TAK LEE MACHINERY HOLDINGS LIMITED
德 利 機 械 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2102

ANNUAL REPORT 2025

CONTENTS

CORPORATE INFORMATION AND KEY DATES

BOARD OF DIRECTORS

Executive Directors

Mr. CHOW Luen Fat *(Chairman and Chief Executive Officer)*
Ms. LIU Shuk Yee
Ms. NG Wai Ying

Non-executive Director

Ms. CHENG Ju Wen

Independent Non-executive Directors

Sir KWOK Siu Man KR
Mr. LAW Tze Lun
Dr. WONG Man Hin Raymond

COMPANY SECRETARY

Ms. NG Wai Ying

AUTHORISED REPRESENTATIVES

Mr. CHOW Luen Fat
Ms. NG Wai Ying

BOARD COMMITTEES

Audit Committee

Mr. LAW Tze Lun *(Chairman)*
Sir KWOK Siu Man KR
Dr. WONG Man Hin Raymond

Remuneration Committee

Dr. WONG Man Hin Raymond *(Chairman)*
Sir KWOK Siu Man KR
Mr. LAW Tze Lun

Nomination Committee

Sir KWOK Siu Man KR *(Chairman)*
Mr. LAW Tze Lun
Dr. WONG Man Hin Raymond
Ms. NG Wai Ying *(appointed on 21 March 2025)*

REGISTERED OFFICE

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

LEGAL ADVISER

As to Hong Kong Law
Loeb & Loeb LLP

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

D.D. 111, Lot No. 117,
Sheung Che Village,
Pat Heung,
Yuen Long,
New Territories,
Hong Kong

CORPORATE INFORMATION AND KEY DATES

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

INDEPENDENT AUDITOR

RSM Hong Kong
Certified Public Accountants and
Registered Public Interest Entity Auditor

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

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

STOCK CODE

2102

COMMUNICATION

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Email: enquiry@tlmchk.com
2102-ecom@vistra.com

KEY DATES

Closure of Register of Members for AGM
Friday, 21 November 2025 to
Wednesday, 26 November 2025

AGM date
Wednesday, 26 November 2025

Closure of Register of Members for Final Dividend
Wednesday, 3 December 2025 to
Friday, 5 December 2025

Proposed Payment of Final Dividend
Friday, 19 December 2025

TLMC

HITACHI

Reliable solutions

In January 2012, the Group became the authorised dealer for various heavy equipment of *Hitachi* brand in Hong Kong and Macao.

ConSite

Consolidated Solution for Construction Sites

CITF 建造業創科基金

CITF Pre-approved Product

BELL

In August 2019, the Group became the authorised distributor in respect of articulated dump trucks and articulated trucks (water tankers) of *Bell* brand in Hong Kong.

CITF 建造業創科基金

CITF Pre-approved Product

AMMANN

In September 2016, the Group became the exclusive dealer for heavy vehicles of *Ammann* brand, a Swiss brand, in Hong Kong and Macao.

XWATCH

SAFETY SOLUTIONS

In March 2022, the Group became the dealer of *Xwatch Safety Solutions Ltd.* (a United Kingdom brand) for the supply of machine safety and control systems for height and slew control, rated capacity index and stability of equipment in Hong Kong and Macao.

CITF 建造業創科基金

CITF Pre-approved Product

TLMC

HYUNDAI EVERDIGM

In November 2011, the Group was first granted the exclusive distributorship for various earthmoving attachments and spare parts of *Ramfos* brand, a Korean brand, in Hong Kong and Macao. From October 2022, the Group, as the exclusive distributor, also provides *Hyundai Everdigm* brand earthmoving attachments as a result of group reorganisation by Everdigm Corp.

AIRMAN®

In October 2017, the Group became the non-exclusive distributor for diesel engine generators of *AIRMAN* brand, a Japanese brand, in Hong Kong and Macao.

LABOUNTY

In February 2006, the Group was first granted the exclusive distributorship for various earthmoving attachments and spare parts of *LaBounty* brand, a U.S. brand, in Hong Kong and Macao.

ROTOBEC
TOUGH HANDLING EQUIPMENT

In November 2018, the Group became the authorised dealer of *Rotobec* brand grapples and other earthmoving attachments in Hong Kong and Macao, and also the exclusive dealer for the supply of their Orange Peels product line in such territories.

VIA

CITF 建造業創科基金
CITF Pre-approved Product

In March 2022, the Group became the authorised dealer of the *VIA* brand Mobile360 Surround View and Safety System Technology products series.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Director(s)" and the "Board", respectively) of Tak Lee Machinery Holdings Limited (the "Company"), it is my pleasure to present the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 July 2025.

The Group has recorded an increase in consolidated net profit attributable to shareholders of the Company (the "Shareholders") for the year ended 31 July 2025 by approximately HK$21.1 million or approximately 297.2% to approximately HK$28.2 million from approximately HK$7.1 million for the year ended 31 July 2024. Earnings per share for the year ended 31 July 2025 was HK2.82 cents per share (2024: HK0.71 cent). Despite the challenging business environment in Hong Kong, the Group maintains a robust financial position, supported by strong liquidity and low gearing.

The Board has recommended the payment of a final dividend of HK2.0 cents per share for the year ended 31 July 2025, which is subject to Shareholders' approval at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK1.5 cents per share paid, the total cash dividend for the year ended 31 July 2025 will amount to HK3.5 cents (2024: HK1.5 cents) per share.

To capture maximum business opportunities, the Group continues to provide comprehensive "one-stop shop" to earthmoving equipment users and adopts a flexible fleet management strategy in operating its leasing business. The Group's deep and strong relationship with its suppliers like Hitachi Construction Machinery Co., Ltd., Bell Equipment Company SA (Pty) Ltd and Ammann BauAusrüstung AG, and its comprehensive understanding of the local market it serves, will continue to provide the Group with the opportunities and competitive advantage to flourish in Hong Kong.

In line with its commitment to innovation and safety, the Group provides earthmoving equipment embedded with advanced technologies and enhanced solutions that improve site safety, boost productivity, and streamline asset management. Notably, the Group has fully adopted the Smart Site Safety System across its leasing fleet, leveraging digital platforms and artificial intelligence to strengthen project management capabilities and elevate safety standards.

Amid rising demand for high-quality, technologically advanced products, the Group introduced the latest *Hitachi* brand ZAXIS-7 series hydraulic excavators since 2024. These machines are equipped with anti-collision safety systems and Aerial Angle® smart cameras that automatically alert operators to nearby workers or machinery, significantly reducing accident risks. The integrated ConSite® system further enhances operational reliability by monitoring abnormal conditions such as oil property changes and overheating.

Additionally, the Group offers *Bell* brand articulated dump trucks featuring Fleetm@tic®, a satellite-based fleet management system that delivers automated reports, real-time alerts, production data, and global satellite coverage – enabling continuous equipment tracking and performance optimization at worksites.

The Group believes that technological advancement is key to the long-term development of the construction industry in Hong Kong. In alignment with this vision, several of our solutions have been shortlisted on the pre-approved list of the Construction Innovation and Technology Fund, ranging from certain models of the *Hitachi* brand ZAXIS-7 series excavators, *Bell* brand articulated dump truck (Model: B45E) to the Smart Site Safety System, including Xwatch smart machine safety and control systems for height and slew control, rated capacity index, and equipment stability, as well as the VIA Mobile360 system with AI cameras and smart phone apps.

Looking ahead, given the various developments, works, railway and housing projects implemented by the Government of the Hong Kong Special Administrative Region, the Group remains cautiously optimistic on the outlook and the prospects for sales and leasing of heavy equipment. Going forward, the Directors will continue to diversify its supplier base and source various innovative safety systems and smart products to enhance our sustainability, productivity and competitiveness in the industry.

On behalf of the Board, I would like to extend my heartfelt gratitude to our management, staff, customers, and partners for their unwavering support, which has been instrumental in our achievements. The Group will continue to explore new opportunities, strive for excellence, and contribute positively to the community.

CHOW Luen Fat
Chairman

Hong Kong, 20 October 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a heavy equipment sales and leasing service provider in Hong Kong with over 24 years of presence in the industry. The Group is principally engaged in (i) the sales of new and used heavy equipment and spare parts, (ii) the leasing of heavy equipment as well as provision of machine operators, and (iii) the provision of repair, logistics and other ancillary services.

BUSINESS REVIEW AND OUTLOOK

The Group recorded an increase in profit attributable to Shareholders for the year ended 31 July 2025 by approximately 297.2% to approximately HK$28.2 million from approximately HK$7.1 million for the year ended 31 July 2024.

The increase in net profit was mainly attributed to (i) an increase in the sales and leasing of heavy equipment, which was driven by the demand arising from the various developments and railway projects, as well as the landfill extension projects implemented by the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"); and (ii) the reversal of allowance for expected credit losses on trade and lease receivables ("ECL allowance") as a result of a decrease in the carrying amount of trade and lease receivables and an improvement in the recovery rates for the year ended 31 July 2025 (2024: ECL allowance of approximately HK$3.2 million mainly due to an increase in ECL allowance in view of an increase in credit risk and expected default risk in respect of the economic conditions over the expected lives of the receivables and the payment history of customers).

Earnings per share for the year ended 31 July 2025 was approximately HK2.82 cents (2024: HK0.71 cent).

For the year ended 31 July 2025, the Group has achieved total revenue of approximately HK$330.7 million, representing an increase of approximately HK$51.4 million or 18.4% from approximately HK$279.3 million for the year ended 31 July 2024 due to an increased demand arising from the various developments and projects mentioned above.

Over the past few years, the global economic landscape, including Hong Kong, has been deeply affected by geopolitical tensions and a persistently high interest rate environment and the heavy equipment sales and leasing industry was no exception. With the city's economy in recovery – real gross domestic product (GDP) growth is forecasted to grow by 2% to 3% and inflation rate is expected to be approximately 1.8% in 2025, the HKSAR Government is positioning infrastructure development as key strategic priority. According to the 2025–2026 Budget Speech, the acceleration of the Northern Metropolis Development, alongside other major infrastructure initiatives, is expected to drive average annual capital works expenditure to approximately HK$120 billion in the coming years. In addition, the Hong Kong's 2025 Policy Address also demonstrates a bold commitment of various strategies to expedite the development of the Loop, San Tin Technopole and transport infrastructural development such as the construction of Hung Shui Kiu Station and the Northern Link. With the introduction of various policy measures aimed at promoting the development of the construction industry, adoption of innovative technologies, and enhancements in land use and housing planning, the Group believes that the demand for its heavy equipment will remain strong in the foreseeable future. While closely monitoring industry developments, the Group will continue to implement its corporate strategies to safeguard and pursue long-term growth. The Group will also diversify its supplier base and actively source and promote Smart Site Safety System (4S) solutions and other innovative, high-quality products to enhance sustainability, productivity and competitiveness across its operations.

FINANCIAL REVIEW

Revenue

The Group generated its revenue from (i) the sales of new and used heavy equipment and spare parts; (ii) the leasing of heavy equipment as well as provision of machine operators; and (iii) the provision of repair, logistics and other ancillary services.

The Group generated a majority of its revenue from its sales and leasing business. For the year ended 31 July 2025, the total revenue of the Group amounted to approximately HK$330.7 million, representing an increase of approximately HK$51.4 million or 18.4% from approximately HK$279.3 million for the year ended 31 July 2024. Such increase was mainly attributable to an increase in sales of heavy equipment and spare parts of approximately HK$50.2 million and an increase in revenue from the leasing business of approximately HK$3.2 million, which was partially offset by a decrease in income from provision of repair, logistics and other ancillary services of approximately HK$2.0 million.

Revenue from the sales of heavy equipment and spare parts

The revenue from the sales of heavy equipment and spare parts increased by approximately HK$50.2 million or 31.7% from approximately HK$158.4 million for the year ended 31 July 2024 to approximately HK$208.6 million for the year ended 31 July 2025. Such increase was mainly attributable to an increase in sales of heavy vehicles driven by the demand from the various developments and works projects, and the wider adoption of advanced construction technologies, equipment and machinery by customers in both private and public projects as encouraged by the HKSAR Government.

Revenue from the leasing of heavy equipment and provision of machine operators

The revenue from leasing of heavy equipment and provision of machine operators increased by approximately HK$3.2 million or 3.0% from approximately HK$105.3 million for the year ended 31 July 2024 to approximately HK$108.5 million for the year ended 31 July 2025. The increase in revenue from the leasing business was mainly due to an increase in the demand arising from the various developments and railway projects, as well as the landfill extension projects implemented by the HKSAR Government.

Revenue from the provision of repair, logistics and other ancillary services

The revenue from the provision of repair, logistics and other ancillary services decreased by approximately HK$2.0 million or 12.8% from approximately HK$15.6 million for the year ended 31 July 2024 to approximately HK$13.6 million for the year ended 31 July 2025. The decrease was mainly due to a decrease in repair income of heavy vehicles.

Cost of revenue

The cost of revenue amounted to approximately HK$262.9 million for the year ended 31 July 2025, representing an increase of approximately HK$40.9 million or 18.4% from approximately HK$222.0 million for the year ended 31 July 2024. Cost of revenue mainly comprised costs of heavy equipment and spare parts, depreciation, repairs and maintenance costs, as well as staff costs for operators, technicians and inspectors. The increase was mainly driven by the increases in the cost of heavy equipment and spare parts, and staff costs and transportation costs by approximately 31.6% and 9.5% respectively.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK$10.5 million or 18.3% from approximately HK$57.3 million for the year ended 31 July 2024 to approximately HK$67.8 million for the year ended 31 July 2025, with gross profit margin at approximately 20.5% for the years ended 31 July 2025 and 2024.

The increase in gross profit was mainly attributable to an increase in the gross profit of the sales segment by approximately 42.3% for the year ended 31 July 2025 due to an increase in sales of heavy equipment and spare parts for the year ended 31 July 2025. Besides, the gross profit of the leasing segment increased by approximately 5.8% with an increase in gross profit margin from approximately 36.1% for the year ended 31 July 2024 to approximately 37.1% for the year ended 31 July 2025.

Other income and other gains and losses

Other income and net gains increased by approximately 1,275.0% from approximately HK$0.4 million for the year ended 31 July 2024 to approximately HK$5.5 million for the year ended 31 July 2025. The increase was mainly due to the respective increases in government grants of approximately HK$2.7 million and interest income of approximately HK$1.4 million for the year ended 31 July 2025. The Group recorded a net foreign exchange gain of approximately HK$0.1 million for the year ended 31 July 2025 while a net foreign exchange loss of approximately HK$2.0 million was recognised for the year ended 31 July 2024.

Reversal of allowance/(allowance) for trade and lease receivables

The Group has recognised a reversal of ECL allowance of approximately HK$2.7 million for the year ended 31 July 2025, as a result of a decrease in the carrying amount of trade and lease receivables and an improvement in the recovery rates for the year ended 31 July 2025 while an ECL allowance of approximately HK$3.2 million was recognised for the year ended 31 July 2024 due to an increase in credit risk and expected default risk in respect of the economic conditions over the expected lives of the receivables and the payment history of customers.

Administrative and other operating expenses

The administrative and other operating expenses increased by approximately HK$0.1 million or approximately 0.2% from approximately HK$42.1 million for the year ended 31 July 2024 to approximately HK$42.2 million for the year ended 31 July 2025. The increase was mainly attributable to the increases in overall operating costs and marketing expenses.

Finance costs

The finance costs decreased by approximately HK$0.9 million or approximately 81.8% from approximately HK$1.1 million for the year ended 31 July 2024 to approximately HK$0.2 million for the year ended 31 July 2025. The decrease was mainly due to the absence of interest expense on borrowings as the Group did not have any bank borrowings during the year ended 31 July 2025.

Income tax expense

The income tax expense increased by approximately HK$1.2 million or approximately 27.2% for the year ended 31 July 2025 as compared with last year. The increase was mainly due to an increase in assessable profits for the year ended 31 July 2025.

Profit and total comprehensive income for the year ended 31 July 2025

As a result of the foregoing, the Group's profit and total comprehensive income for the year ended 31 July 2025 increased by approximately 297.2% from approximately HK$7.1 million for the year ended 31 July 2024 to approximately HK$28.2 million, with net profit margin of the Group increased to approximately 8.5% for the year ended 31 July 2025 as compared to approximately 2.5% for the year ended 31 July 2024.

DIVIDEND

The Board has recommended the payment of a final dividend in the form of cash of HK2.0 cents per ordinary share for the year ended 31 July 2025 (the "Final Dividend") to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 5 December 2025, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "2025 AGM"). The proposed Final Dividend, if approved, will be paid to the Shareholders on or around Friday, 19 December 2025. Together with the interim dividend of HK1.5 cents per share paid to the Shareholders on 24 April 2025, the total cash dividend for the year ended 31 July 2025 will be HK3.5 cents (2024: HK1.5 cents) per share.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio (as calculated by dividing the total current assets by the total current liabilities) of the Group as at 31 July 2025 was approximately 12.2 times as compared to that of approximately 12.6 times as at 31 July 2024. As at 31 July 2025, the Group had total bank and cash balances of approximately HK$118.5 million (31 July 2024: approximately HK$73.8 million).

In addition, as at 31 July 2025 and 31 July 2024, the Group did not have any bank borrowings. The gearing ratio, calculated based on total debts (including bank borrowings and lease liabilities) divided by total equity at the end of the year and multiplied by 100%, was approximately 0.5% as at 31 July 2025 (31 July 2024: approximately 1.3%). The Group had unutilised banking facilities of approximately HK$90.0 million as at 31 July 2025 (31 July 2024: approximately HK$130.0 million). The Directors consider that the Group's financial position is sound and strong. With available bank and cash balances and banking facilities, the Group has sufficient liquidity to satisfy its funding requirements. The Group expects to fund its future operations and expansion plans primarily with cash generated from its operation and bank borrowings.

CAPITAL COMMITMENTS

As at 31 July 2025 and 31 July 2024, the Group did not have any capital commitments contracted for.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 31 July 2025 and 31 July 2024, the Group did not have any charge on its assets.

As at 31 July 2025 and 31 July 2024, the Group did not have any material contingent liabilities.

CAPITAL STRUCTURE

The capital structure of the Group consists of equity attributable to the owners of the Company, which comprises issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will adjust its overall capital structure through the payment of dividends, issuance of new shares and inception or repayment of bank borrowings.

As at 31 July 2025, the Company's issued share capital amounted to HK$10,000,000 and there were a total of 1,000,000,000 issued ordinary shares with a nominal value of HK$0.01 each.

SEGMENT INFORMATION

Segment information is presented for the Group as disclosed in note 7 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 July 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

EXPOSURE TO FOREIGN EXCHANGE RATE FLUCTUATION

The Group has certain exposure to foreign currency risk as most of the business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, Japanese Yen ("JPY") and United States Dollars ("USD"). There is a currency difference between the Group's revenue receipts (which are denominated in HK$) and some of the payments for purchases (which are denominated in JPY and USD). The Group currently does not have a formal foreign currency hedging policy. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments or any other plans for material investments or capital assets as at 31 July 2025.

OVERVIEW

The Board consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible and has general powers for the management and conduct of the business of the Group. The senior management consists of sales, parts and service support manager. The senior management is responsible for the day-to-day management of the business.

DIRECTORS

Executive Directors

Mr. CHOW Luen Fat (周聯發) ("Mr. Chow"), aged 52, is the chairman of the Board and the chief executive officer of the Company. Mr. Chow was appointed as a Director on 11 December 2015 and was re-designated as an executive Director on 4 August 2016. Mr. Chow also holds directorships in all the subsidiaries of the Company. Mr. Chow is primarily responsible for overall management, strategic planning, procurement and development of the Group. Mr. Chow is the spouse of Ms. Cheng Ju Wen ("Ms. Cheng"), the non-executive Director.

Mr. Chow has more than 27 years of experience in the heavy equipment industry. Prior to founding the Group, Mr. Chow worked for Shing Lee Construction Machinery Co. Limited from March 1998 to February 1999. From 1999 to 2001, Mr. Chow operated Tak Lee Machinery Company, an unlimited company in Hong Kong, which was engaged in the sales of used heavy equipment in Hong Kong. In March 2001, Mr. Chow co-founded Tak Lee Machinery Company Limited ("Tak Lee Machinery") with Ms. Cheng and acted as a director of Tak Lee Machinery. Mr. Chow is also a director and a shareholder of Generous Way Limited, a substantial shareholder of the Company.

Mr. Chow served on the Hong Kong Construction Machinery Association (which was subsequently incorporated as the Hong Kong Construction Machinery Association Company Limited on 24 December 2009) as the president from July 2005 to June 2006 and had served as the honorary president from July 2007 for a term of ten years ended in June 2017 and as the honorary president from July 2017 to May 2024.

Mr. Chow obtained a bachelor's degree in engineering from Tohwa University in Japan in March 1998.

Ms. LIU Shuk Yee (廖淑儀) ("Ms. Liu"), aged 41, was appointed as an executive Director on 4 August 2016 and is primarily responsible for the sales and marketing, operation, procurement and development of the Group. Ms. Liu has approximately 23 years of experience in the heavy equipment industry. She joined the Group in August 2002 as a sales officer, and was promoted progressively over the years to manager in July 2009, and senior manager in December 2010.

Ms. Liu obtained a bachelor's degree of arts in business administration and management from De Montfort University in the United Kingdom through a distance learning course in September 2013.

DIRECTORS AND SENIOR MANAGEMENT

Ms. NG Wai Ying (吳慧瑩) ("Ms. Ng"), CPA & FCCA, aged 52, was appointed as an executive Director and the company secretary of the Company on 4 August 2016. She has been appointed as the chief financial officer since May 2016 and a member of the Nomination Committee of the Board since 21 March 2025. Ms. Ng is primarily responsible for the overall financial affairs and management and company secretarial matters of the Group.

Ms. Ng has over 30 years of experience in auditing and financial management. From July 1995 to March 1997, Ms. Ng worked as an audit assistant in Morison Heng CPA Limited. Ms. Ng joined Deloitte Touche Tohmatsu in August 1997 and her last position was senior accountant when she left in May 2000. From July 2000 to July 2001, Ms. Ng joined Sino-i.com Limited as an accountant. From July 2001, Ms. Ng worked as the accounting manager at Asia Aluminum Holdings Limited and her last position was financial controller when she left in March 2009. From August 2009 to November 2015, Ms. Ng was the financial controller in Trillion New HK Limited.

Ms. Ng graduated from The Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in October 1995. Ms. Ng has been admitted as a fellow member of The Association of Chartered Certified Accountants since October 2003. Ms. Ng has also been admitted as a member of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) since October 1998.

Non-Executive Director

Ms. CHENG Ju Wen (鄭如雯) ("Ms. Cheng"), aged 53, was appointed as a Director on 11 December 2015 and was re-designated as the non-executive Director on 4 August 2016. Ms. Cheng also holds directorships in all the subsidiaries of the Company. Ms. Cheng is primarily responsible for strategic planning and business development of the Group. Ms. Cheng is the spouse of Mr. Chow Luen Fat ("Mr. Chow"), an executive Director.

From 1999 to 2001, Ms. Cheng operated Tak Lee Machinery Company, an unlimited company in Hong Kong, which was engaged in the sales of used heavy equipment in Hong Kong. In March 2001, Ms. Cheng co-founded Tak Lee Machinery Company Limited ("Tak Lee Machinery") with Mr. Chow and acted as a director of Tak Lee Machinery. Ms. Cheng is also a director and a shareholder of Generous Way Limited, a substantial shareholder of the Company.

Ms. Cheng obtained a bachelor's degree in engineering from Tohwa University in Japan in March 1998.

Independent Non-Executive Directors

Sir KWOK Siu Man KR (郭兆文) ("Sir Seaman Kwok"), aged 66, was appointed as an independent non-executive Director on 30 June 2017. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the Nomination Committee of the Board and a member of both the Audit Committee and the Remuneration Committee of the Board. Sir Seaman Kwok has over 40 years of experience in legal, regulatory compliance and corporate secretarial matters and management gained from working as the company secretary of various groups (including the Hang Seng Index Constituent and Hang Seng Mid-cap 50 stock companies), the managing director of a top-notch financial printer in Hong Kong, an executive director of a corporate services provider and a director of a share registrar. Sir Seaman Kwok is presently the founder and director of SK2 Corporate Services (HK) Limited and the principal managing consultant of Cheng & Cheng Limited group and has been a director of a charity fund since its incorporation in May 1992.

Sir Seaman Kwok holds a professional diploma in company secretaryship and administration and a bachelor's degree of arts from The Hong Kong Polytechnic University. He has earned a post-graduate diploma in laws from the Manchester Metropolitan University in England and passed the Common Professional Examinations of England and Wales. Sir Seaman Kwok is a fellow member of each of The Chartered Governance Institute in England ("CGI"), The Hong Kong Chartered Governance Institute ("HKCGI"), The Association of Hong Kong Accountants and The Hong Kong Institute of Directors. Sir Seaman Kwok is also a member of the Hong Kong Securities and Investment Institute and a Chartered Secretary and a Chartered Governance Professional of both the CGI and the HKCGI. Besides, he has been a council member of HKCGI for 18 years. Further, Sir Seaman Kwok was conferred as a Knight of Rizal of the Philippines in 2019 and elected as an Outstanding Chinese in August 2024.

Mr. LAW Tze Lun (羅子璘) ("Mr. Law"), aged 53, was appointed as an independent non-executive Director on 30 June 2017. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the Audit Committee of the Board and a member of both the Nomination Committee and the Remuneration Committee of the Board. Mr. Law has over 32 years of experience in auditing, accounting and finance. Since December 2010, Mr. Law has been a director of ANSA CPA Limited, which was principally engaged in the provision of auditing and accounting services.

Mr. Law has been serving as an independent non-executive director of Come Sure Group (Holdings) Limited (stock code: 794) since February 2009, which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In March 1999, Mr. Law obtained a bachelor's degree in commerce (accounting) from Curtin University of Technology in Australia. Since August 2000, Mr. Law has been admitted as a certified practising accountant of the Australian Society of Certified Practising Accountants (currently known as CPA Australia). Mr. Law has also been admitted as an associate and certified public accountant of the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) in October 2000 and March 2003, respectively, and as a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2014.

DIRECTORS AND SENIOR MANAGEMENT

Dr. WONG Man Hin Raymond (黃文顯) ("Dr. Wong"), aged 59, was appointed as an independent non-executive Director on 30 June 2017. He is primarily responsible for providing independent advice to the Board. He is also the chairman of the Remuneration Committee of the Board and a member of both the Audit Committee and the Nomination Committee of the Board.

Dr. Wong has been serving as a director of companies listed on the Main Board of the Stock Exchange. Dr. Wong has been acting as an executive director since April 2002, the deputy chairman since April 2007 and the chairman since December 2021 of Raymond Industrial Limited (stock code: 229). Dr. Wong has also been serving as an independent non-executive director of Nan Nan Resources Enterprise Limited (stock code: 1229) since March 2008, Modern Healthcare Technology Holdings Limited (stock code: 919) since December 2009 and Guanze Medical Information Industry (Holding) Co., Ltd. (stock code: 2427) since December 2022.

Dr. Wong obtained a bachelor's degree in chemical engineering from Lehigh University in the United States in October 1988, a master's degree in economics from University of Hawaii at Manoa in December 1994 and a doctorate degree in business administration from The Hong Kong Polytechnic University in September 2018. Dr. Wong has been admitted a Certified Management Accountant and a member of American Institute of Certified Public Accountants since September 1998 and May 1999, respectively. Dr. Wong was also awarded a certificate in financial management by the Institute of Certified Management Accountants in April 1999.

SENIOR MANAGEMENT

Mr. LEE Shun On (李順安) ("Mr. Lee"), aged 41, is the sales, parts and service support manager. Mr. Lee is responsible for overseeing the sales and leasing business. Mr. Lee has worked in the heavy equipment industry for over 11 years. He joined the Group in March 2014 as a technician and was promoted progressively over the years to sales, parts and service support manager in May 2018.

REPORT OF THE DIRECTORS

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 July 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements. There was no significant change in the Group's principal activities during the year ended 31 July 2025.

An analysis of the Group's performance for the year ended 31 July 2025 by operating segment is set out in note 7 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review is set out in the section headed "Management Discussion and Analysis" ("MD&A") of the annual report from pages 8 to 12. Future development of the Company's business is set out in the MD&A and the section headed "Chairman's Statement" in the annual report on pages 6 and 7.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 July 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52.

The Board has recommended the payment of a Final Dividend in the form of cash of HK2.0 cents per ordinary share for the year ended 31 July 2025 to the Shareholders whose names appear on the Register of Members on Friday, 5 December 2025, subject to the approval of the Shareholders at the 2025 AGM. Shares of the Company will be traded ex-dividend as from Monday, 1 December 2025. The proposed Final Dividend, if approved, will be paid to the Shareholders on or around Friday, 19 December 2025. Together with the interim dividend of HK1.5 cents per share paid to the Shareholders on 24 April 2025, the total cash dividend for the year ended 31 July 2025 will be HK3.5 cents (2024: HK1.5 cents) per share.

DONATIONS

During the year ended 31 July 2025, the Group made charitable and other contributions totalling HK$105,000.

2025 AGM

The 2025 AGM will be held on Wednesday, 26 November 2025. A notice convening the 2025 AGM will be published in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the 2025 AGM

The record date for ascertaining Shareholders' entitlement to attend and vote at the 2025 AGM will be Wednesday, 26 November 2025. The Register of Members will be closed from Friday, 21 November 2025 to Wednesday, 26 November 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "Hong Kong Branch Share Registrar") for registration no later than 4:30 p.m. on Thursday, 20 November 2025.

For the Final Dividend

The record date for ascertaining Shareholders' entitlement to the proposed Final Dividend will be Friday, 5 December 2025. The Register of Members will be closed from Wednesday, 3 December 2025 to Friday, 5 December 2025, both days inclusive, during which period no transfer of the shares of the Company will be registered. In order to qualify for the proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar for registration no later than 4:30 p.m. on Tuesday, 2 December 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties. All the risks relating to the Group's business have been set out in the section headed "Risk Factors" in the prospectus of the Company dated 17 July 2017, the section headed "Material Risks Associated With The Group's Business" in the announcement of the Company dated 24 September 2020 and the section headed "Chairman's Statement" in the annual report on pages 6 and 7. The Group believes that the risk management practices are important and uses its best effort to ensure that they are sufficient to mitigate the risks present in the operations and financial position as efficiently and effectively as possible.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The business of the Group depends on, among others, its ability to meet its customers' requirements on safety, quality and environment. In order to meet customers' requirements, the Group has established safety, quality and environmental management systems. Through an effective control of its operations, compliance with safety, quality and environmental requirements can be further assured. Detailed discussion of the environmental policies and performance are included in the Environmental, Social and Governance Report which will be published on the respective websites of the Stock Exchange and the Company in due course according to the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 July 2025.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the year ended 31 July 2025, the Group has maintained a good relationship with its stakeholders, including employees, customers, suppliers, banks, regulators and Shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders. Detailed discussion of the key relationships with employees, customers and suppliers are included in the Environmental, Social and Governance Report which will be published on the respective websites of the Stock Exchange and the Company in due course according to the Listing Rules.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 July 2025 are set out in the consolidated statement of changes in equity on page 54 of the annual report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year ended 31 July 2025 are set out in note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 July 2025 are set out in note 16 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 116 of the annual report. This summary does not form part of the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 July 2025, the aggregate revenue attributable to the Group's five largest customers was less than 30% (2024: less than 30%) of the Group's total revenue. The aggregate purchases attributable to the Group's five largest suppliers was 67.3% (2024: 69.6%) of the Group's total purchases for the year ended 31 July 2025 with the largest supplier accounted for 49.9% (2024: 42.5%).

To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the Listing Rules) or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued shares) had any interests in any of the Group's five largest customers or suppliers.

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

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

SUFFICIENCY OF PUBLIC FLOAT

During the year ended 31 July 2025 and as at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the year ended 31 July 2025 and thereafter up to the date of this report as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association (the "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.

SHARE CAPITAL

Details of the Company's share capital are set out in note 27 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") is a share incentive scheme adopted on 30 June 2017. There were no share options granted or agreed to be granted under the Scheme for the period from the date of its adoption to 31 July 2025 and up to the date of this report. As such, no share options were outstanding as at 31 July 2025 and no share options were exercised, cancelled or lapsed under the Scheme for the period from the date of its adoption to the end of the year on 31 July 2025 and up to the date of this report.

Any grant of options under the Scheme shall be subject to the Listing Rules in force from time to time.

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

(a) Purpose of the Scheme

The purpose of the Scheme is to enable the Company to grant options to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries.

(b) Participants of the Scheme

The Board may, at its discretion, offer to grant an option to the following parties (collectively the "Eligible Participants") to subscribe for such number of new shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

(c) Amount payable on acceptance of the option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the relevant acceptance date.

(d) Total number of shares available for issue under the Scheme together with the percentage of the issued shares that it represents as at the date of this report

The maximum number of the shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of the shares in issue (the "General Scheme Limit"). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew the General Scheme Limit at any time to 10% of the shares in issue as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the General Scheme Limit to Eligible Participants specifically identified by the Board.

As at the beginning and the end of the year ended 31 July 2025, and the date of this report, the maximum number of the shares in respect of which share options may be granted under the Scheme and any other share option schemes of the Company were 100,000,000.

(e) Maximum entitlement of each participant under the Scheme

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

(ii) If the Board proposes to grant options to a substantial shareholder (as defined in the Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue and having an aggregate value in excess of HK$5 million based on the official closing price of the shares at the date of each grant, such further grant of options will be subject to Shareholders' approval in advance in a general meeting.

(f) Basis of determining the exercise price

The exercise price in relation to each option granted under the Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall not be less than the highest of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

(g) Period within which the option may be exercised

An option may be exercised in accordance with the terms of the Scheme at any time during the period to be notified by the Board to each grantee within which the option may be exercisable provided that such period of time shall not exceed a period of 10 years commencing from the date upon which the option is deemed to be granted and accepted.

(h) Minimum period for which the option must be held before it can be exercised

The minimum period for which the option must be held before it can be exercised shall be notified by the Board to each grantee at the time of grant.

(i) Remaining life of the Scheme

The Scheme shall be valid and effective for a period of 10 years from 27 July 2017.

EQUITY-LINKED AGREEMENTS

Other than the Scheme as disclosed above, 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 ended 31 July 2025 or subsisted at the end of the year ended 31 July 2025.

DISTRIBUTABLE RESERVES

Share premium and retained profit of the Company may be available for distribution to the Shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. The Company's reserves available for distribution to the Shareholders as at 31 July 2025 amounted to approximately HK$134.7 million (31 July 2024: approximately HK$91.8 million).

DIRECTORS

During the year ended 31 July 2025 and up to the date of this report, the Board's composition is as follows:

Executive Directors
Mr. CHOW Luen Fat *(Chairman and Chief Executive Officer)*
Ms. LIU Shuk Yee
Ms. NG Wai Ying

Non-executive Director
Ms. CHENG Ju Wen

Independent non-executive Directors
Sir KWOK Siu Man KR
Mr. LAW Tze Lun
Dr. WONG Man Hin Raymond

The Director's biographical details are set out under the section headed "Directors and Senior Management" in the annual report from pages 13 to 16.

In accordance with Article 84 of the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires.

Mr. Chow Luen Fat, Ms. Ng Wai Ying, Mr. Law Tze Lun and Dr. Wong Man Hin Raymond will retire by rotation and, being eligible, offer themselves for re-election at the 2025 AGM.

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for renewing his/her term of office for three years commencing on 27 July 2023 subject to renewal and termination in certain circumstances as stipulated in the relevant service agreement.

The non-executive Director and each of the independent non-executive Directors has entered into a letter of appointment with the Company for renewing her/his term of office for one year commencing on 27 July 2025 subject to renewal and termination in certain circumstances as stipulated in the relevant letter of appointment.

Save as disclosed above, none of the Directors proposed for re-election at the 2025 AGM has a service agreement or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has served the Board for approximately eight years and has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Based on the said confirmations and the assessment by reference to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee confirmed that all of them remain independent. The Board is also of the view that all independent non-executive Directors are independent in accordance with the independence criteria as set out in Rule 3.13 of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 July 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which were (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code"), were set out as follows:

Interests in the Company

Long positions in the ordinary shares of the Company

Directors	Nature of interest	Number of shares held	Percentage of the Company's issued shares
Mr. CHOW Luen Fat ("Mr. Chow")	Interest in a controlled corporation (Note)	750,000,000	75%
Ms. CHENG Ju Wen ("Ms. Cheng")	Interest in a controlled corporation (Note)	750,000,000	75%

Note: These shares are held by Generous Way Limited ("Generous Way"), which is beneficially owned as to 50% by Mr. Chow, the chairman of the Board, the chief executive officer of the Company and an executive Director and 50% by Ms. Cheng, the non-executive Director. Mr. Chow and Ms. Cheng are spouses. Under the SFO, each of Mr. Chow and Ms. Cheng is deemed to be interested in the same number of shares held by Generous Way.

Interests in associated corporation of the Company

Long positions in the ordinary shares of an associated corporation

Directors	Name of associated corporation	Nature of interest	Number of ordinary shares held	Percentage of issued ordinary shares
Mr. Chow	Generous Way	Beneficial owner	50	50%
Ms. Cheng	Generous Way	Beneficial owner	50	50%

Save as disclosed above, as at 31 July 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDER

As at 31 July 2025, so far as the Directors were aware, the following entity (other than the Directors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Percentage of the Company's issued shares
Generous Way	Beneficial owner	750,000,000	75%

Save as disclosed above, as at 31 July 2025, the Directors were not aware of any persons who or entities which had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save and except for the Scheme, at no time during the year ended 31 July 2025 or at the end of the year ended 31 July 2025 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company was a party and in which a Director or an entity connected with any of them had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 July 2025 or at any time during the year ended 31 July 2025.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

No contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted at the end of the year ended 31 July 2025 or at any time during the year ended 31 July 2025.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares of the Company. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares of the Company, they are advised to consult their professional advisers.

COMPETING INTEREST

During the year ended 31 July 2025, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the Listing Rules) that had competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

MANAGEMENT CONTRACTS

No contract relating to the management and/or administration of the whole or any substantial part of any business of the Group was entered into or subsisted during the year ended 31 July 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 July 2025, the Group employed 116 (31 July 2024: 107) full-time employees. The total staff costs (including Directors' emoluments) were approximately HK$58.0 million for the year ended 31 July 2025 (2024: approximately HK$55.0 million). The Group determines the Directors' and employees' remuneration based on factors such as their performance, qualification, position, duty, contributions and years of experience, the local market conditions and the Group's results. The remuneration policy is reviewed by the Board regularly. The remuneration package includes salary, allowances and bonus.

The Company adopted the Scheme on 30 June 2017 for the purpose of enabling the Company to grant options to, among others, the employees and directors of the Group as incentives or rewards for their contribution or potential contribution to the Group. The Group also arranges technical trainings to its existing employees on the operations of its existing and newly introduced heavy vehicles and other heavy equipment provided by the manufacturers.

RETIREMENT SCHEME

The Group has established a mandatory provident fund scheme (the "MPF Scheme") for all of its employees in Hong Kong. All employees in Hong Kong are required to join the MPF Scheme and the employees and their employer are each required to contribute 5% of the employee's gross earnings with a ceiling of HK$1,500 per month to the MPF Scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contribution under the MPF Scheme. The contribution charged to the consolidated statement of profit or loss and other comprehensive income represents the contribution payable to the MPF Scheme by the Group.

The total costs relating to the MPF Scheme charged to the profit or loss for the year ended 31 July 2025 was HK$1,780,000 (2024: HK$1,844,000). The Group does not forfeit any contributions on behalf of its employees who leave the MPF Scheme prior to full vesting. Accordingly, for the year ended 31 July 2025, there was no forfeited contribution available for the Group to reduce the existing level of contributions and at the end of the year ended 31 July 2025, there were no forfeited contributions available to reduce future obligations.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Related party transactions entered into by the Group during the year ended 31 July 2025 and the year ended 31 July 2024 are set out in note 33 to the consolidated financial statements.

The Directors consider that the related party transactions disclosed in note 33 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules requiring compliance with any of the reporting, announcement or independent Shareholders' approval requirements.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the audited consolidated financial statements of the Group for the year ended 31 July 2025 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provides, among others, that every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has also arranged proper insurance coverage in respect of legal actions against the Directors' liability.

EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS AND THE DIRECTORS

Details of the emoluments of the five highest paid individuals and the Directors for the year ended 31 July 2025 are set out in notes 12 and 13 to the consolidated financial statements, respectively.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of good corporate governance and complied with all applicable code provisions as contained in Part 2 of Appendix C1 to the Listing Rules during the year ended 31 July 2025, save for the deviation from code provision C.2.1.

Reasons for the derivation from code provision C.2.1 and further information on the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of the annual report from pages 30 to 44.

INDEPENDENT AUDITOR

RSM Hong Kong will retire at the conclusion of the 2025 AGM and be eligible to offer themselves for re-appointment. A resolution will be submitted to the 2025 AGM to be held on Wednesday, 26 November 2025 to seek the Shareholders' approval on the re-appointment of RSM Hong Kong as the Company's independent auditor until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

There has been no change in independent auditor of the Company in the preceding three years.

IMPORTANT EVENTS AFTER THE YEAR ENDED 31 JULY 2025

The Board is not aware of any important events affecting the Group, which have occurred subsequent to the year end date of 31 July 2025 and up to the date of this report.

On behalf of the Board
CHOW Luen Fat
Chairman

Hong Kong, 20 October 2025

CORPORATE GOVERNANCE REPORT

The Company is committed to good corporate governance which it believes to be essential to the success of its business and operation.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on, among others, the principles of good corporate governance and the code provisions as contained in Part 2 of Appendix C1 to the Listing Rules (the "CG Principles" and the "Code Provision(s)", respectively).

The Company has applied the CG Principles and complied with all applicable Code Provisions during the year ended 31 July 2025, save for the deviation from Code Provision C.2.1. Information on the Company's corporate governance practices are set out in this report. Reasons for the deviation from Code Provision C.2.1 are set out in the paragraph headed "Chairman and Chief Executive" in this report.

COMPANY CULTURE

The Company has its well-established mission, values and strategy with the principal objective to enhance the interests of Shareholders through maintaining and growing a successful development of business with consistent long-term financial returns. In pursuit of its objectives, the Group believes that it is important to operate its business with high standard of integrity through complying with all relevant laws, rules and regulations and implementing sound risk management. All Directors, lead by example, always act with integrity and are committed to promoting a culture of integrity for the purpose of instilling and continually reinforcing across all levels of the Group values of acting lawfully, ethically and responsibly. The Code of Conduct in the Group's Human Resources Manual and the Anti-Fraud and Anti-Bribery Policy are in place to ensure proper professional and ethical conduct across all aspects of the Group's operations.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contributions of the Board

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include, among others, formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles of Association. The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The responsibilities of these Board committees include, among others, monitoring the Group's operational and financial performance, and ensuring that appropriate internal control and risk management systems are in place. The Board may from time to time delegate certain functions to the management of the Group (the "Management") if and when considered appropriate. The Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors have full access to information of the Group and the Management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense. Proper insurance coverage in respect of legal actions against the Directors' liability has been arranged by the Company.

Composition

The Company has been maintaining a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors (the "INEDs")) so that there is a strong independent element on the Board, enabling the Board to exercise effective independent judgement.

As at the date of the annual report, the Board comprises the following seven Directors, of which the non-executive Directors (including INEDs) in aggregate represent over 50% of the Board members. The Board also achieved gender diversity with three female Directors out of a total of seven Directors during the year ended 31 July 2025 and up to the date of the annual report:

Executive Directors
Mr. CHOW Luen Fat *(Chairman and Chief Executive Officer)*
Ms. LIU Shuk Yee
Ms. NG Wai Ying

Non-executive Director
Ms. CHENG Ju Wen

Independent non-executive Directors
Sir KWOK Siu Man KR
Mr. LAW Tze Lun
Dr. WONG Man Hin Raymond

Note: Mr. Chow Luen Fat, the chairman of the Board (the "Chairman") and the chief executive officer of the Company, and Ms. Cheng Ju Wen, the non-executive Director, are spouses.

Save as disclosed above, there was no financial, business, family or other material relationship among the Directors during the year ended 31 July 2025 and up to the date of the annual report.

The biographical details of each of the Directors are set out in the section headed "Directors and Senior Management" of the annual report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through their active participation in Board meetings and serving on various Board committees, all INEDs continue to make various contributions to the Company.

Throughout the year ended 31 July 2025 and up to the date of the annual report, the Company fulfilled the requirements set out in Rules 3.10 and 3.10A of the Listing Rules that the Board must include at least three INEDs and they must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

Each of the INEDs has served the Board for approximately eight years and has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Based on the said confirmations and the assessment by reference to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee confirmed that all of them remain independent. The Board is also of the view that all INEDs are independent in accordance with the independence criteria as set out in Rule 3.13 of the Listing Rules.

Mechanism for Independent Views and Input to the Board

The Company has established its mechanisms to ensure that independent views and input are available to the Board. Directors are encouraged to proactively and feel at ease to express his/her independent views and input to the Board. The Chairman always promotes a culture of openness and debate by facilitating the effective communication of the non-executive Directors (including INEDs) in particular. All Directors are given an opportunity to include matters in the agenda for Board meetings. The Chairman at least annually holds meetings with the INEDs without the presence of other Directors. When necessary, INEDs can request for additional meeting(s) with the Chairman individually or jointly with other INEDs to express their views and input. The Nomination Committee of the Board assesses the independence of the INEDs annually to ensure that they can continually exercise independent judgement. Directors are required to declare interest in the matters for consideration at Board meetings. Directors, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them in the performance of their duties to the Company. The Board also sets up procedures for Directors to seek independent professional advice. In July 2025, the Chairman met INEDs without presence of other Directors as required under the mechanisms and Code Provision C.2.7.

After reviewing the above, the Board considers that the mechanisms were effectively implemented during the year ended 31 July 2025.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors regarding any non-compliance with the Model Code. All the Directors have confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 July 2025.

The Model Code is also applicable to dealings in the securities of the Company by other employees of the Group who, because of their offices or employments in the Group, are likely to be in possession of inside information in relation to the securities of the Company.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of his/her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The Company from time to time funds and arranges suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses.

During the year ended 31 July 2025, the record of the trainings of the Directors is set out in the table below.

	Type of trainings	
	Attending training sessions, including but not limited to, seminars, briefings, conferences, forums, webcast training and workshops relevant to regulatory and governance updates	Reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities
Mr. CHOW Luen Fat	✔	✔
Ms. LIU Shuk Yee	✔	✔
Ms. NG Wai Ying	✔	✔
Ms. CHENG Ju Wen	✔	✔
Sir KWOK Siu Man KR	✔	✔
Mr. LAW Tze Lun	✔	✔
Dr. WONG Man Hin Raymond	✔	✔

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing on 27 July 2023.

Each of the non-executive Directors (including INEDs) has entered into a letter of appointment with the Company for a term of one year commencing on 27 July 2025.

All the Directors, including INEDs, are subject to retirement by rotation and, being eligible, may offer themselves for re-election in accordance with the Articles of Association. At each annual general meeting of the Company ("AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the first AGM after his/her appointment and shall then be eligible for re-election.

Nomination Policy

The Board has formalised its existing practices into a Nomination Policy. The Nomination Policy sets out the criteria, procedures and process for the selection, appointment and re-election of the Directors.

The Nomination Committee, if having consideration of the current Board composition and size and shareholder structure of the Company, recommends the addition of new director, or at the time where casual vacancy arises, shall determine the required skill set, relevant expertise and experience for the new director.

The Nomination Committee may invite nominations of candidates from Board members for its consideration prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

The Nomination Committee will consider, among others, the following factors when assessing the suitability of a proposed candidate:

- reputation for integrity;
- accomplishment and experience (in particular those with expertise in the industry or listed companies);
- commitment in terms of time and interest;
- gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- potential contribution to board diversity;
- independence with reference to the independence guidelines set out in the Listing Rules if the potential candidates will be appointed as INEDs; and
- number of directorships in other listed/public companies if the potential candidates will be appointed as INEDs.

The Nomination Committee has the discretion to nominate any person as it considers appropriate. Once the Nomination Committee agrees on a preferred candidate, for new addition to the Board or filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval; whereas for proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

In cases of re-election of existing Directors who will retire at AGMs, the Nomination Committee will review, among others, the performance, independence (in the case of INED), skill, knowledge, experience, capability and various diversity aspects of the retiring Directors in the industry or listed companies and make recommendations to the Board accordingly.

Board Diversity Policy

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experiences and varying perspectives appropriate for the Company's business. The Board Diversity Policy adopted by the Board sets out all measurable objectives to achieve and maintain diversity on the Board to enhance effectiveness of the Board.

All Board appointments are made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates are based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

After reviewing the Board Diversity Policy, the Nomination Committee considers that it was effectively implemented during the year ended 31 July 2025.

BOARD MEETINGS AND ATTENDANCE RECORDS

The Board is scheduled to meet at least four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the Board meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The company secretary of the Company (the "Company Secretary") is responsible for recording and keeping all minutes of Board meetings. Draft and final versions of the minutes will be circulated to all Directors for their comments and records respectively within a reasonable time after each Board meeting and the final version is open for the Directors' inspection.

During the year ended 31 July 2025, four Board meetings were held. The attendance of each Director at Board meetings is as follows:

	No. of attendance/No. of meetings
Mr. CHOW Luen Fat	4/4
Ms. LIU Shuk Yee	4/4
Ms. NG Wai Ying	4/4
Ms. CHENG Ju Wen	4/4
Sir KWOK Siu Man KR	3/4
Mr. LAW Tze Lun	4/4
Dr. WONG Man Hin Raymond	4/4

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chow Luen Fat is the Chairman and the chief executive officer of the Company. In view of the fact that Mr. Chow Luen Fat is one of the founders of the Group and has been operating and managing the Group since its establishment in 2001, all the other Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Chow Luen Fat is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision C.2.1.

Mr. Chow Luen Fat provides leadership to the Company and is responsible for overall management, strategic planning and supervision of operations of the Group.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee with their respective written terms of reference which deal clearly with their authority and duties. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference of the Board committees are posted on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Audit Committee was established on 30 June 2017 with written terms of reference in compliance with the Code Provisions. It comprises three INEDs, namely Mr. Law Tze Lun (chairman of the Audit Committee), Sir Kwok Siu Man KR and Dr. Wong Man Hin Raymond.

The duties of the Audit Committee include, but not limited to, reviewing the Group's financial reports, internal control and risk management systems in order to ensure the presentation of a true and balanced assessment of the Group's financial position and corporate governance, reviewing the effectiveness of the Company's internal audit function, making recommendation to the Board on the appointment of auditor, and reviewing financial and accounting policies and practices adopted by the Group.

The Audit Committee shall meet with the Company's external auditor at least twice a year. During the year ended 31 July 2025, three Audit Committee meetings were held. At the meetings, the Audit Committee met the Company's external auditor and, among other matters, (i) reviewed the report from the external auditor regarding the audit on the Group's annual consolidated financial statements for the year ended 31 July 2024; (ii) reviewed the annual and interim results announcements and reports for the year ended 31 July 2024 and for the six months ended 31 January 2025, respectively; (iii) discussed with the Management and the external auditor the issues concerning the accounting policies and practices which may affect the Group, along with financial reporting matters; (iv) reviewed the risk management and internal control systems; (v) made recommendation to the Board on the re-appointment of auditor; and (vi) reviewed the internal control review reports from the external consultant.

The attendance of each member at the Audit Committee meetings is as follows:

	No. of attendance/No. of meetings
Mr. LAW Tze Lun *(Committee Chairman)*	3/3
Sir KWOK Siu Man KR	2/3
Dr. WONG Man Hin Raymond	3/3

The annual report for the year ended 31 July 2025 has been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee was established on 30 June 2017 with written terms of reference in compliance with the Code Provisions. The Remuneration Committee comprises three INEDs, namely Dr. Wong Man Hin Raymond (chairman of the Remuneration Committee), Sir Kwok Siu Man KR and Mr. Law Tze Lun.

The duties of the Remuneration Committee include, but not limited to, making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the Remuneration Policy, assessing performance of executive Directors and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the year ended 31 July 2025, one Remuneration Committee meeting was held. At the meeting, the Remuneration Committee, among other matters, reviewed and recommended to the Board for consideration the Remuneration Policy and certain remuneration-related matters of the Directors and senior management.

The attendance of each member at the Remuneration Committee meeting is as follows:

	No. of attendance/No. of meetings
Dr. WONG Man Hin Raymond *(Committee Chairman)*	1/1
Sir KWOK Siu Man KR	1/1
Mr. LAW Tze Lun	1/1

Nomination Committee

The Nomination Committee was established on 30 June 2017 with written terms of reference in compliance with the Code Provisions. Its terms of reference were revised on 21 March 2025 to the effect that, among others, at least one member of the Nomination Committee should be of a different gender in compliance with new Code Provision which took effect from 1 July 2025. It currently comprises three INEDs, namely Sir Kwok Siu Man KR (chairman of the Nomination Committee), Mr. Law Tze Lun, Dr. Wong Man Hin Raymond and an executive Director, Ms. Ng Wai Ying. Ms. Ng Wai Ying was appointed as a member of the Nomination Committee during the year ended 31 July 2025. The Nomination Committee meets the gender diversity requirement under Code Provision B.3.5.

The duties of the Nomination Committee include, but not limited to, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, monitoring and reviewing the implementation of the Company's Nomination Policy and Board Diversity Policy, and reviewing the measurable objectives that the Board has set for implementing the Company's Board Diversity Policy.

During the year ended 31 July 2025, one Nomination Committee meeting was held. At the meeting, the Nomination Committee, among other matters, (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the INEDs; (iii) reviewed the effectiveness of the Board Diversity Policy; and (iv) reviewed the particulars of the retiring Directors, their various diversity aspects and performance and recommended to the Board for consideration their re-election at the 2024 AGM.

The attendance of each member at the Nomination Committee meeting is as follows:

	No. of attendance/No. of meetings
Sir KWOK Siu Man KR *(Committee Chairman)*	1/1
Mr. LAW Tze Lun	1/1
Dr. WONG Man Hin Raymond	1/1
Ms. NG Wai Ying *(appointed on 21 March 2025)*	N/A*

* No Nomination Committee meeting was held during the period from 21 March 2025 to 31 July 2025.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for establishing, maintaining and implementing good corporate governance practices and procedures of the Company. The Corporate Governance Policy adopted by the Board provides benchmarks and best practice guidance for the implementation of good corporate governance. Under the Corporate Governance Policy, the Board is required to perform, among others, the corporate governance duties set out in the Code Provisions.

During the year ended 31 July 2025, the Board (i) reviewed the mechanisms for independent views and input to the Board; (ii) reviewed and monitored the training and continuous professional development of the Directors and senior management; (iii) conducted an annual review of the Shareholders' Communication Policy; and (iv) reviewed the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report.

The Board periodically reviews the Corporate Governance Policy with a view to continuously improving the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the year ended 31 July 2025 are set out in note 13 to the consolidated financial statements. The remuneration of the Directors is determined by reference to the Group's operating results, as well as the responsibilities, duties and individual performance of the Directors.

Pursuant to Code Provision E.1.5, the remuneration of the members of the senior management (other than the Directors), whose particulars are contained in the section headed "Directors and Senior Management" of the annual report, for the year ended 31 July 2025 by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	1

INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid or payable to RSM Hong Kong, being the independent auditor of the Company, in respect of the audit services of the Group's financial statements for the year ended 31 July 2025 amounted to HK$0.8 million.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company, which give a true and fair view of the state of affairs of the Group. In preparing such financial statements, it is fundamental that appropriate accounting policies are selected and applied consistently. The Directors were 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. A discussion and analysis of the Group's performance, the explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives are set out in the section headed "Chairman's Statement" on pages 6 and 7 and the MD&A from pages 8 to 12 of the annual report.

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report from pages 45 to 51 of the annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control 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 material misstatement or loss.

The Board is currently of the view that there is no immediate need to set up an internal audit function within the Group considering the Group's size, nature and complexity of operations. The Board will review the need for an internal audit function on an annual basis.

The Board has delegated to the Audit Committee the responsibility for providing oversight of risk management and internal control systems. The Audit Committee should discuss the risk management and internal control systems with Management to ensure that Management has established and maintained appropriate and effective risk management and internal control systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Audit Committee should also consider performing investigation on major findings on risk management and internal control matters as delegated by the Board.

To facilitate the Board and the Audit Committee in overseeing the risk management and internal control systems of the Group and to conduct an annual review on their effectiveness covering all material controls, including financial, operational and compliance controls as well as risk management for the year ended 31 July 2025, the Group engaged an external consultant, BT Corporate Governance Limited, to assist in identifying and assessing the risks of the Group through a series of interviews, and conduct an internal control review on the adequacy and effectiveness of the risk management and internal control systems of the Group. Through the risk identification and assessment processes, risks are identified, assessed and prioritised, and treatments are allocated. The relevant risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and Management to manage the risks of the Group effectively. The internal control review covers certain business cycles and procedures undertaken by the Group, and makes recommendations for improving and strengthening the internal control system. For the year ended 31 July 2025, no significant area of concern that may affect the financial, operational and compliance controls and risk management of the Group has been identified. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board also considers that the resources, staff qualifications and experience of relevant staff are adequate and the training programs and budget provided are sufficient.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

The Environmental, Social and Governance Report of the Group for the year ended 31 July 2025 has been prepared according to the Environmental, Social and Governance Reporting Code under Appendix C2 to the Listing Rules and will be published as a separate report at the same time as the publication of the annual report for the year ended 31 July 2025.

DISCLOSURE OF INSIDE INFORMATION

The Company acknowledges its responsibility for ensuring that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the SFO, Listing Rules and all applicable laws, rules and regulations. Procedures and internal controls for handling and dissemination of inside information are in place, which include, but not limited to, conducting the Group's affairs with close regard to the disclosure requirement under the SFO, Listing Rules and all applicable laws, rules and regulations; taking all reasonable steps to maintain strict confidentiality of inside information until it is announced; and establishing and implementing procedures for responding to external enquiries about the Group's affairs. The executive Directors, the Company Secretary and the financial controller of the Company are authorised to communicate with parties outside the Group regarding dissemination of inside information.

DIVIDEND POLICY

The Board has adopted a Dividend Policy since 2017, which will be subject to review on a regular basis. The Group does not have any pre-determined dividend distribution ratio. The declaration or recommendation of any dividends depends on the results of operations, cash flows and financial condition, cash requirements and other relevant factors that the Directors deem relevant from time to time. Dividends may be paid only out of the Company's distributable reserves as permitted under the relevant laws, rules and regulations. Final dividend for any financial year will in addition be subject to Shareholders' approval.

COMPANY SECRETARY

The Company Secretary is Ms. Ng Wai Ying ("Ms. Ng"), whose biographical details are set out on page 14 of the annual report. Ms. Ng has sound understanding of the operations of the Board and the Group. During the year ended 31 July 2025, Ms. Ng has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules. As the Company Secretary, Ms. Ng has been reporting to the Chairman who is also the chief executive officer of the Company. All members of the Board have access to her advice and services. The appointment and removal of the Company Secretary are subject to the Board's approval.

WORKFORCE DIVERSITY

The Group values the diversity of its employees and is committed to establishing a diverse and inclusive workplace. The Workforce Diversity Policy of the Group sets out its commitment to creating an inclusive and supportive working environment for its employees, such that individual differences are respected and employees are treated with dignity, as well as its commitment to fostering gender empowerment, gender equality and gender diversity across its workforce, and providing equal opportunities in relation to recruitment, training and development, compensation, and career and promotion opportunities. The Group also from time to time provides training to its employees on diversity and inclusion-related topics.

The workforce of the Group comprises full-time management, office employees, technicians and operators, of which technicians and operators represent approximately 70% of the total workforce. Male members represent 25% of the senior management and male staff represents approximately 82% of the total workforce (excluding senior management). The Board considers that capability is more important than gender and due to the Group's business nature and the workforce availability in the market for technicians and operators, the Board is of the view that any plan or measurable objectives for achieving a gender diversity across the workforce is not necessary. More details about the workforce diversity are contained in the Environmental, Social and Governance Report which will be published at the same time as the publication of the annual report for the year ended 31 July 2025. The Board reviews the Group's Workforce Diversity Policy regularly.

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

There are no provisions allowing Shareholders to make proposals or move resolutions at the AGMs under the Memorandum and Articles of Association of the Company or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

According to Article 58 of the Articles of Association, any one or more Shareholders (including a recognised clearing house (or its nominees)) holding as at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition and add resolutions to the EGM agenda.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently D.D. 111, Lot No. 117, Sheung Che Village, Pat Heung, Yuen Long, New Territories, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding(s) in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the Company's branch share registrar in Hong Kong will verify the identity and shareholding(s) of the Eligible Shareholder(s). If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to hold an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the requisitionist(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures for Shareholders to Send Enquires to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong (presently at D.D. 111, Lot No. 117, Sheung Che Village, Pat Heung, Yuen Long, New Territories, Hong Kong) for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward for consideration the communications relating to:

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

COMMUNICATION WITH THE SHAREHOLDERS

The Board is committed to maintaining an on-going dialogue with Shareholders. The Company has adopted a Shareholders' Communication Policy with the objective of ensuring that appropriate steps are taken to provide effective communication with the Shareholders. The Board reviews the implementation and effectiveness of the Shareholders' Communication Policy on an annual basis.

Information of the Company are provided in various forms, such as announcements, annual and interim reports, circulars and corporate notices, etc., under the Listing Rules and published on the respective websites of the Stock Exchange and the Company in a timely manner. Shareholders may choose to receive printed copies of corporate communication (as defined under the Listing Rules) or notification of publication of corporate communication; or provide their email addresses for receiving notifications of publication of corporate communication electronically.

AGM is a principal communication channel with Shareholders. Shareholders have the opportunity to communicate face to face/directly with the Directors. To ensure an effective communication with Shareholders, the Chairman, the respective chairmen or members of the Audit Committee, the Remuneration Committee and the Nomination Committee, and representatives of the external auditor of the Company will attend AGMs to answer questions raised by Shareholders. The executive Directors, Mr. Chow Luen Fat, Ms. Liu Shuk Yee, Ms. Ng Wai Ying and the non-executive Director, Ms. Cheng Ju Wen attended the 2024 AGM in person and the INEDs, Sir Kwok Siu Man KR, Mr. Law Tze Lun and Dr. Wong Man Hin Raymond attended the 2024 AGM by electronic means. At the 2024 AGM, the Company Secretary provided an explanation of the detailed procedures for conducting a poll and the Shareholders were provided opportunities to raise questions on voting by poll and other matters concerned.

The Articles of Association also allows the Company to convene and hold electronic or hybrid general meetings of the Shareholders so that Shareholders can attend and participate in the meetings either in person or virtually.

The Company's website is another principal communication channel with Shareholders. In addition to the information and documents published on the Company's website as required under the Listing Rules, information on the Group's products, services, projects and activities is also available on the Company's website. Information on the Company's website is updated on a regular basis.

The Shareholders' Communication Policy also provides procedures for Shareholders to send enquires to the Board as described in the above section headed "Shareholders' Rights".

After reviewing the above, the Board considers that the Shareholders' Communication Policy was effectively implemented during the year ended 31 July 2025.

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the year ended 31 July 2025.

The Memorandum and Articles of Association of the Company is available on the respective websites of the Stock Exchange and the Company.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF TAK LEE MACHINERY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tak Lee Machinery Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 52 to 115, which comprise the consolidated statement of financial position as at 31 July 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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. The key audit matters we identified are:

1. Estimation of net realisable value of inventories
2. Impairment assessment of trade and lease receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of net realisable value of inventories	Our procedures in relation to the estimation of net realisable value included:
Refer to notes 4(g) and 19 to the consolidated financial statements respectively. As at 31 July 2025, the carrying amount of the Group's inventories amounted to approximately HK$98,657,000, net of allowance for inventories of approximately HK$10,841,000, which represented 20.1% of the Group's total assets. Inventories are carried at the lower of cost and net realisable value. Net realisable value is determined based on the estimated selling price less the estimated costs of completion, if relevant, other costs necessary to make the sale for attachment and spare parts. We focused on this area because of the significance of the inventories balance and the management judgements involved in identifying inventories subject to write-down and determining their net realisable value.	• Obtaining an understanding of the internal control and assessment process of allowance for inventories and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Testing the effectiveness of the controls over the estimated net realisable value of inventories, including the review of historical sales data and the calculation of inventory valuation allowance; • Performing a retrospective review by comparing subsequent actual realised value with historical estimates to assess the effectiveness of management's evaluation process; • Noting any slow moving and obsolete inventories during our attendance of the physical inventory counts at year end; • Testing inventories to assess if they are stated at the lower of cost or net realisable value by comparing the actual sales value to the carrying value of selected samples of inventories; • Testing the accuracy of the Group's inventory aging analysis, on a sample basis, to purchase invoices; and • Challenging management's assessment of the adequacy of the inventory valuation allowance based on the results of our procedures.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade and lease receivables Refer to notes 4(k), 4(s) and 20 to the consolidated financial statements respectively. As at 31 July 2025, the carrying amount of the Group's trade and lease receivables amounted to approximately HK$58,766,000, net of allowance for doubtful debts of approximately HK$3,907,000 which represented 12.0% of the Group's total assets. The Group's trading terms with customers are ranged from cash on delivery to 90 days, depending on the creditworthiness of customers and the existing relationship with the Group. Loss allowances for trade and lease receivables are based on management's estimate of the lifetime expected credit losses ("ECL") to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue, customers' repayment history and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the recoverability of trade and lease receivables as key audit matter because the assessment of the recoverability of trade and lease receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our procedures in relation to the impairment assessment of trade and lease receivables included: • Understanding and evaluating the design and implementation of key controls over the collection and the impairment assessment of the trade and lease receivables, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Challenging management's basis and judgement in determining ECL on trade and lease receivables as at 31 July 2025, including the basis of individual assessment, the reasonableness of management's grouping of trade and lease receivables into different categories, and the basis of estimated loss rate applied in each category (with reference to historical default rates and forward-looking information); • Performing a retrospective review to evaluate the outcome of prior period assessment of ECL of trade and lease receivables to assess the effectiveness of management's estimation process; • Engaging our external valuation expert as auditor's expert to assist in reviewing the calculation model on the ECL of trade and lease receivables prepared by management's expert, in particular the underlying assumptions and methodology adopted;

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade and lease receivables (continued)	Our procedures in relation to the impairment assessment of trade and lease receivables included: (continued) • Evaluating the independence, competence, capabilities and objectivity of the management and auditor's expert; • Testing the accuracy and completeness of the data used by the management's expert, on a sample basis, to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data; • Testing the accuracy of the aging of trade and lease receivables, on a sample basis, to supporting documents; • Inspecting subsequent settlement of the trade and lease receivables, on a sample basis, to bank receipt slips; and • Testing the calculation of ECL provisions applying the provision rates to the age categories of the trade and lease receivables outstanding at the reporting date.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 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 Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Tak Man, Stephen (practicing certificate number: P01727).

RSM Hong Kong
Certified Public Accountants
Hong Kong
20 October 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	7	330,652	279,335
Cost of revenue	8	(262,902)	(222,018)
Gross profit		67,750	57,317
Other income and other gains and losses	7	5,545	402
Reversal of allowance/(allowance) for trade and lease receivables		2,741	(3,203)
Administrative and other operating expenses		(42,237)	(42,058)
Profit from operations		33,799	12,458
Finance costs	9	(178)	(1,082)
Profit before tax		33,621	11,376
Income tax expense	10	(5,458)	(4,290)
Profit and total comprehensive income for the year attributable to owners of the Company	11	28,163	7,086
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Remeasurement gains on defined benefit obligations		52	–
Other comprehensive income for the year, net of tax		52	–
Total comprehensive income for the year attributable to owners of the Company		28,215	7,086
Earnings per share			
– Basic and diluted (HK cents per share)	15	2.82	0.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 July 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	16	144,693	149,214
Right-of-use assets	17	17,876	21,906
Investment property	18	13,000	14,021
		175,569	185,141
Current assets			
Inventories	19	98,657	134,513
Trade and lease receivables	20	58,766	81,631
Prepayments, deposits and other receivables	21	39,357	15,021
Current tax assets		–	1,630
Bank and cash balances	22	118,515	73,765
		315,295	306,560
Current liabilities			
Trade payables	23	1,495	4,303
Other payables and accruals	23	6,699	7,730
Contract liabilities	23	9,428	8,729
Lease liabilities	24	1,510	3,499
Current tax liabilities		6,669	–
		25,801	24,261
Net current assets		289,494	282,299
Total assets less current liabilities		465,063	467,440
Non-current liabilities			
Lease liabilities	24	918	2,265
Deferred tax liabilities	25	21,192	21,448
Provision	26	1,011	–
		23,121	23,713
NET ASSETS		441,942	443,727
Capital and reserves			
Share capital	27	10,000	10,000
Reserves	29	431,942	433,727
TOTAL EQUITY		441,942	443,727

Approved by the Board of Directors on 20 October 2025 and are signed on its behalf by:

Mr. Chow Luen Fat
Director

Ms. Ng Wai Ying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2025

	Share capital HK$'000	Share premium HK$'000 *(Note 29(b)(i))*	Merger reserve HK$'000 *(Note 29(b)(ii))*	Retained earnings HK$'000	Total HK$'000
At 1 August 2023	10,000	92,661	2,620	336,360	441,641
Profit and total comprehensive income for the year	–	–	–	7,086	7,086
Payment of 2023 final dividend *(Note 14)*	–	–	–	(5,000)	(5,000)
At 31 July 2024 and 1 August 2024	10,000	92,661	2,620	338,446	443,727
Profit and total comprehensive income for the year	–	–	–	28,215	28,215
Payment of 2024 final dividend *(Note 14)*	–	–	–	(15,000)	(15,000)
Payment of 2025 interim dividend *(Note 14)*	–	–	–	(15,000)	(15,000)
At 31 July 2025	10,000	92,661	2,620	336,661	441,942

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2025

	Note	2025 HK$'000	2024 HK$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		33,621	11,376
Adjustments for:			
(Reversal of allowance)/allowance for trade and lease receivables	6(b)(i)	(2,741)	3,203
Allowance for prepayments		69	187
Allowance for inventories, net	19	3,455	5,470
Depreciation on property, plant and equipment	16	31,229	31,422
Depreciation on right-of-use assets	17	4,233	5,504
Depreciation on investment property	18	612	612
Impairment on investment property	18	409	–
Provision for long service payment	26	1,063	–
(Reversal of impairment)/impairment on property, plant and equipment, net	16	(24)	490
Net gain on disposals of property, plant and equipment	7	(36)	(895)
Write-off of property, plant and equipment	7	–	6
Interest income	7	(1,456)	(40)
Finance costs	9	178	1,082
Unrealised foreign exchange (gain)/loss, net		(153)	620
Operating profit before working capital changes		70,459	59,037
Decrease in trade and lease receivables		25,606	18,251
Decrease/(increase) in inventories		18,415	(10,460)
Increase in prepayments, deposits and other receivables		(36,829)	(11,172)
Decrease in trade payables		(2,831)	(6,096)
(Decrease)/increase in other payables and accruals		(1,031)	437
Increase in contract liabilities		699	7,022
Cash generated from operations		74,488	57,019
Hong Kong Profits Tax refunded/(paid)		2,585	(9,394)
Finance costs paid		(178)	(1,082)
Net cash generated from/(used in) operating activities		76,895	46,543

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2025

	Note	2025 HK$'000	2024 HK$'000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	16	(2,768)	(5,204)
Proceeds from disposal of property, plant and equipment		2,530	1,274
Interest received		1,456	40
Net cash generated from/(used in) investing activities		1,218	(3,890)
CASH FLOW FROM FINANCING ACTIVITIES			
Principal elements of lease payments	30(b)	(3,539)	(4,745)
Bank borrowings raised	30(b)	–	23,936
Repayment of bank borrowings	30(b)	–	(29,412)
Dividends paid	14	(30,000)	(5,000)
Net cash used in financing activities		(33,539)	(15,221)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		176	(689)
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,750	26,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		73,765	47,022
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		118,515	73,765
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		118,515	73,765

1. GENERAL INFORMATION

Tak Lee Machinery Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands on 11 December 2015. Its shares were initially listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 July 2017 and were transferred from GEM to the Main Board of the Stock Exchange on 6 October 2020. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The address of its principal place of business is D.D.111, Lot No. 117, Sheung Che Village, Pat Heung, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") now comprising the Group are principally engaged in the trading of heavy equipment and spare parts, the leasing of heavy equipment, and the provision of machine operators, repair, logistics and other ancillary services in Hong Kong. Details of the principal activities of its subsidiaries are set out on Note 34 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HKD") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

In the opinion of the directors of the Company, Generous Way Limited ("Generous Way"), a company incorporated in the British Virgin Islands ("BVI"), is the immediate and ultimate parent, and Mr. Chow Luen Fat ("Mr. Chow") and Ms. Cheng Ju Wen ("Ms. Cheng") are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 August 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“HK Int 5”)(Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (continued)

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 July 2025 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation that are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the adoption of HKFRS 18 "Presentation and Disclosure in Financial Statements".

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to provide more relevant information and transparency to users. Even though this new HKFRS Accounting Standard will not impact the recognition or measurement of items in the financial statements, it introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, and (ii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 July. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Foreign currency translation

(i) 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 Hong Kong dollars ("HKD"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, for rental to others, or for administrative purpose. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the lease term
Plant and machinery	10% – 33%
Machinery for lease	10% or 24%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	30% – 37.5%

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

The Group, in the course of its ordinary activities, sells its machinery from time to time that it has held for leasing income. Such assets will be transferred to inventories at their carrying amount when they cease to be leased and become held for sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The property is depreciated over its estimated useful life using the straight-line method, at the rate of 3.95% per annum.

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 4(n).

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Leases (continued)

(i) The Group as a lessee (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by individual lessee, which do not have recent third-party financing, and

- makes adjustments specific to the lease including term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Leases (continued)

(i) The Group as a lessee (continued)

Refundable rental deposits paid are accounted under HKFRS 9 and 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.

The lease liability is remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

When the Group is an intermediate lessor, the subleases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 4(f)(i) to the consolidated financial statements, then the Group classifies the sub-lease as an operating lease.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is determined using the first-in-first-out basis except for machinery and breaker which are determined on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

(i) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (“FVTPL”)) 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 FVTPL are recognised immediately in profit or loss.

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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(k) Trade and lease and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and lease receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and lease receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Equity instruments

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

(n) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of heavy equipment and spare parts is recognised at a point in time when control of the goods has transferred to a customer, which generally coincides with the time when the goods picked up by logistics company designated by customer or the Group arrange for logistics company on behalf of customer at their own risk and costs or the Group has objective evidence that all criteria for acceptance have been satisfied.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) Revenue and other income (continued)

Revenue recognition for leasing of heavy equipment is recognised over the time on a straight-line basis over the term of the relevant lease.

Service income from the provision of machine operators is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Service income from the provision of repair and other ancillary services is recognised at a point in time when services rendered, and the Group has present right to payment and the collection of the consideration is probable.

Service income from the provision of logistics is recognised over the time when the service is performed.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income is recognised as it accrues using the effective interest method.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service 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)

(o) Employee benefits (continued)

(ii) Pension obligations – defined contribution plans

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Post employment benefits

The Group has a defined benefit plan for long service payment ("LSP") under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's Mandatory Provident Fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, and the effect of any asset ceiling (excluding interest), are recognised immediately in other comprehensive income. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iv) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation expense.

(q) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and lease receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and lease receivables. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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

– 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 for a particular financial instrument;

– 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;

– significant increases in credit risk on other financial instruments of the same debtor; or

– 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 on a financial asset 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.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– 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 analysis, 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and lease receivables, when the amounts are over three 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. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Impairment of financial assets (continued)

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivables in accordance with HKFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in Note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 "Financial Instruments" does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(a) Net realisation value of inventories

The Group's management writes down for slow moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Inventory will be written down where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgment and estimates in inventory provision policy. Where the expectation is different from the original estimate, such difference will impact carrying value of the inventories and revision on the amount of inventories written down in the period in which such estimate has been changed.

In making this estimation, the Group's management carry out an inventory review on a category-by-category basis at the end of each reporting period. During the year, certain inventories written down in prior years have been sold. The Group recognised reversal of write-down of inventory of approximately HK$2,578,000 (2024: HK$97,000) for the year.

(b) Impairment of trade and lease receivables

The Group uses practical expedient in estimating ECL on trade and lease receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and 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 the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and lease receivables are disclosed in Note 6(b).

As at 31 July 2025, the carrying amount of trade and lease receivables was approximately HK$58,766,000 (net of allowance for doubtful debts of HK$3,907,000) (2024: HK$81,631,000 (net of allowance for doubtful debts of HK$6,648,000)).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, United States Dollars ("USD") and Japanese Yen ("JPY"). The Group currently does not have a formal foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained earnings in response to reasonably possible changes in the foreign exchange rates of JPY to which the Group has significant exposure at the end of the year. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the change taking place at the beginning of the year and held constant throughout the year.

	Increase/(decrease) in foreign exchange rates	Effect on profit after tax and retained earnings HK$'000
At 31 July 2025		
JPY	3%	597
JPY	(3)%	(597)
At 31 July 2024		
JPY	7%	324
JPY	(7%)	(324)

As HKD is pegged to USD, the directors considered that the foreign currency risk exposure between HKD and USD is limited.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and lease receivables) and from its financing activities, including deposits with banks and financial institutions.

(i) Credit risk of trade and lease receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, none (2024: 9.4%) and 10.6% (2024: 22.9%) of the trade and lease receivables was due from the Group's largest customer and the five largest customers respectively.

The Group has policies and procedures to monitor the collection of the trade and lease receivables to limit the exposure to non-recovery of the receivables. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and lease receivables are usually due within a range from cash on delivery to 90 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade and lease receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk of trade and lease receivables (continued)

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

At 31 July 2025	ECL rate	Gross carrying amount	ECL amount	Net carrying amount
	%	HK$'000	HK$'000	HK$'000
Rental segment				
Collective assessment				
– Current	0.01	17,375	(1)	17,374
– 1 to 90 days	0.01	11,854	(1)	11,853
– 91 to 180 days	0.03	3,799	(1)	3,798
– 181 to 365 days	0.10	3,833	(4)	3,829
– Over 365 days	0.00	12	–[(i)]	12
Individual assessment	59.30	5,747	(3,408)	2,339
Sub-total		42,620	(3,415)	39,205
Sales segment				
Collective assessment				
– Current	0.29	6,794	(20)	6,774
– 1 to 90 days	0.29	6,119	(18)	6,101
– 91 to 180 days	0.89	1,806	(16)	1,790
– 181 to 365 days	1.82	4,901	(89)	4,812
– Over 365 days	–	–	–	–
Individual assessment	80.60	433	(349)	84
Sub-total		20,053	(492)	19,561
Total		62,673	(3,907)	58,766

(i) Represent the amount less than HK$1,000

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk of trade and lease receivables (continued)

The following table provided information about the Group's exposure to credit risk and ECL for trade and lease receivables: (continued)

At 31 July 2024	ECL rate %	Gross carrying amount HK$'000	ECL amount HK$'000	Net carrying amount HK$'000
Rental segment				
Collective assessment				
– Current	2.10	19,685	(414)	19,271
– 1 to 90 days	2.45	11,078	(271)	10,807
– 91 to 180 days	5.52	4,691	(259)	4,432
– 181 to 365 days	13.17	486	(64)	422
– Over 365 days	33.33	3	(1)	2
Individual assessment	22.26	19,944	(4,439)	15,505
Sub-total		55,887	(5,448)	50,439
Sales segment				
Collective assessment				
– Current	0.34	5,832	(20)	5,812
– 1 to 90 days	0.45	12,124	(55)	12,069
– 91 to 180 days	1.15	8,707	(100)	8,607
– 181 to 365 days	1.58	1,014	(16)	998
– Over 365 days	7.32	41	(3)	38
Individual assessment	21.52	4,674	(1,006)	3,668
Sub-total		32,392	(1,200)	31,192
Total		88,279	(6,648)	81,631

The impairment of trade and lease receivables included the amount of specific trade and lease receivable which is considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full.

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk of trade and lease receivables (continued)

Movement in the loss allowance for trade and lease receivables during the year is as follows:

	2025 HK$'000	2024 HK$'000
At 1 August	6,648	3,499
Written off	–	(54)
(Reversal of allowance)/allowance recognised for the year	(2,741)	3,203
At 31 July	3,907	6,648

(ii) Credit risk of bank and cash balances

For bank and cash balances, the Group has assessed that they are mainly placed with banks with high credit rating with no recent history of default in relation to these financial institutions and concluded that the ECL rate for these balances is immaterial.

(c) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Maturity Analysis – undiscounted cash outflows					
	Less than 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 July 2025						
Trade payables	1,495	–	–	–	1,495	1,495
Other payables and accruals	6,699	–	–	–	6,699	6,699
Lease liabilities	1,595	930	–	–	2,525	2,428
At 31 July 2024						
Trade payables	4,303	–	–	–	4,303	4,303
Other payables and accruals	7,730	–	–	–	7,730	7,730
Lease liabilities	3,673	1,489	869	–	6,031	5,764

(d) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits. These deposits bear interest at variable rates that vary with the then prevailing market condition.

(e) Categories of the financial instruments at 31 July

	2025 HK$'000	2024 HK$'000
Financial assets:		
Financial assets at amortised cost	184,531	156,809
Financial liabilities:		
Financial liabilities at amortised cost	8,194	12,033
Lease liabilities	2,428	5,764

6. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE AND SEGMENT INFORMATION

Revenue and other income and other gains and losses recognised during the year are as follows:

Disaggregation of revenue from contracts with customers

	Sales of heavy equipment and spare parts HK$'000	Provision of machine operators HK$'000	Provision of repair, logistics and other ancillary services HK$'000	Total HK$'000
For the year ended 31 July 2025				
Timing of revenue recognition				
A point in time	208,617	–	12,963	221,580
Over time	–	21,191	612	21,803
Total	208,617	21,191	13,575	243,383
For the year ended 31 July 2024				
Timing of revenue recognition				
A point in time	158,430	–	15,197	173,627
Over time	–	20,999	429	21,428
Total	158,430	20,999	15,626	195,055

The original expected duration for the above contracts with customers is one year or less. As permitted under HKFRS 15 (para 121), the transaction price allocated to these unsatisfied contracts is not disclosed.

7. REVENUE AND SEGMENT INFORMATION (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the total revenue of the Group.

	2025 HK$'000	2024 HK$'000
Sales of heavy equipment and spare parts	208,617	158,430
Provision of machine operators	21,191	20,999
Provision of repair, logistics and other ancillary services	13,575	15,626
Revenue from contracts with customers	243,383	195,055
Lease of heavy equipment	87,269	84,280
Total revenue	330,652	279,335

	2025 HK$'000	2024 HK$'000
Other income and other gains and losses		
Compensation income from suppliers	732	464
Net gain on disposals of property, plant and equipment	36	895
Interest income	1,456	40
Foreign exchange gain/(loss), net	82	(1,982)
Government grants *(Note)*	3,167	462
Write-off of property, plant and equipment	–	(6)
Impairment loss on investment property	(409)	–
Others	481	529
	5,545	402

Note:

Government grants mainly relate to various subsidies related to employment and procurement supported from the government. The Group has complied all attached conditions before 31 July 2025.

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

Information reported to the Chief Executive Officer of the Group (the "CEO"), being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered, or service provided. The CEO has chosen to organise the Group's results according to the category of the business segment and differences in nature of the goods and services that each segment delivers.

The Group has three operating segments as follows:

Sales of heavy equipment and spare parts	–	Trading of heavy equipment and spare parts in Hong Kong
Lease of heavy equipment	–	Leasing of heavy equipment and provision of machine operators in Hong Kong
Repair, logistics and other ancillary services	–	Providing repair, logistics and other ancillary services in Hong Kong

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements. Segment results do not include unallocated administrative expenses, other income, other gains and losses and finance costs that are not directly attributable to segments and income tax expense.

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

(i) Information about reportable segment results:

	Sales of heavy equipment and spare parts HK$'000	Lease of heavy equipment HK$'000	Repair, logistics and other ancillary services HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 July 2025					
External revenue	208,617	108,460	13,575	–	330,652
Segment results	8,009	29,610	1,208	(5,206)	33,621
Depreciation on property, plant and equipment	2,037	28,739	133	320	31,229
Depreciation on right-of-use assets	2,071	1,077	–	1,085	4,233
Depreciation on an investment property	–	–	–	612	612
Interest income	–	–	–	1,456	1,456
Finance costs	–	–	–	178	178
Other material items of income and expense:					
Costs of inventories sold	163,489	5,674	272	–	169,435
Staff costs, including directors' emoluments	18,690	32,812	4,232	1,728	57,462
Other material non-cash items:					
Reversal of allowance for trade and lease receivables	(708)	(2,033)	–	–	(2,741)
Allowance for inventories, net	3,455	–	–	–	3,455
Reversal of impairment on property, plant and equipment, net	–	(24)	–	–	(24)
Impairment on investment property	–	–	–	409	409
Year ended 31 July 2024					
External revenue	158,430	105,279	15,626	–	279,335
Segment results	(101)	23,036	277	(11,836)	11,376
Depreciation on property, plant and equipment	1,916	28,855	189	462	31,422
Depreciation on right-of-use assets	2,329	1,548	–	1,627	5,504
Depreciation on an investment property	–	–	–	612	612
Interest income	–	–	–	40	40
Finance costs	–	–	–	1,082	1,082
Other material items of income and expense:					
Costs of inventories sold	121,050	6,485	1,203	–	128,738
Staff costs, including directors' emoluments	14,964	31,830	5,937	1,724	54,455
Other material non-cash items:					
Allowance for trade and lease receivables	1,069	2,134	–	–	3,203
Allowance for inventories, net	5,470	–	–	–	5,470
Impairment on property, plant and equipment, net	–	490	–	–	490

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

(ii) *Reconciliation of reportable segment results:*

	2025 HK$'000	2024 HK$'000
Total segment results of reportable segments	38,827	23,212
Unallocated amounts:		
Unallocated income	2,019	569
Unallocated corporate expenses	(12,683)	(16,695)
Profit for the year	28,163	7,086

(iii) *Geographical information*

Since all of the Group's revenue was generated in Hong Kong and all of the Group's identifiable assets and liabilities were located in Hong Kong, no geographical information is presented.

7. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

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

	2025 HK$'000	2024 HK$'000
Customer A	N/A[(i)]	28,317

[(i)] *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

8. COST OF REVENUE

	2025 HK$'000	2024 HK$'000
Costs of inventories sold	169,435	128,738
Allowance for inventories, net	3,455	5,470
(Reversal of impairment)/impairment on property, plant and equipment, net	(24)	490
Depreciation on machinery for lease included in property, plant and equipment *(Note 16)*	27,680	27,582
Repairs and maintenance	10,810	12,487
Staff costs	37,473	35,739
Others	14,073	11,512
	262,902	222,018

9. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest expense on borrowings	–	796
Interest expense on lease liabilities	178	286
	178	1,082

10. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2025 HK$'000	2024 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,722	3,772
Over-provision in prior years	(8)	(17)
	5,714	3,755
Deferred tax *(Note 25)*	(256)	535
	5,458	4,290

The Company was incorporated in the Cayman Islands and TLMC Company Limited ("TLMC") was incorporated in the BVI. Both companies are tax exempted as no business was carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25% (2024: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2024: 16.5%). The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a rate of 16.5% (2024: 16.5%)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK$'000	2024 HK$'000
Profit before tax	33,621	11,376
Tax at the Hong Kong Profits Tax rate of 16.5% or 8.25% (2024: 16.5% or 8.25%)	5,383	1,712
Tax effect of income that is not taxable	(255)	(7)
Tax effect of expenses that are not deductible	350	626
Tax effect of temporary differences not recognised	69	31
Tax effect of utilisation of tax losses previously not recognised	(109)	–
Tax losses not recognised	28	236
Reversal of tax losses previously recognised	–	1,709
Over-provision in prior years	(8)	(17)
Income tax expense	5,458	4,290

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2025 HK$'000	2024 HK$'000
Auditor's remuneration	770	755
(Reversal of allowance)/allowance for trade and lease receivables	(2,741)	3,203
Allowance for prepayments	69	187
Allowance for inventories (included in cost of inventories sold), net	3,455	5,470
(Reversal of impairment)/impairment on property, plant and equipment, net	(24)	490
Impairment on investment property	409	–
Cost of inventories sold	169,435	128,738
Depreciation:		
– Property, plant and equipment	31,229	31,422
– Right-of-use assets	4,233	5,504
– Investment property	612	612
	36,074	37,538
Direct operating expense of an investment property that generates rental income	50	50
Foreign exchange (gain)/loss, net	(82)	1,982
Net gain on disposals of property, plant and equipment	(36)	(895)
Write-off of property, plant and equipment	–	6
Short-term lease charges in respect of:		
– Office and warehouse premises	2,537	2,126
– Machineries	2,903	2,835
	5,440	4,961

12. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 HK$'000	2024 HK$'000
Salaries and allowances	52,013	50,434
Discretionary bonus	420	–
Retirement benefit scheme contributions	1,780	1,844
Quarter expenses	1,728	1,724
Provision for employee benefits *(Note)*	1,063	–
Others	458	453
	57,462	54,455

Note:

The provision for employee benefits represents the estimated LSP for employees.

12. EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

(a) Defined contribution retirement plans

The Group contributes to defined contribution retirement plans which are available for all eligible employees.

The Group operates a MPF scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

During the years ended 31 July 2025 and 2024, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 July 2025 and 2024, which may be used by the Group to reduce the contribution payable in future years.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2024: four) directors whose emoluments are reflected in the analysis presented in Note 13. The emoluments of the remaining one (2024: one) individual are set out below:

	2025 HK$'000	2024 HK$'000
Salaries and allowances	787	782
Retirement benefit scheme contributions	18	18
	805	800

The emoluments fell within the following band:

	Number of individuals 2025	 2024
Nil to HK$1,000,000	1	1

During the year, no emoluments were paid by the Group to the above highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive emoluments

The remunerations of each director were as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Quarter expenses HK$'000	Retirement benefit scheme contributions HK$'000	Others HK$'000	Total HK$'000
Year ended 31 July 2025							
Executive director:							
Mr. Chow *(Chairman and CEO)*	–	2,640	–	–	18	458	3,116
Ms. Liu Shuk Yee	–	753	100	–	18	–	871
Ms. Ng Wai Ying	–	1,073	200	–	18	–	1,291
	–	4,466	300	–	54	458	5,278
Non-executive director:							
Ms. Cheng	–	600	–	1,728	18	–	2,346
Independent non-executive director:							
Sir Kwok Siu Man KR	180	–	–	–	–	–	180
Mr. Law Tze Lun	180	–	–	–	–	–	180
Dr. Wong Man Hin Raymond	180	–	–	–	–	–	180
	540	–	–	–	–	–	540
	540	5,066	300	1,728	72	458	8,164

13. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executive emoluments (continued)

The remunerations of each director were as follows: (continued)

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Quarter expenses HK$'000	Retirement benefit scheme contributions HK$'000	Others HK$'000	Total HK$'000
Year ended 31 July 2024							
Executive director:							
Mr. Chow *(Chairman and CEO)*	–	2,640	–	–	18	453	3,111
Ms. Liu Shuk Yee	–	734	–	–	18	–	752
Ms. Ng Wai Ying	–	1,066	–	–	18	–	1,084
	–	4,440	–	–	54	453	4,947
Non-executive director:							
Ms. Cheng	–	600	–	1,724	18	–	2,342
Independent non-executive director:							
Sir Kwok Siu Man KR	180	–	–	–	–	–	180
Mr. Law Tze Lun	180	–	–	–	–	–	180
Dr. Wong Man Hin Raymond	180	–	–	–	–	–	180
	540	–	–	–	–	–	540
	540	5,040	–	1,724	72	453	7,829

During the years ended 31 July 2025 and 2024, no emoluments were paid or payable by the Group to chief executive or any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Neither the chief executive nor any of the directors waived or agreed to waive any emoluments during the year ended 31 July 2025 (2024: Nil).

(b) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 July 2025 and 2024.

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which the directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 July 2025 and 2024.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 July 2025 and 2024, the Company did not pay consideration to any third parties for making available director's services.

14. DIVIDENDS

	2025 HK$'000	2024 HK$'000
Dividend paid		
2024 final dividend of HK1.5 cents (2023: HK0.5 cent) per ordinary share	15,000	5,000
2025 interim dividend of HK1.5 cents (2024: Nil) per ordinary share	15,000	–
	30,000	5,000
Dividend proposed		
2025 proposed final dividend of HK2.0 cents (2024: HK1.5 cents) per ordinary share *(Note)*	20,000	15,000

Note:

The final dividend for the year ended 31 July 2025 was recommended by the Board at a Board meeting held on 20 October 2025 (for the year ended 31 July 2024: 18 October 2024). Such recommended final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. This recommended final dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 July 2026 (2024: 31 July 2025) after the approval at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$28,163,000 (2024: HK$7,086,000) and the number of ordinary shares of 1,000,000,000 (2024: 1,000,000,000) in issue during the year.

Diluted earnings per share

The diluted earnings per share was the same as the basic earnings per share for the years ended 31 July 2025 and 2024 as the Company had no potentially dilutive ordinary shares in issue during the respective years.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Machinery for lease HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Costs							
At 1 August 2023	2,094	1,518	225,867	1,543	1,042	13,320	245,384
Additions	–	36	–	–	92	5,076	5,204
Disposals	–	–	–	–	–	(2,835)	(2,835)
Write-off	–	–	–	(2)	–	(103)	(105)
Reclassification from inventories	–	–	49,662	–	–	–	49,662
Reclassification to inventories	–	–	(56,077)	–	–	–	(56,077)
At 31 July 2024 and 1 August 2024	2,094	1,554	219,452	1,541	1,134	15,458	241,233
Additions	–	1,127	–	23	104	1,514	2,768
Disposals	–	–	–	–	–	(3,831)	(3,831)
Write-off	(66)	–	–	–	–	–	(66)
Reclassification from inventories	–	–	47,330	–	–	–	47,330
Reclassification to inventories	–	–	(42,501)	–	–	–	(42,501)
At 31 July 2025	2,028	2,681	224,281	1,564	1,238	13,141	244,933

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Machinery for lease HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation and impairment							
At 1 August 2023	1,408	472	81,867	1,493	627	8,490	94,357
Charge for the year	288	244	27,582	21	153	3,134	31,422
Disposals	–	–	–	–	–	(2,456)	(2,456)
Write-off	–	–	–	(2)	–	(97)	(99)
Impairment loss for the year, net	–	–	490	–	–	–	490
Reclassification to inventories	–	–	(31,695)	–	–	–	(31,695)
At 31 July 2024 and 1 August 2024	1,696	716	78,244	1,512	780	9,071	92,019
Charge for the year	155	615	27,680	13	152	2,614	31,229
Disposals	–	–	–	–	–	(1,337)	(1,337)
Write-off	(66)	–	–	–	–	–	(66)
Reversal of impairment loss for the year, net	–	–	(24)	–	–	–	(24)
Reclassification from inventories (Note 19)	–	–	966	–	–	–	966
Reclassification to inventories	–	–	(22,547)	–	–	–	(22,547)
At 31 July 2025	1,785	1,331	84,319	1,525	932	10,348	100,240
Net book value							
At 31 July 2025	243	1,350	139,962	39	306	2,793	144,693
At 31 July 2024	398	838	141,208	29	354	6,387	149,214

17. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Office and warehouse premises HK$'000	Director's quarter HK$'000	Total HK$'000
At 1 August 2023	16,970	3,205	2,712	22,887
Additions	–	4,523	–	4,523
Depreciation	(709)	(3,168)	(1,627)	(5,504)
At 31 July 2024 and 1 August 2024	16,261	4,560	1,085	21,906
Additions	–	203	–	203
Depreciation	(710)	(2,438)	(1,085)	(4,233)
At 31 July 2025	15,551	2,325	–	17,876

Lease liabilities of HK$2,428,000 (2024: HK$5,764,000) are recognised with related right-of-use assets of HK$2,325,000 as at 31 July 2025 (2024: HK$5,645,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2025 HK$'000	2024 HK$'000
Depreciation on right-of-use assets	4,233	5,504
Interest expense on lease liabilities (included in finance costs)	178	286
Expenses relating to short-term lease (included in cost of revenue)	2,903	2,835
Expenses relating to short-term lease (included in administrative and operating expenses)	2,537	2,126

Details of total cash outflow for leases is set out in Note 30(c).

For both years, the Group leases several premises for its administration, operations and director's quarter. Lease contracts are entered into for fixed term ranging from 2 to 3 years. 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.

18. INVESTMENT PROPERTY

	2025 HK$'000	2024 HK$'000
Cost		
At 31 July	15,500	15,500
Accumulated depreciation and impairment		
At 1 August	1,479	867
Depreciation for the year	612	612
Impairment loss for the year	409	–
At 31 July	2,500	1,479
Net carrying amount	13,000	14,021

The Group leases out a land under operating lease with rentals payable monthly. The lease typically run for an initial period of 5 years, further details of operating lease arrangement which is included in Note 32 to the consolidated financial statements.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in HKD. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The Group engaged an independent external valuer to assess the fair value less costs of disposal of its investment property as part of the impairment assessment conducted as of 31 July 2025. The selection criteria for the valuer included market expertise, reputation, independence, and adherence to professional standards. During the year ended 31 July 2025, Masterpiece Valuation Advisory Limited (2024: Greater China Appraisal Limited), an independent qualified professional valuer, was appointed. The valuation was based on the market value of the properties in their existing condition, using the direct comparison approach assuming sales of the real property interest in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The Group accounts for investment property using the cost model under HKAS 40 "Investment Property", and the property is categorised as Level 3 in the fair value hierarchy. Due to a decline in property market price, an impairment loss of HK$409,000 was recognised in the consolidated income statement during the year.

The fair value of the Group's investment property falls under Level 3 of the three-level fair value hierarchy as defined in HKFRS 13, "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used valuation technique.

18. INVESTMENT PROPERTY (continued)

Below is a summary of the valuation technique used and key inputs to the valuation of investment property:

	Valuation technique	Significant unobservable inputs
Land	Direct comparison approach	Price per square feet, using market direct comparable and taking into account of location and other individual factors which is HK$1,066 (2024: HK$1,160) per square feet.

19. INVENTORIES

	2025 HK$'000	2024 HK$'000
Finished goods	109,498	142,265
Allowance for inventories	(10,841)	(7,752)
	98,657	134,513

Reconciliation of allowance for inventories:

	2025 HK$'000	2024 HK$'000
At beginning of the year	7,752	2,235
Reclassification to property, plant and equipment (Note 16)	(966)	–
Reclassification from property, plant and equipment	600	47
Reversal of allowance for inventories	(2,578)	(97)
Allowance for the year	6,033	5,567
At end of the year	10,841	7,752

20. TRADE AND LEASE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade and lease receivables	62,673	88,279
Less: Allowance of ECL	(3,907)	(6,648)
	58,766	81,631

The Group's credit terms generally a range from cash on delivery to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of the Group's trade and lease receivables, based on the invoice date, and net of impairment loss, is as follows:

	2025 HK$'000	2024 HK$'000
0 to 90 days	36,774	42,238
91 to 180 days	10,330	18,083
181 to 365 days	11,567	3,913
Over 365 days	95	17,397
	58,766	81,631

The Group does not hold any collateral as security or other credit enhancements over these balances.

The Group applied simplified approach to provide the ECL prescribed by HKFRS 9. The impairment methodology is set out in Note 4 to the consolidated financial statements.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

All trade and lease receivables are denominated in HKD.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepayments		
Goods purchased	31,460	12,962
Administrative and operating expenses	647	646
	32,107	13,608
Deposits		
Rental deposits	609	814
Utility deposits	102	121
Trade deposits	233	233
Others	254	245
	1,198	1,413
Other receivables		
Government grant receivables	5,916	–
Others	136	–
	6,052	–
	39,357	15,021

22. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HKD	40,004	68,206
USD	54,709	51
JPY	23,802	5,508
Others	–[(i)]	–[(i)]
	118,515	73,765

(i) *Represent the amount less than HK$1,000.*

23. TRADE AND OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Trade payables	1,495	4,303
Other payables and accruals		
Accrued staff costs	3,944	3,711
Accrued administrative and operating expenses	1,154	2,051
Refundable rental deposits receipt in advance	1,601	1,968
	6,699	7,730
Contract liabilities	9,428	8,729
	17,622	20,762

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2025 HK$'000	2024 HK$'000
0 to 30 days	898	1,844
31 to 90 days	597	2,389
Over 90 days	–	70
	1,495	4,303

The credit period ranges normally from 0 to 120 days.

23. TRADE AND OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES (continued)

Contract liabilities represent receipt in advance from customers and the significant changes in the contract liabilities balances during the reporting period are as follow:

	2025 HK$'000	2024 HK$'000
At 1 August	8,729	1,707
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(8,726)	(400)
Increase in contract liabilities as a result of billing in advance of sales of goods	9,425	7,422
At 31 July	9,428	8,729

The carrying amounts of the Group's trade and other payables and accruals and contract liabilities are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HKD	16,395	16,495
USD	955	3,701
Renminbi	270	419
Others	2	147
	17,622	20,762

24. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	2025	2024
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	1,595	3,673	1,510	3,499
More than one year, but not exceeding two years	930	1,489	918	1,408
More than two years, but not more than five years	–	869	–	857
	2,525	6,031	2,428	5,764
Less: Future finance charges	(97)	(267)	N/A	N/A
Present value of lease obligations	2,428	5,764	2,428	5,764
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,510)	(3,499)
Amount due for settlement after 12 months			918	2,265

The weighted average incremental borrowing rate applied to lease liabilities was 2.98% (2024: 2.72%) per annum.

All lease liabilities are denominated in HKD.

25. DEFERRED TAX

The following are deferred tax recognised by the Group.

	Accelerated tax depreciation HK$'000	Allowance for inventories HK$'000	Tax loss HK$'000	Allowance for trade and lease receivables HK$'000	Total HK$'000
At 1 August 2023	23,568	(369)	(1,709)	(577)	20,913
Charge/(credit) to profit or loss for the year *(Note 10)*	256	(910)	1,709	(520)	535
At 31 July 2024 and 1 August 2024	23,824	(1,279)	–	(1,097)	21,448
(Credit)/charge to profit or loss for the year *(Note 10)*	(521)	(510)	–	775	(256)
At 31 July 2025	23,303	(1,789)	–	(322)	21,192

The following is the analysis of the deferred tax balances for consolidated statement of financial position purposes:

	2025 HK$'000	2024 HK$'000
Deferred tax liabilities	23,303	23,824
Deferred tax assets	(2,111)	(2,376)
	21,192	21,448

As at 31 July 2025, the Group has unused tax losses of approximately HK$11,498,000 (2024: HK$11,936,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

26. PROVISION

	Employee benefits HK$'000
At 1 August 2023, 31 July 2024 and 1 August 2024	–
Additional provision	1,063
Remeasurement recognised in other comprehensive income	(52)
At 31 July 2025	1,011

The provision for employee benefits represents the estimated LSP for employees.

27. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	1,000,000,000	10,000

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the Shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising lease liabilities) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratios during the year was 0.5% (2024: 1.3%). The decrease in the gearing ratio of the Group is primarily due to the decrease in lease liabilities and the increase in equity as a result of the profit generated for the year ended 31 July 2025.

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares.

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained sufficient public float with at least 25% of the shares held by the public as required under the Listing Rules.

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment in a subsidiary		60,000	60,000
Current assets			
Prepayments		75	75
Amounts due from subsidiaries		79,440	35,333
Bank and cash balances		4,916	6,065
		84,431	41,473
Current liabilities			
Accruals		82	81
Net current assets		84,349	41,392
NET ASSETS		144,349	101,392
Capital and reserves			
Share capital		10,000	10,000
Reserves	28(b)	134,349	91,392
TOTAL EQUITY		144,349	101,392

Approved by the Board of Directors on 20 October 2025 and are signed on its behalf by:

Mr. Chow Luen Fat
Director

Ms. Ng Wai Ying
Director

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium HK$'000 *(Note 29(b)(i))*	Merger reserve HK$'000 *(Note 29(b)(ii))*	Retained earnings/ (Accumulated losses) HK$'000	Total HK$'000
At 1 August 2023	92,661	(380)	2,215	94,496
Profit and total comprehensive income for the year	–	–	1,896	1,896
Payment of 2023 final dividend *(Note 14)*	–	–	(5,000)	(5,000)
At 31 July 2024 and 1 August 2024	92,661	(380)	(889)	91,392
Profit and total comprehensive income for the year	–	–	72,957	72,957
Payment of 2024 final dividend *(Note 14)*	–	–	(15,000)	(15,000)
Payment of 2025 interim dividend *(Note 14)*	–	–	(15,000)	(15,000)
At 31 July 2025	92,661	(380)	42,068	134,349

29. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

29. RESERVES (continued)

(b) Nature and purpose of reserves (continued)

(ii) Merger reserve

The merger reserve of the Company represents the difference between the cost of investment in TLMC pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

The merger reserve of the Group represents the difference between the nominal value of shares of Tak Lee Machinery Company Limited ("Tak Lee Hong Kong"), Econsmart Limited ("Econsmart") and Success Sky Corporation Limited ("Success Sky") acquired pursuant to the Group Reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Purchases of inventories of approximately HK$12,424,000 during the year ended 31 July 2025 (2024: HK$9,201,000) were settled by offsetting prepayment brought forward from the year ended 31 July 2024 (2024: 31 July 2023).

(b) 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 consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 August 2024	Cash flows	Finance costs recognised	Additions of right-of-use assets	31 July 2025
	HK$'000	HK$'000	HK$'000 *(Note 9)*	HK$'000 *(Note 17)*	HK$'000
Lease liabilities *(Note 24)*	5,764	(3,717)	178	203	2,428

			Non-cash changes		
	1 August 2023	Cash flows	Finance costs recognised	Additions of right-of-use assets	31 July 2024
	HK$'000	HK$'000	HK$'000 *(Note 9)*	HK$'000 *(Note 17)*	HK$'000
Lease liabilities *(Note 24)*	5,986	(5,031)	286	4,523	5,764
Bank borrowings	5,476	(6,272)	796	–	–
	11,462	(11,303)	1,082	4,523	5,764

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2025 HK$'000	2024 HK$'000
Within operating cash flows	5,618	5,247
Within financing cash flows	3,539	4,745
	9,157	9,992

These amounts relate to the following:

	2025 HK$'000	2024 HK$'000
Lease rental paid	9,157	9,992

31. CONTINGENT LIABILITIES

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

32. OPERATING LEASE ARRANGEMENT

The Group as lessee

During the year ended 31 July 2025, the Group entered into short-term leases for warehouse and director's quarter (2024: warehouse and office) in Hong Kong. As at 31 July 2025, the outstanding lease commitments relating to the warehouse and office are approximately HK$1,240,000 (2024: HK$573,000).

32. OPERATING LEASE ARRANGEMENT (continued)

The Group as lessor

The total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	Total future minimum lease payments			
	Within one year HK$'000	In the second year HK$'000	In the third year HK$'000	Total HK$'000
At 31 July 2025				
Lease machineries *(Note)*	12,330	190	6	12,526
At 31 July 2024				
Lease machineries *(Note)*	12,223	–	–	12,223
Investment property	140	–	–	140
	12,363	–	–	12,363

Note:

The Group leases machineries to its customers under operating lease arrangements which normally run for an initial period of minimum one month, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Rentals are fixed over the lease terms and do not include contingent rentals.

33. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

Compensation of key management personnel of the Group:

	2025 HK$'000	2024 HK$'000
Salaries and allowances	1,222	1,196
Retirement benefit scheme contributions	36	36
	1,258	1,232

Further details of the emoluments of directors are included in Note 13.

34. INVESTMENTS IN SUBSIDIARIES

Particulars of subsidiaries as at 31 July 2025 are as follows:

Name of subsidiaries	Date and place of incorporation and operation/kind of legal entity	Particulars of issued share capital	Equity interests attributable to the Group	Principal activities
Directly held by the Company				
TLMC	4 January 2016 BVI/Limited liability company	USD1	100%	Investment holding
Indirectly held by the Company				
Tak Lee Hong Kong	5 March 2001 Hong Kong/Limited company	3,000,000 ordinary shares	100%	Trading of heavy equipment and spare parts, leasing of heavy equipment and provision of repair and other ancillary services
Econsmart	19 September 2001 Hong Kong/Limited company	2 ordinary shares	100%	Provision of motor vehicles services
Success Sky	7 October 2010 Hong Kong/Limited company	2 ordinary shares	100%	Provision of warehouse services and after-sales and in-house management support services
Creative Day Limited	13 October 2017 Hong Kong/Limited company	1 ordinary share	100%	Provision of machine operators
Orange Treasure Limited	14 December 2011 Hong Kong/Limited company	2 ordinary shares	100%	Holding of leasehold lands
T-Smart Logistics Limited	19 November 2020 Hong Kong/Limited company	10,000 ordinary shares	100%	Provision of logistics services

35. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this report.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 July 2025

	For the year ended 31 July				
	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Revenue	330,652	279,335	271,997	395,182	485,797
Cost of revenue	(262,902)	(222,018)	(218,895)	(308,152)	(395,219)
Gross profit	67,750	57,317	53,102	87,030	90,578
Other income and other gains and losses	5,545	402	1,927	7,227	9,262
Reversal of allowance/(allowance) for trade and lease receivables	2,741	(3,203)	(3,141)	119	1,092
Administrative and other operating expenses	(42,237)	(42,058)	(42,288)	(40,145)	(38,566)
Profit from operations	33,799	12,458	9,600	54,231	62,366
Finance costs	(178)	(1,082)	(863)	(916)	(1,865)
Profit before tax	33,621	11,376	8,737	53,315	60,501
Income tax expense	(5,458)	(4,290)	(1,660)	(8,253)	(7,917)
Profit and total comprehensive income for the year attributable to owners of the Company	28,163	7,086	7,077	45,062	52,584
Other comprehensive income:					
Item that will not be reclassified to profit or loss:					
Remeasurement gains on defined benefit obligations	52	–	–	–	–
Other comprehensive income for the year, net of tax	52	–	–	–	–
Total comprehensive income for the year attributable to owners of the Company	28,215	7,086	7,077	45,062	52,584

	As at 31 July				
	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES					
Non-current assets	175,569	185,141	190,256	190,003	174,487
Current assets	315,295	306,560	308,946	340,382	335,913
Non-current liabilities	25,801	24,261	32,775	60,627	54,853
Current liabilities	23,121	23,713	24,786	25,194	26,045
Total equity	441,942	443,727	441,641	444,564	429,502