.

Completion of the acquisition took place on 4 January 2024. More Money is principally engaged in money lending business in Hong Kong. The acquisition of More Money could enable the Group to explore the potential to expand the income stream of the Group in future.

The acquisition of More Money has been accounted for as acquisition of business using the acquisition method.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(i) Acquisition of More Money Credit Limited ("More Money") (Continued)

The effect of the acquisition is summarised as follows:

	HK$'000
Cash consideration paid	400

The acquisition related costs are insignificant and are included in other expenses.

	HK$'000
Assets acquired and liabilities recognised at the date of acquisition	
Property, plant and equipment	102
Cash and cash equivalents	4
Trade and other payables	(12)
Total identifiable net assets acquired	94

Goodwill arising on acquisition

	HK$'000
Consideration transferred	400
Less: recognised amounts of net assets acquired	(94)
Goodwill arising on acquisition	306

The Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

An analysis of cash flows in respect of the acquisition of More Money is as follows:

	HK$'000
Cash consideration paid	(400)
Cash and cash equivalents acquired	4
Net outflow of cash and cash equivalents	(396)

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(i) Acquisition of More Money Credit Limited ("More Money") (Continued)

Had the acquisition been completed on 1 January 2024, revenue for the year of the Group would have been HK$65,667,000 and loss for the year of the Group would have been HK$10,816,000. The 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 been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of those results.

In determining the 'pro-forma' revenue and profit/loss of the Group had More Money been acquired at the beginning of the current year, the directors of the Company have:

- Calculated depreciation of plant and equipment acquired on the basis of the fair value arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- Determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(ii) Acquisition of Sing Yu Design Engineering Limited ("Sing Yu")

On 19 March 2024, a wholly-owned subsidiary, Easy United Holdings Limited, entered into a sale and purchase agreement with a third party for the acquisition of 100% equity interest in Sing Yu for a cash consideration of HK$40,000.

Completion of the acquisition took place on 19 March 2024. Sing Yu is principally engaged in provision of interior design and fit out solutions services in Hong Kong. The acquisition of Sing Yu could enable the Group to enlarge the provision for interior design and fit out solutions business potential to broaden the recurring income stream of the Group.

The acquisition of Sing Yu has been accounted for as acquisition of business using the acquisition method.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(ii) Acquisition of Sing Yu Design Engineering Limited ("Sing Yu") (Continued)

The effect of the acquisition is summarised as follows:

	HK$'000
Cash consideration paid	40

The acquisition related costs are insignificant and are included in other expenses.

	HK$'000
Assets acquired and liabilities recognised at the date of acquisition	
Cash and cash equivalents	109
Trade and other payables	(74)
Total identifiable net assets acquired	35

Goodwill arising on acquisition

	HK$'000
Consideration transferred	40
Less: recognised amounts of net assets acquired	(35)
Goodwill arising on acquisition	5

Goodwill arose on the acquisition of Sing Yu because the acquisition may give prospective customers to the Group. These potential benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(ii) Acquisition of Sing Yu Design Engineering Limited ("Sing Yu") (Continued)

Goodwill arising on acquisition (Continued)

An analysis of cash flows in respect of the acquisition of Sing Yu is as follows:

	HK$'000
Cash consideration paid	(40)
Cash and cash equivalents acquired	109
Net inflow of cash and cash equivalents	69

Had the acquisition been completed on 1 January 2024, revenue for the year of the Group would have been HK$65,667,000 and loss for the year of the Group would have been HK$10,816,000. The 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 been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of those results.

In determining the "pro-forma" revenue and profit/loss of the Group had Sing Yu been acquired at the beginning of the current year, the directors of the Company have:

- Determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(iii) Acquisition of HLC Design and Build Limited ("HLC")

On 22 October 2024, a wholly-owned subsidiary, System Return Limited, entered into a sale and purchase agreement with a third party (the "Vendor") for the acquisition of 100% equity interest in HLC for an aggregate consideration of HK$8,000,000. HLC is principally engaged in interior design and fit out solution in Hong Kong.

Pursuant to the sale and purchase agreement, the consideration payable for the acquisition amounted to a maximum of HK$8,000,000 (the "Consideration"), subject to the adjustments and the satisfaction of the profit guarantees provided by the Vendor, and shall be satisfied by the issue and allotment of a maximum of 14,285,714 consideration shares at the issue price of HK$0.56 per share ("Consideration Share") by the Company to the Vendor.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(iii) Acquisition of HLC Design and Build Limited ("HLC") (Continued)

Under the terms of the agreement for the acquisition, the Consideration is contingent and will be settled if HLC has fulfilled the guaranteed profits of the period specified below during the guaranteed periods:

Guaranteed period	Guaranteed profit HK$ (Note)	Contingent consideration HK$'000	Manner of payment of the consideration if profit guarantee is achieved
1 January 2025 to 31 December 2025 ("FY2025")	No less than $1,000,000	1,000	Allotment and issue of 1,785,714 Consideration Shares of the Company
1 January 2026 to 31 December 2026 ("FY2026")	No less than $1,000,000	1,000	Allotment and issue of 1,785,714 Consideration Shares of the Company
1 January 2027 to 31 December 2027 ("FY2027")	No less than $1,000,000	1,000	Allotment and issue of 1,785,714 Consideration Shares of the Company
1 January 2028 to 31 December 2028 ("FY2028")	No less than $1,000,000	1,000	Allotment and issue of 1,785,714 Consideration Shares of the Company
FY2025 to FY2028	No less than $1,000,000 for each of FY2025 to FY2028	4,000	Allotment and issue of 7,142,858 Consideration Shares of the Company
		8,000	

Note: Guaranteed Profit refers to the audited net profit after taxation of HLC ("Actual Profit"), which is prepared in accordance with HKFRS Accounting Standards, for the respective guaranteed periods.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(iii) Acquisition of HLC Design and Build Limited ("HLC") (Continued)

The Vendor provides the profit guarantees of HLC in favour of the Company for the guaranteed period up to 31 December 2028.

For each of FY2025 to FY2028, in the event that the Actual Profit is less than the Guaranteed Profit, the number of the Consideration Shares shall be adjusted as follows:

Adjusted number of the Consideration Shares	=	(Actual Profit/Guaranteed Profit) x unadjusted number of the Consideration Shares

If HLC records net loss for FY2025 to FY2028, the Actual Profit shall be deemed to be zero. No upward adjustment will be made to the number of the Consideration Shares, even if the Actual Profits exceeds the Guaranteed Profit.

Completion of the acquisition of 100% equity interest in HLC took place on 1 November 2024. This acquisition has been accounted for as acquisition of business using the acquisition method. The acquisition of HLC could enable the Group to further expand the business scope and revenue stream of interior design and fit out solutions business.

The effect of the acquisition is summarised as follows:

	HK$'000
Consideration payable	
Contingent consideration payable, at fair value (Note 33)	8,419

The fair value was based on the probabilistic approach of management's expectations of the net profit after tax of HLC in future years with key assumptions, including revenue growth rate, gross profit margin, long term growth rate, and the fair value of the consideration shares which is estimated by reference to the market price of the shares of the Company at the completion date of acquisition.

Acquisition-related costs amounted to approximately HK$98,000 have been excluded from the cost of acquisition and have been recognised directly as an expense for that year and included in "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(iii) Acquisition of HLC Design and Build Limited ("HLC") (Continued)

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Trade and other receivables	3,229
Contract assets	309
Cash and cash equivalents	1,054
Trade and other payables	(3,149)
Contract liabilities	(682)
Income tax payable	(25)
Total identifiable net assets acquired	736

The trade and other receivables acquired had gross contractual amount of HK$3,229,000. No contractual cash flows from the receivables are expected not to be collected.

Goodwill arising on acquisition

	HK$'000
Consideration payable	8,419
Less: Net assets acquired	(736)
Goodwill arising on acquisition	7,683

Goodwill arose on the acquisition of HLC because the acquisition may give prospective customers to the Group. These potential benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Net cash inflow on acquisition of HLC

	HK$'000
Cash consideration paid	–
Less: Cash and cash equivalents balances acquired	(1.054)
Cash inflow on acquisition of HLC	1,054

42 Acquisition of Subsidiaries (Continued)

(a) Acquisitions during the year ended 31 December 2024 (Continued)

(iii) Acquisition of HLC Design and Build Limited ("HLC") (Continued)

Impact of acquisition on the results of the Group

Included in the loss for the year is HK$81,000 attributable to the additional business generated by HLC.

Had the acquisition of HLC been completed on 1 January 2024, revenue for the year of the Group would have been HK$73,396,000, and loss for the year would have been HK$10,708,000. The 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 2024, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit/loss of the Group had HLC been acquired at the beginning of the current year, the directors of the Company have:

- Determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(b) Acquisitions during the year ended 31 December 2025

(i) Acquisition of Yes Man Finance Company Limited ("Yes Man")

On 23 December 2024, the Company entered into a sale and purchase agreement with a third party for the acquisition of 100% equity interest in Yes Man for a cash consideration of HK$200,000.

Completion of the acquisition took place on 2 January 2025. Yes Man is principally engaged in money lending business in Hong Kong. The acquisition of Yes Man could enable the Group to explore the potential to expand the income stream of the Group in future.

The acquisition of Yes Man has been accounted for as acquisition of business using the acquisition method.

The effect of the acquisition is summarised as follows:

	HK$'000
Cash consideration paid	200

42 Acquisition of Subsidiaries (Continued)

(b) Acquisitions during the year ended 31 December 2025 (Continued)

(i) Acquisition of Yes Man Finance Company Limited ("Yes Man") (Continued)

The acquisition related costs are insignificant and are included in other expenses.

	HK$'000
Assets acquired at the date of acquisition	
Other receivables	1
Total identifiable net assets acquire	1

Goodwill arising on acquisition

	HK$'000
Consideration transferred	200
Less: recognised amounts of net assets acquired	(1)
Goodwill arising on acquisition	199

The Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

An analysis of cash flows in respect of the acquisition of Yes Man is as follows:

	HK$'000
Cash consideration paid	(200)
Net outflow of cash and cash equivalents	(200)

Had the acquisition been completed on 1 January 2025, revenue for the year of the Group would have been HK$79,412,000 and loss for the year of the Group would have been HK$32,726,000. The 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 been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of those results.

In determining the 'pro-forma' revenue and profit/loss of the Group had Yes Man been acquired at the beginning of the current year, the directors of the Company have:

- Determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

42 Acquisition of Subsidiaries (Continued)

(b) Acquisitions during the year ended 31 December 2025 (Continued)

(ii) Acquisition of Shenghe Industrial (HK) Limited ("Shenghe")

On 7 January 2025, the Company entered into a sale and purchase agreement with a third party for the acquisition of 100% equity interest in Shenghe for a cash consideration of HK$10,000.

Completion of the acquisition took place on 16 January 2025. Shenghe is principally engaged in construction in Hong Kong. The acquisition of Shenghe could enable the Group to explore the potential to expand the income stream of the Group in future.

The acquisition of Shenghe has been accounted for as acquisition of business using the acquisition method.

The effect of the acquisition is summarised as follows:

	HK$'000
Cash consideration paid	10

The acquisition related costs are insignificant and are included in other expenses.

	HK$'000
Assets acquired at the date of acquisition	
Cash and cash equivalents	1
Other receivables	9
Total identifiable net assets acquire	10

Goodwill arising on acquisition

	HK$'000
Consideration transferred	10
Less: recognised amounts of net assets acquired	(10)
Goodwill arising on acquisition	–

The Goodwill arising on the acquisition is not expected to be deductible for tax purposes.

42 Acquisition of Subsidiaries (Continued)

(b) Acquisitions during the year ended 31 December 2025 (Continued)

(ii) Acquisition of Shenghe Industrial (HK) Limited ("Shenghe") (Continued)

An analysis of cash flows in respect of the acquisition of Shenghe is as follows:

	HK$'000
Cash consideration paid	(10)
Cash and cash equivalents acquired	1
Net outflow of cash and cash equivalents	(9)

Had the acquisition been completed on 1 January 2025, revenue for the year of the Group would have been HK$79,412,000 and loss for the year of the Group would have been HK$32,726,000. The 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 been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of those results.

In determining the 'pro-forma' revenue and profit/loss of the Group had Shenghe been acquired at the beginning of the current year, the directors of the Company have:

- Determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(iii) Acquisition of Surich Asset Management Limited ("Surich AM")

On 2 June 2025, Inno Chase Limited ("Inno Chase"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Surich Capital Holdings Limited ("Surich Capital"), pursuant to which the Group has agreed to purchase 2,046,000 issued ordinary shares in the share capital of Surich AM, the then associate of the Group and a limited liability company incorporated in Hong Kong, representing 66% of the then existing issued shares of Surich AM, at a total consideration of HK$100,000 (the "Step Acquisition").

Upon completion of the Step Acquisition on 5 August 2025, Surich AM becomes a 100% owned subsidiary of Inno Chase. Accordingly, the financial results of Surich AM has been consolidated into the consolidated financial statements of the Group since then.

As at the completion date of the Step Acquisition, the Group remeasured its previously held equity interest in Surich AM to its fair value and recognised a resulting gain of approximately HK$260,000 and HK$675,000, which have been recognised to the profit or loss and presented as "Gain on remeasurement of a previously held interest in an associate" and "Gain on bargain purchases "under "Other gains/(losses) – net" in the consolidated statement of comprehensive income. Gain arises when obtaining control, remeasuring the existing equity interest to fair value.

42 Acquisition of Subsidiaries (Continued)

(b) Acquisitions during the year ended 31 December 2025 (Continued)

(iii) Acquisition of Surich Asset Management Limited ("Surich AM") (Continued)

Details of the carrying value and fair value of the Group's previously held equity interest in Surich AM at the completion date of the Step Acquisition were summarised as follows:

	HK$'000
Fair value of previously held 34% equity interest in Surich AM	399
Carrying value of previously held equity interest in Surich AM before the Step Acquisition	(139)
Gain on remeasurement of a previously held interest in an associate	260

Consideration transferred	HK$'000
Satisfied by:	
Cash consideration	100
Carrying value of previously held equity interest in Surich AM	399
	499

The fair value of identifiable assets and liabilities of Surich AM as at the date of the Step Acquisition were as follows:

	HK$'000
Other receivables	1,519
Cash and cash equivalents	159
Accruals and other payables	(504)
Total identifiable net assets at fair value	1,174
Total consideration (including fair value of previously held interest)	(499)
Gain on bargain purchases	675

An analysis of the cash flow in respect of the Step Acquisition was as follows:

	HK$'000
Cash consideration paid	(100)
Cash and cash equivalents obtained by Inno Chase as at the date of the Step Acquisition	159
Net cash inflow arising from the Step Acquisition	59

43 Disposal of Subsidiaries

	Gain/(loss) on disposal		Cash outflow arising from disposal	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Disposal of				
– Action Point International Limited (Note (a)(i))	**–**	(64)	**–**	–
– Fasty Aim Limited (Note (a)(ii))	**–**	4,740	**–**	–
– More Money Credit Limited (Note (b))	**546**	–	**(4)**	–
Disposal of subsidiaries, net	**546**	4,676	**(4)**	–

(a) Disposals during the year ended 31 December 2024

(i) Disposal of Action Point International Limited ("Action Point")

On 30 June 2024, the Company entered into a sale and purchase agreement with a third party for the disposal of 100% equity interest in Action Point for a cash consideration of HK$600,000. Action Point is an investment holding company and holds 35% equity interest in LKD Group Holding Limited ("LKD"), which is principally engaged in provision of food catering services. Completion of the disposal of Action Point took place on 30 June 2024.

An analysis of assets and liabilities over which control was lost:

	HK$'000
Interest in an associate	664
Amount due to the Company	(4,518)
Net liabilities disposed of	(3,854)

Loss on disposal of subsidiary

	HK$'000
Cash consideration receivable	600
Impairment loss recognised on amount due to the Company	(4,518)
Net liabilities disposed of	3,854
Loss on disposal of a subsidiary	(64)

43 Disposal of Subsidiaries (Continued)

(a) Disposals during the year ended 31 December 2024 (Continued)

(i) Disposal of Action Point International Limited ("Action Point") (Continued)

An analysis of cash flows from the disposal of a subsidiary is as follows:

	HK$'000
Cash consideration for disposal received	–
Cash and cash equivalents disposed of	–
Net cash inflow/outflow from disposal of subsidiary	–

(ii) Disposal of Fasty Aim Limited ("Fasty Aim")

On 31 December 2024, the Company disposed of 100% equity interest in a subsidiary Fasty Aim for a cash consideration of US$10,000 (equivalent to HK$78,000). Fasty Aim was engaged in investment holding and its subsidiary was engaged in provision of interior design and fit out solution. Completion of the disposal of Fasty Aim took place on 31 December 2024.

An analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	11
Goodwill	–
Other payables	(4,641)
Contract liabilities	(32)
Net liabilities disposed of	(4,662)

43 Disposal of Subsidiaries (Continued)

(a) Disposals during the year ended 31 December 2024 (Continued)

(ii) Disposal of Fasty Aim Limited ("Fasty Aim") (Continued)

Loss of disposal of subsidiaries

	HK$'000
Cash consideration receivable	78
Net liabilities disposed of	4,662
Gain on disposal of subsidiaries	4,740

An analysis of cash flows from the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration for disposal received	–
Cash and cash equivalents disposed of	–
Net cash inflow/outflow from disposal of subsidiaries	–

(b) Disposal during the year ended 31 December 2025

On 15 July 2025, the Company disposed of 100% equity interest in a subsidiary, More Money Credit Limited ("More Money"), for an aggregate cash consideration approximately HK$100,000. More Money is principally engaged in the provision of money lending business.

An analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	27
Right-of-use assets	341
Cash and cash equivalents	4
Other receivables	63
Other payables	(535)
Lease liabilities	(346)
Net liabilities disposed of	(446)

43 Disposal of Subsidiaries (Continued)

(b) Disposal during the year ended 31 December 2025 (Continued)

Gain on disposal of subsidiary

	HK$'000
Cash consideration	100
Net liabilities disposed of	446
Gain on disposal of subsidiary (Note 8)	546

An analysis of cash flows from the disposal of the subsidiary is as follows:

	HK$'000
Net cash consideration received	–
Cash and cash equivalents disposed of	4
Net cash outflow from disposal of subsidiary	4

44 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.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The capital structure of the Group consists of net debts, which includes borrowings less cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars on a timely basis on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the date of the Listing.

45 Financial Instruments

45.1 Financial instruments by category

The financial assets and financial liabilities of the Group can be categorised as follows:

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets				
31 December 2025				
Financial assets at fair value through other comprehensive income	–	46	–	46
Financial assets at fair value through profit or loss	12,622	–	–	12,622
Amount due from non-controlling interest	–	–	5	5
Derivative financial instruments	328	–	–	328
Rental deposits	–	–	100	100
Trade and other receivables excluding prepayments	–	–	26,672	26,672
Loans and interest receivables	–	–	19,953	19,953
Cash and cash equivalents	–	–	61,065	61,065
	12,950	46	107,795	120,791
Financial assets				
31 December 2024				
Financial assets at fair value through other comprehensive income	–	1,999	–	1,999
Financial assets at fair value through profit or loss	12,001	–	–	12,001
Amount due from non-controlling interest	–	–	5	5
Trade and other receivables excluding prepayments	–	–	11,165	11,165
Loans and interest receivables	–	–	986	986
Cash and cash equivalents	–	–	53,569	53,569
	12,001	1,999	65,725	79,725

45 Financial Instruments (Continued)

45.1 Financial instruments by category (Continued)

	Financial liabilities at fair value HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities			
31 December 2025			
Trade and other payables excluding non-financial liabilities	–	21,520	21,520
Advance payments received from issue of bonds payable	–	200	200
Bonds payable	–	146,551	146,551
Financial liabilities at fair value through profit or loss	751	–	751
Convertible bond payable	–	8,235	8,235
Contingent consideration payable	3,830	–	3,830
Lease liabilities	–	587	587
Bank overdrafts	–	497	497
	4,581	177,590	182,171
31 December 2024			
Trade and other payables excluding non-financial liabilities	–	14,967	14,967
Advance payments received from issue of convertible bonds	–	4,700	4,700
Amount due to a shareholder	–	2,078	2,078
Borrowings	–	3,575	3,575
Bonds payable	–	67,117	67,117
Promissory note payable	–	518	518
Convertible bond payable	–	3,259	3,259
Contingent consideration payable	7,477	–	7,477
	7,477	96,214	103,691

45 Financial Instruments (Continued)

45.2 Financial risk management

The Group's risk management is carried out by a central treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, price risk, credit risk, investment of excess liquidity and interest rate risk.

(a) Foreign exchange risk

Foreign currency risk refers to the risk of movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows.

The management considers that the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in HK$ (the functional currency of the respective group entities) and there were only insignificant balances of financial assets and liabilities denominated in foreign currency at the end of the reporting period.

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position either as at fair value through other comprehensive income (Note 21) and at fair value through profit or loss (Note 24).

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(b) Price risk (Continued)

Sensitivity

The table below summarises the impact of increases/decreases of the share prices of the equity securities on the Group's equity. The analysis is based on the assumption that the share prices of the equity securities had increased or decreased by 5% with all other variables held constant.

	Decrease in loss for the year		Increase in investment revaluation reserve	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Increase in 5% of share prices of:				
Financial assets at fair value through other comprehensive income	**–**	–	**2**	100
Financial assets at fair value through profit or loss	**631**	600	**–**	–
Financial liabilities at fair value through profit or loss	**(38)**	–	**–**	–

Note:

The Group's investment revaluation reserve would increase by approximately HK$2,000 (2024: HK$100,000) as a result of increase in 5% of the share price of the equity securities classified as at fair value through other comprehensive income. The Group's loss for the year would decrease by approximately HK$593,000 (2024: HK$600,000) as a result of increase in 5% of the share price of the equity securities classified as at fair value through profit or loss.

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(c) Credit risk

The Group is exposed to credit risk and the Group's credit risk exposures are primarily attributable to trade and other receivables, loans and interest receivables, contract assets, amount due from non-controlling interest and cash deposits at banks.

Majority of the Group's bank deposits are placed in certain banks which are independently rated with a high credit rating. Management does not expect any losses from non-performance by this bank as it has no default history in the past.

The Group has large number of customers and has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

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

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

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(c) Credit risk (Continued)

(i) Loans and interest receivables, amount due from non-controlling interest, deposits and other receivables

The Group uses four categories for the receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are two years past due and there is no reasonable expectation of recovery	Asset is written off

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(c) Credit risk (Continued)

(i) Loans and interest receivables, amount due from non-controlling interest, deposits and other receivables (Continued)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2025, the internal credit rating of loans and interest receivables, amount due from non-controlling interest, deposits and other receivables was performed. The Group has assessed the expected credit loss for the receivable under 12 months expected losses method.

As at 31 December 2025, the gross loans and interest receivables amounted to HK$20,011,000 (2024: HK$986,000). As at that date, the loss allowance for loans and interest receivables were estimated to be HK$58,000 (2024: Nil).

As at 31 December 2025, the gross amount due from non-controlling interest amounted to HK$5,000 (2024: HK$5,000). As at that date, no loss allowance for amount due from non-controlling interest was recognised.

As at 31 December 2025, the gross deposits and other receivables amounted to HK$12,750,000 (2024: HK$4,670,000). As at that date, the loss allowance for deposits and other receivables were estimated to be HK$905,000 (2024: HK$500,000).

Movements on the Group's allowance for impairment of loans and interest receivables and deposits and other receivables are as follows:

	12-month ECL	
	Loans and interest receivables HK$'000	Deposits and other receivables HK$'000
At 1 January 2024	–	–
Impairment losses for the year	–	500
At 31 December 2024 and 1 January 2025	–	500
Impairment losses for the year	58	405
At 31 December 2025	58	905

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(c) Credit risk (Continued)

(ii) Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses for trade receivables and contract assets prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

The loss allowance for trade receivables was determined as follows:

	0–30 days	31–60 days	61–90 days	More than 90 days	Total
31 December 2025					
Expected loss rate	**7.34%**	**13.90%**	**23.65%**	**24.32%**	
Gross carrying amount (HK$'000)	**5,200**	**496**	**4,892**	**7,726**	**18,314**
Loss allowance (HK$'000)	**382**	**69**	**1,157**	**1,879**	**3,487**
31 December 2024					
Expected loss rate	6.76%	11.92%	23.61%	24.30%	
Gross carrying amount (HK$'000)	3,770	889	970	2,584	8,213
Loss allowance (HK$'000)	255	106	229	628	1,218

As at 31 December 2025, the gross contract assets amounted to HK$8,679,000 (2024: HK$9,799,000). As at that date, the loss allowance for contract assets were estimated to be HK$465,000 (2024: HK$556,000) based on expected loss rate of 5.36% (2024: 5.67%).

The loss allowance for contract assets was determined as follows:

	2025	2024
Expected loss rate	**5.36%**	5.67%
Gross carrying amount (HK$'000)	**8,679**	9,799
Loss allowance (HK$'000)	**465**	556

The above expected credit losses also incorporated forward looking information.

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(c) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

The credit quality of the debtors and/or customers is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable customers. As at 31 December 2025, the Group had a concentration of credit risk given that the top 5 customers account for 77% (2024: 77%) of the Group's total year end trade receivables balance. However, the Group concludes that the credit risk in relation to these customers is not significant because they have no history of default in recent years. The Group's historical experience in collection of receivables falls within recorded allowance and the directors do not expect any major impairment on trade receivables, and receivables from other counterparties.

(iii) Bank deposits

The table below shows the details of substantial bank deposit balances maintained at the end of the reporting period:

	Rating	2025 HK$'000	2024 HK$'000
Bank deposits	AA3–A3	**46,172**	50,186

The rating represents long-term credit rating of the relevant banks provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Accordingly, management of the Group considers that the credit risk on the bank deposits is limited.

(d) Liquidity risk

As referred to in Note 2, the directors of the Company are of the view that the Group can operate as going concern for at least twelve months after the end of the reporting period.

The Group implemented prudent liquidity risk management by maintaining sufficient cash and cash equivalents.

The Group's primary cash requirements have been for additions of property, plant and equipment, and payment for purchases, operating expenses and repayment of borrowings. The Group mainly finances its working capital requirements through borrowings and internal resources. The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

45 Financial Instruments (Continued)

45.2 Financial risk management (Continued)

(d) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at end of the reporting period.

	On demand or within one year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2025						
Trade and other payables excluding non-financial liabilities	**21,520**	**-**	**-**	**-**	**21,520**	**21,520**
Advance payments received from issue of bonds payable	**200**	**-**	**-**	**-**	**200**	**200**
Bonds payable	**84,673**	**108,892**	**-**	**-**	**193,565**	**146,551**
Convertible bond (Note)	**282**	**4,841**	**6,050**	**-**	**11,173**	**8,235**
Lease liabilities	**600**	**-**	**-**	**-**	**600**	**587**
Bank overdrafts	**497**	**-**	**-**	**-**	**497**	**497**
	107,772	**113,733**	**6,050**	**-**	**227,555**	**177,590**
At 31 December 2024						
Trade and other payables excluding non-financial liabilities	14,967	-	-	-	14,967	14,967
Advance payments received from issue of convertible bonds	4,700	-	-	-	4,700	4,700
Amount due to a shareholder	2,181	-	-	-	2,181	2,078
Borrowings	3,758	-	-	-	3,758	3,575
Bonds payable	29,833	51,865	-	-	81,698	67,117
Promissory note payable	530	-	-	-	530	518
Convertible bond (Note)	-	-	-	6,050	6,050	3,259
	55,969	51,865	-	6,050	113,884	96,214

Note: This is categorised based on contractual terms of redemption at maturity on the assumption that there were no redemption or conversion of the convertible bond outstanding at the end of the reporting period before the maturity date.

(e) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables, fixed-rate bonds payables, and convertible bonds.

The Group's cash flow interest rate risk is primarily attributable to fluctuations in interest rates on bank balances and bank overdrafts. No sensitivity analysis is presented as the impact is immaterial.

45 Financial Instruments (Continued)

45.3 Fair value estimation

The carrying amounts of the Group's financial assets recorded at amortised cost, including trade and other receivables, amount due from non-controlling interest, loans and interest receivables and cash and cash equivalents, and financial liabilities recorded at amortised cost, including trade and other payables, amount due to a shareholder, amounts due to non-controlling interests, borrowings, bonds payable, promissory note payable and convertible bonds, approximate their respective fair values. The fair value of these financial assets and financial liabilities that are not traded in an active market is determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

The carrying amounts of financial instruments measured at fair value at the end of the reporting period are categorised among the three levels of the fair value hierarchy defined in HKFRS 13 "Fair value measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

45 Financial Instruments (Continued)

45.3 Fair value estimation (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2025				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities listed in Hong Kong	**46**	**–**	**–**	**46**
Financial assets at fair value through profit or loss				
Equity securities listed in Hong Kong	**12,622**	**–**	**–**	**12,622**
Derivative financial instrument	**–**	**–**	**328**	**328**
Financial liabilities				
Contingent consideration payable	**–**	**–**	**3,830**	**3,830**
Financial liabilities at fair value through profit or loss				
Short positions in equity securities listed in Hong Kong	**751**	**–**	**–**	**751**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2024				
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities listed in Hong Kong	1,999	–	–	1,999
Financial assets at fair value through profit or loss				
Equity securities listed in Hong Kong	12,001	–	–	12,001
Financial liabilities				
Contingent consideration payable	–	–	7,477	7,477

There were no transfers between Levels 1, 2 and 3 during both of the years presented.

The fair value of the equity securities listed in Hong Kong, which is categorised in Level 1, is based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price.

45 Financial Instruments (Continued)

45.3 Fair value estimation (Continued)

Reconciliation of Level 3 fair value measurements of the contingent consideration payable is as follows:

	Derivative financial instruments		Contingent consideration payable	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
At 1 January	**–**	–	**7,477**	–
Arising from acquisition of a subsidiary at fair value included in Level 3 category	**–**	–	**–**	8,419
Arising from issue of convertible bonds	**200**	–	**–**	–
Gain on change in fair value	**128**	–	**(3,647)**	(942)
At 31 December	**328**	–	**3,830**	7,477

Information about level 3 fair value measurements:

	Valuation techniques	Significant unobservable input	Range	Effect on fair value for increase of inputs
Derivative financial instruments	Black-Scholes model	Expected volatility	65.05% (2024: Nil)	Increase
Contingent consideration payable	Probabilistic approach	Future probability adjusted profits after tax	HK$959,000 to HK$1,921,000 (2024:HK$687,000 to HK$1,240,000)	Increase

The financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration payable and derivative financial instruments relating to the acquisition of HLC (Note 42(a)(iii)) and issuance of Convertible Bond B (Note 35) respectively. The fair value of contingent consideration payable is estimated based on the probabilistic approach of management's expectations of the net profit after tax of the subsidiary in future years. The significant unobservable inputs for the fair value estimation include future probability adjusted profits after tax of the subsidiary and share prices of the Company, Gain on change in fair value of contingent consideration payable amounted to HK$3,647,000 (2024: HK$942,000) has been recognised in profit or loss in respect of the current year.

During the year, there were no changes in the valuation techniques used.

45 Financial Instruments (Continued)

45.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the year.

46 Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	Interest payable (included in other payables) HK$'000	Advance payments received from issue of convertible bonds HK$'000	Advance payments received from issue of bonds payable HK$'000	Amount due to a shareholder HK$'000	Borrowings HK$'000	Bonds payable HK$'000	Promissory note payable HK$'000	Convertible bond payable HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2024	339	–	–	1,975	6,735	21,943	463	2,905	579	34,939
Financing cash inflows	–	4,700	–	764	540	42,918	–	–	–	48,922
Financing cash outflows	–	–	–	(661)	(3,700)	–	–	–	(600)	(4,961)
Interest charges for the year	450	–	–	–	–	2,256	55	354	21	3,136
At 31 December 2024 and 1 January 2025	**789**	**4,700**	**–**	**2,078**	**3,575**	**67,117**	**518**	**3,259**	**–**	**82,036**
Financing cash inflows	**–**	**–**	**200**	**–**	**–**	**95,900**	**–**	**–**	**–**	**96,100**
Financing cash outflows	**(882)**	**–**	**–**	**(2,078)**	**(3,575)**	**(44,803)**	**(530)**	**(219)**	**(747)**	**(52,834)**
Interest charges for the year	**93**	**–**	**–**	**–**	**–**	**28,337**	**12**	**895**	**51**	**29,388**
Addition of lease liabilities arising from right-of-use assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,629**	**1,629**
Deconsolidation of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(346)**	**(346)**
Recognition of liabilities component of convertible bonds	**–**	**(4,700)**	**–**	**–**	**–**	**–**	**–**	**4,700**	**–**	**–**
Recognition of derivative component of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**200**	**–**	**200**
Recognition of equity component of convertible bond	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(600)**	**–**	**(600)**
At 31 December 2025	**–**	**–**	**200**	**–**	**–**	**146,551**	**–**	**8,235**	**587**	**155,573**

47 Major Non-cash Transactions

During the year ended 31 December 2024, the Group acquired a subsidiary for an aggregate consideration which, pursuant to the terms of the related acquisition agreement, will be satisfied by the issue and allotment by the Company of a maximum of 14,285,714 consideration shares at the issue price of HK$0.56 per consideration share. Details of which are set out in Note (42)(a)(iii).

No disclosure of the major non-cash transactions is made as there are no non-cash transactions in place during the year.

48 Related Party Transactions

(a)

In addition to transactions and balances with certain related parties disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions:

	2025 HK$'000	2024 HK$'000
Loan interest expense to a director (Note 31)	–	53
Loan interest expense to a shareholder (Note 30)	4	131

(b) Key management compensation

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

	2025 HK$'000	2024 HK$'000
Basic salaries and bonuses	4,342	4,848
Pension costs – defined contribution plan	174	163
	4,516	5,011

49 Statement of Financial Position of the Company

	2025 HK$'000	2024 HK$'000
Non-current assets		
Property, plant and equipment	**11**	16
Investments in subsidiaries	**5,810**	16,496
	5,821	16,512
Current assets		
Prepayments and other receivables	**1,449**	1,353
Financial assets at fair value through profit or loss	**12,622**	12,001
Derivative financial instruments	**328**	–
Amounts due from subsidiaries	**51,570**	16,731
Cash and cash equivalents	**46,655**	47,010
	112,624	77,095
Current liabilities		
Other payables	**1,077**	4,945
Advance payments received from issue of convertible bonds	**–**	4,700
Advance payments received from issue of bonds payable	**200**	–
Amounts due to subsidiaries	**983**	1,008
Amount due to a shareholder	**–**	2,078
Borrowings	**–**	3,575
Financial liabilities at fair value through profit or loss	**751**	–
Promissory note payable	**–**	518
Bonds payable	**50,498**	24,199
Contingent consideration payable	**491**	1,097
Bank overdrafts	**497**	–
	54,497	42,120
Net current assets	**58,127**	34,975
Total assets less current liabilities	**63,948**	51,487
Non-current liabilities		
Bonds payable	**96,053**	42,918
Convertible bonds	**8,235**	3,259
Contingent consideration payable	**3,339**	6,380
	107,627	52,557
Net liabilities	**(43,679)**	(1,070)
Equity		
Share capital	**36,027**	36,027
Reserves	**(79,706)**	(37,097)
Total equity	**(43,679)**	(1,070)

The Company's statement of financial position was approved and authorised for issue by the board of directors on 17 April 2026 and is signed on its behalf by:

Chan Hung Kai
Director

Chung Kar Ho Carol
Director

49 Statement of Financial Position of the Company (Continued)

Movements of the Company's reserves are as follows:

	Share premium HK$'000	Other reserve HK$'000 (Note 38)	Share option reserve HK$'000	Convertible bond reserve HK$'000 (Note 35)	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2024	134,917	20,465	4,447	2,234	(191,524)	(29,461)
Loss for the year	–	–	–	–	(7,636)	(7,636)
Balance at 31 December 2024 and 1 January 2025	134,917	20,465	4,447	2,234	(199,160)	(37,097)
Loss for the year	–	–	–	–	(43,198)	(43,198)
Recognition of equity component of convertible bond (note 35)	–	–	–	589	–	589
Balance at 31 December 2025	134,917	20,465	4,447	2,823	(242,358)	(79,706)

50 Subsidiaries

The principal subsidiaries of the Company at 31 December 2025, which, in the opinion of the directors of the Company, principally affected the results or assets of the Group, are set out below. Unless otherwise stated, each of them has share capital consisting solely of ordinary shares or registered capital, held directly and indirectly by the Company. The proportion of ownership interests held is equal to the voting rights held by the Group.

Name of the entity	Place of incorporation and type of legal entity	Principal activities/ place of operations	Particulars of issued share capital/ registered capital	Ownership interest held by the Group		Ownership interest held by the non-controlling interests	
				2025 (%)	2024 (%)	2025 (%)	2024 (%)
AL Group International Limited	BVI, limited liability company	Investment holding/ Hong Kong	Issued capital 1 ordinary share of US$1	100%	100%	-	-
AL Design & Associates Limited	Hong Kong, limited liability company	Provision of interior design and fit out solutions and overall project management/ Hong Kong	Issued capital 15,000 ordinary shares with no par value	100%	100%	-	-
Benefit Focus Limited	BVI, limited liability company	Investment holding/ Hong Kong	Issued capital 10,000 ordinary shares of US$1 each	100%	100%	-	-

50 Subsidiaries (Continued)

Name of the entity	Place of incorporation and type of legal entity	Principal activities/ place of operations	Particulars of issued share capital/ registered capital	Ownership interest held by the Group		Ownership interest held by the non-controlling interests	
				2025 (%)	2024 (%)	2025 (%)	2024 (%)
Sunny Stage Limited	BVI, limited liability company	Investment holding/ Hong Kong	Issued capital 10,000 ordinary shares of US$1 each	100%	100%	-	-
Major Joyful Limited	BVI, limited liability company	Investment holding/ Hong Kong	Issued capital 10,000 ordinary shares of US$1 each	100%	100%	-	-
Overseas Travel Science and Technology Limited	Hong Kong, limited liability company	Investment holding/ Hong Kong	Issued capital 1,000,000 ordinary shares with no par value	100%	100%	-	-
Legend Start Limited	BVI, limited liability company	Investment holding/ Hong Kong	Issued capital 10,000 ordinary shares of US$1 each	100%	100%	-	-
La Maison Group Limited	Hong Kong, limited liability company	Provision of interior design and fit out solution/Hong Kong	Issued capital 10,000 ordinary shares with no par value	75%	75%	25%	25%
ALV & Associate Limited	Hong Kong, limited liability company	Provision of interior design and fit out solution/Hong Kong	Issued capital 100 ordinary shares with no par value	100%	100%	-	-
Master Giant Limited	Hong Kong, limited liabilities company	Provision of interior design and fit out solution/Hong Kong	Issued capital 1 ordinary shares with no par value	100%	100%	-	-
More Money Credit Limited	Hong Kong, limited liabilities company	Provision of money lending business	Issued capital 10,000 ordinary shares with no par value	-	100%	-	-
HLC Design and Build Limited	Hong Kong, limited liability company	Provision of interior design and fit out solution/Hong Kong	Issued capital 100 ordinary shares with no par value	100%	100%	-	-
Sing Yu Design Engineering Limited (formerly known as Engagement First Limited)	Hong Kong, limited liability company	Provision of interior design and fit out solution/Hong Kong	Issued capital 10,000 ordinary shares with no par value	100%	100%	-	-
Shenzhen Lijun Giant Engineering Co., Ltd.	The People's Republic of China, limited liability company ("PRC")	Design and Fit out consultant/PRC	Registered capital of RMB100,000	99%	99%	1%	1%

50 Subsidiaries (Continued)

Name of the entity	Place of incorporation and type of legal entity	Principal activities/ place of operations	Particulars of issued share capital/ registered capital	Ownership interest held by the Group		Ownership interest held by the non-controlling interests	
				2025 (%)	2024 (%)	2025 (%)	2024 (%)
Yes Man Finance Company Limited	Hong Kong, limited liability company	Provision of money lending business/Hong Kong	Issued capital 2,000 ordinary shares with no par value	100%	-	-	-
Shenghe Industrial (HK) Limited	Hong Kong, limited liability company	Provision of interior design and fit out solution/Hong Kong	Issued capital 10,000 ordinary shares with no par value	100%	-	-	-
Surich Asset Management Limited	Hong Kong, limited liability company	Provision of advisory on securities and asset management services/Hong Kong	Issued capital 3,100,000 ordinary shares with no par value	100%	N/A	-	N/A

Note: None of the subsidiaries had issued any debt securities during the year and at the end of the year.

51 Operating Lease Arrangements

The Group as lessee

The Group entered into several short-term leases for office. As at 31 December 2025, the outstanding lease commitments relating to the office is approximately HK$49,000 (2024: HK$373,000).

The Group as lessor

Operating leases relate to investment properties owned by the Group with lease terms of one year. All operating lease contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**183**	–
More than one year but not more than two years	**68**	–
	251	–

52 Events After the Reporting Period

On 14 March 2026, Golden Decoration and Design Limited (an indirect wholly-owned subsidiary of the Company) (as purchaser), Mr. Chung To Chau and Ms. Chung Shou Kuen (as vendors) and Wah On Estate Agent Company Limited (as agent) entered into a provisional sale and purchase agreement, pursuant to which the purchaser agreed to purchase, and the vendors agreed to sell, the residential property situated at Flat 7, 6th Floor, Man Fai Building, No. 41 Man Yuen Street, Kowloon, Hong Kong at the consideration of HK$5,000,000 in cash. The formal agreement for the sale and purchase of the property had been signed. The completion of the acquisition of the property has not taken place up to the date of approval of these Consolidated Financial Statements. Details of the acquisition are set out in the announcement of the Company dated 17 March 2026.

FIVE YEARS FINANCIAL SUMMARY

Results

	Year ended 31 December 2025 HK$'000	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Revenue	**79,412**	65,667	63,812	140,064	109,446
Loss before income tax	**(32,088)**	(10,357)	(17,605)	(20,788)	(42,539)
Income tax (expense)/credit	**(638)**	(459)	(36)	–	119
Loss attributable to the owners of the Company for the year	**(32,542)**	(11,262)	(15,857)	(17,919)	(32,319)
Total comprehensive expenses attributable to the owners of the Company for the year	**(31,663)**	(10,956)	(15,476)	(17,875)	(32,154)

Assets and Liabilities

	Year ended 31 December 2025 HK$'000	Year ended 31 December 2024 HK$'000	Year ended 31 December 2023 HK$'000	Year ended 31 December 2022 HK$'000	Year ended 31 December 2021 HK$'000
Total assets	**145,793**	100,167	52,790	54,740	65,501
Total liabilities	**187,771**	110,887	53,086	70,314	63,760
Net (liabilities)/assets	**(41,978)**	(10,720)	(296)	(15,574)	1,741
Non-controlling interests	**(39)**	145	(302)	(24,525)	(21,593)
Equity attributable to owners of the Company for the year	**(41,939)**	(10,865)	6	8,951	23,334