

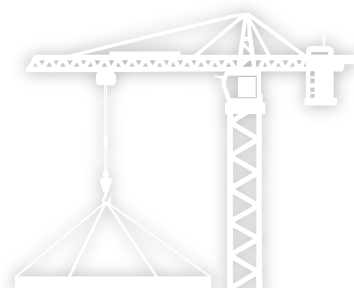
AB BUILDERS GROUP LIMITED

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

於開曼群島註冊成立的有限公司

Stock Code 股份代號 : 1615



2025

ANNUAL REPORT

年報

CONTENTS

Corporate Information	2
Chairman’s Statement	4
Directors’ Report	6
Corporate Governance Report	21
Environmental, Social & Governance Report	40
Management Discussion and Analysis	91
Biographical Details of Directors and Senior Management	98
Independent Auditor’s Report	106
Consolidated Statement of Profit or Loss and Other Comprehensive Income	112
Consolidated Statement of Financial Position	113
Consolidated Statement of Changes in Equity	115
Consolidated Statement of Cash Flows	116
Notes to the Consolidated Financial Statements	118
Financial Summary	210



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lao Chao U
(Chairlady and Chief Executive Officer)
Dr. Roberto Gnanavelu
Mr. Cheang Iek Wai
Mr. Ip Kin Wa

Independent Non-executive Directors

Mr. Chu Yat Pang Terry
Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. O'Yang Wiley

AUDIT COMMITTEE

Mr. O'Yang Wiley *(Chairman)*
Mr. Chu Yat Pang Terry
Mr. Choy Wai Shek, Raymond, *MH, JP*

REMUNERATION COMMITTEE

Mr. Chu Yat Pang Terry *(Chairman)*
Ms. Lao Chao U
Mr. Choy Wai Shek, Raymond, *MH, JP*

NOMINATION COMMITTEE

Mr. Choy Wai Shek, Raymond, *MH, JP (Chairman)*
Ms. Lao Chao U
Mr. O'Yang Wiley

COMPANY SECRETARY

Mr. Wong Wah

AUTHORISED REPRESENTATIVES

Ms. Lao Chao U
Mr. Cheang Iek Wai

ALTERNATE AUTHORISED REPRESENTATIVE TO CHEANG IEK WAI

Mr. Wong Wah

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

10th Floor, Edf. Comercial I Tak
No. 126, Rua De Pequim
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14 Floor
Harbour Commercial Building
122-124 Connaught Road Central
Hong Kong

CORPORATE INFORMATION

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKS

Luso International Banking Ltd.
Banco Nacional Ultramarino, S.A
Industrial and Commercial Bank of China (Macau) Limited
Bank of China Limited, Macau Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

1615

COMPANY'S WEBSITE

www.abbuildersgroup.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of AB Builders Group Limited (the "**Company**" together with its subsidiaries, the "**Group**"), I am pleased to present the annual report of the Group for the year ended 31 December 2025 (the "**Review Year**").

OVERVIEW

The global market in 2025 has shown gradual recovery despite ongoing geopolitical tensions and economic uncertainties around the world. Despite these challenges, I am pleased to report that the Group has navigated the complex environment effectively, making strategic progress across our business segments.

During the year ended 31 December 2025, the Group recorded a revenue of approximately MOP273.1 million, representing an increase of approximately MOP91.0 million or approximately 50% over the corresponding period of 2024. Accordingly, the Group generated a gross profit of approximately MOP23.5 million for the year ended 31 December 2025, as compared with a gross profit of approximately MOP26.9 million last year.

FORWARD

As Macau's economy continues to benefit from the full reopening of borders and normalised travel flows, we have observed a steady increase in tourism and business activities across the region. According to the Macau government, the region's tourism industry experienced significant growth in 2025, with visitor arrivals reaching 40.1 million, up 15% year-on-year and exceeding the pre-pandemic levels. This positive momentum has contributed to increased demand for construction and development projects in Macau, particularly in the fitting-out works segment, which has been the primary driver of our revenue growth this year.

Looking ahead to 2026, we remain cautiously optimistic about the industry's prospects. While global economic uncertainties persist, the construction and development sectors in Macau and the Greater Bay Area are expected to show resilience, supported by government infrastructure initiatives and private sector investments. The Group is well-positioned to capitalise on these opportunities through our established presence and expertise in the region.

Following our expansion into the financial services sector with the acquisition of a company holding SFC Type 4 (advising on securities) & Type 9 (asset management) licenses, we will continue to diversify our business portfolio. This strategic acquisition enables us to tap into new revenue streams through asset management and securities advisory services, enhancing our overall financial performance and market position.

Following the successful launch of our construction materials trading business this year, which has already positively contributed to our revenue streams, we plan to further expand our market presence in this sector in the coming years. We will continue leveraging the region's infrastructure development and growing tourism industry in both Hong Kong and Macau. The accelerating development in Macau and the ongoing infrastructure projects in Hong Kong are expected to maintain robust demand for construction materials, presenting a solid avenue for our continued growth.

CHAIRMAN'S STATEMENT

The management remains dedicated to utilizing our business relationships and resources effectively to implement new commercial strategies. We continue to actively pursue business opportunities through strategic mergers and acquisitions, as well as partnerships with reputable enterprises globally, to broaden our income sources and drive long-term growth.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our customers, shareholders, and business partners for their continued trust and support. I would also like to extend my heartfelt thanks to our management team and all employees for their dedication, professionalism, and valuable contributions throughout the year. Their collective efforts remain fundamental to our ongoing success and future development.

On behalf of the Board

Lao Chao U

Chairlady and Executive Director

26 March 2026

DIRECTORS' REPORT

The board of directors (the “**Board**”) of AB Builders Group Limited (the “**Company**”) presents their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group has mainly engaged in provision of construction services including fitting-out works and sales of construction materials, and the newly expanded financial asset management advisory services.

Details of the principal activities of the Group’s major subsidiaries as at 31 December 2025 are set out in note 37 to the consolidated financial statements of this annual report. The Group’s revenue for the year was derived mainly from activities carried out in Macau, Hong Kong and the People’s Republic of China (“**PRC**”). An analysis of the Group’s revenue for the year is set out in note 5 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) comprising an analysis of our Group’s performance during the year, assessment of the principal risks and uncertainties faced by our Group as well as indication of likely future development in the business of our Group are set out in the paragraphs headed “Management Discussion and Analysis” on pages 91 to 97 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements on pages 112 to 117 of this annual report.

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

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company’s reserve available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately MOP19,000 (2024: MOP2.0 million).

USE OF PROCEEDS

The net proceeds amounting from Listing on 10 September 2018 (the “**Listing Date**”) after deducting the underwriting fees and other listing expenses in connection with the Global Offering were approximately HK\$61.2 million, which had been fully utilised as at 31 December 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements of this annual report. The Company did not have any treasury shares (as defined in Rule 1.01 of the Listing Rules) as at 31 December 2025.

SHARE OPTION SCHEME

On 17 August 2018, the Company had conditionally adopted a share option scheme (the “**Share Option Scheme**”) which became unconditional and effect on the Listing Date.

The major terms of the Share Option Scheme are summarised as follows:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to Eligible Participants for their contribution to the Group.

(b) Eligible Participants

Eligible Participants include employees (whether full time or part time employees, including executive directors and non-executive directors) and such other eligible persons to whom the Directors may extend an offer to take up Options.

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

(c) Maximum number of shares

- (i) Maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.
- (ii) Total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Group shall not exceed 60,000,000 shares, being 10% of the total number of shares in issue as at the Listing Date unless the Group obtains the approval of the shareholders of the Company (the "**Shareholders**") in general meeting for renewing the scheme mandate limit under the Share Option Scheme.

(d) Period of the Share Option Scheme

Subject to any prior termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme.

(e) Maximum entitlement of each participant

No option shall be granted to any participant if any further grant of options would result in the shares issued and to be issued upon exercise of the options granted and to be granted to such person (including both exercised and outstanding options) in any 12-month period up to and including such further grant exceeding 1% of the total number of shares in issue, unless:

- (i) such further grant has been duly approved by the Shareholders in general meeting at which such Grantee and his close associates shall abstain from voting;
- (ii) a circular regarding the further grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of the Rules governing the Listing of Securities (the "**Listing Rules**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(f) Payment on acceptance of the option

HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 21 days from the date on which the offer is granted.

SHARE OPTION SCHEME (Continued)

(g) Subscription price for shares

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board at least the higher of:

- (i) the closing price of the shares on the offer date;
- (ii) the average closing price of the shares for the five consecutive business days immediately preceding the offer date; and
- (iii) the nominal value of a share on the offer date.

(h) The remaining life of the share option

Approximately 2 years and 7.5 months (expiring on 16 August 2028).

(i) Exercise period

The option period of an option may not end later than ten years after the offer date of that option.

(j) Vesting period

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

No options were granted, exercised or cancelled and 3,000,000 share options were lapsed under the Share Option Scheme during the year ended 31 December 2025. The number of options available for grant under the Share Option Scheme was 57,000,000 as at 1 January 2025 and 31 December 2025. The number of shares that may be issued in respect of options granted under the Share Option Scheme during the year ended 31 December 2025 divided by the weighted average number of issued shares of the Company for the year was nil. As at the date of this report, the number of shares available for issue under the Share Option Scheme was 57,000,000 representing 9.5% of the total number of issued shares of the Company.

DIRECTORS' REPORT

SHARE OPTION SCHEME (Continued)

The particulars of the outstanding share options under the Share Option Scheme during the year ended 31 December 2025 are as follows:

Name or category of participant	Date of grant	Vesting date	Vesting period <small>(Note 1 and 2)</small>	Validity period	Exercise price per share	Number of share options					
						Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Lapsed/Cancelled/Forfeited during the year	Outstanding as at 31 December 2025	Exercisable at 31 December 2025
Senior management	24 February 2022	29 May 2022	24 February 2022 to 28 May 2022	24 February 2022 to 16 August 2028	HK\$0.272	1,000,000	—	—	(1,000,000)	—	—
	24 February 2022	29 November 2022	24 February 2022 to 28 November 2022	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	(1,000,000)	—	—
	24 February 2022	29 November 2023	24 February 2022 to 28 November 2023	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	(1,000,000)	—	—
						3,000,000	—	—	(3,000,000)	—	—

Notes:

- On 24 February 2022, the Company granted 3,000,000 options to subscribe for shares to Mr. Fan Chi Chiu, the chief investment officer of the Company (the "**Grantee**"), in accordance with the terms of the Share Option Scheme. The share options were vested in three tranches, with each tranche covering one-third of the relevant options, i.e. exercisable to the extent of one-third of the relevant options with the 1st, 2nd and 3rd tranche becoming exercisable from 29 May 2022, 29 November 2022 and 29 November 2023 respectively to 16 August 2028; at exercise price of HK\$0.272, HK\$0.67 and HK\$0.67 per share respectively. The closing price of the Company's shares immediately before 24 February 2022, the date of grant, was HK\$0.255. The vesting of the share options granted are not subject to any performance targets.
- During the year ended 31 December 2025, following the resignation of Mr. Fan Chi Chiu, all of his outstanding share options were forfeited in accordance with the terms of the Company's share option scheme.

SHARE OPTION SCHEME (Continued)

During the year ended 31 December 2025, the Group recognised equity-settled share-based payments of nil (2024: MOP17,000) in relation to share options granted by the Company. The fair value of the options determined at the dates of grant using the Binomial option pricing model was HK\$264,000 (equivalent to approximately MOP272,000). The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The following assumptions were used to calculate the fair value of share options:

Measurement date	24 February 2022
Spot price	HK\$0.245
Exercise price	HK\$0.272–HK\$0.67
Expected volatility	55.92%
Expected dividend yield	0%
Risk-free rate	1.57%

There were no outstanding share option under the scheme as at 31 December 2025. The options outstanding at 31 December 2024 had an exercise price of HK\$0.272 or HK\$0.67 and a weighted average remaining contractual life of 3.63 years.

Save as disclosed above, no rights to subscribe for equity or debt securities of the Company have been granted to or exercised by any Directors or their associates since the effective date of the Share Option Scheme.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the years ended 31 December 2021, 2022, 2023, 2024 and 2025 is set out on page 210 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the amended and restated articles of association of the Company (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.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors:

Mr. Lao Chio Seng (*Resigned on 17 December 2025*)
Ms. Lao Chao U (*Chairlady and Chief Executive Officer*)
Dr. Roberto Gnanavelu
Mr. Cheang Iek Wai
Mr. Ip Kin Wa

Independent Non-executive Directors:

Mr. Chu Yat Pang Terry
Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. O'Yang Wiley

In accordance with Article 108 of the Articles of Association and the code provision B.2.2 of the CG Code, Ms. Lao Chao U, Mr. Ip Kin Wa and Mr. Choy Wai Shek, Raymond, *MH, JP* shall hold office until the forthcoming annual general meeting ("**AGM**") and, being eligible, offer themselves for re-election.

Biographical details of the Directors of the Company and the Senior Management of the Group are set out on pages 98 to 105 of this annual report.

TERMS OF OFFICE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

All the Independent Non-executive Directors ("**INEDs**") were appointed for a specific term of three years but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby the Directors shall vacate or retire from their office.

The Company has received from each INED an annual confirmation of his independence from the Group, and as at the date of this report still considers them to be independent pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Particulars of the emoluments of the Directors on a named basis for the year are set out in note 13 to the consolidated financial statements of this annual report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial parts of the business of the Company has been entered into or existed during the year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the date of this report, none of the Directors and their respective close associates are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors and every one of them is entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. Such permitted indemnity provision is currently in force and was in force throughout the year.

The Company has taken out and maintained Directors' and officers' liability insurance throughout the year which provides appropriate cover for legal actions brought against the Directors and which indemnifies against costs, charge, losses, expenses and liabilities that may be incurred by the Directors in the execution and discharge of their duties.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors and the chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were 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 are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, are set out below:

Name of director	Capacity/Nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding in the Company
Mr. Ip Kin Wa	Beneficial Owner	60,000,000 (L)	10%

Notes:

1. The letter "L" denotes the director's long position in the Shares.

Saved as disclosed above, none of the directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the date of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2025, so far as was known to any Directors or chief executive of the Company, the following interests (other than those of Directors and the chief executive) of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued capital of the Company, or which were recorded in the register of interests required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding in the Company
Mr. Lao Chio Seng ("Mr. Lao") ^(Note 2)	Interest in a controlled corporation and interest of spouse	390,000,000 (L)	65.0%
Mrs. Lao ^(Note 3)	Interest of a controlled corporation and interest of spouse	390,000,000 (L)	65.0%
Laos International ^(Note 4)	Beneficial owner	255,000,000 (L)	42.5%
WHM Holdings ^(Note 5)	Beneficial owner	135,000,000 (L)	22.5%

Notes:

- The letter "L" denotes the substantial shareholders' long position in the Shares.
- Shares in which Mr. Lao is interested consist of (i) 255,000,000 Shares held by Laos International Holdings Limited ("Laos International"), a company wholly owned by Mr. Lao, in which Mr. Lao is deemed to be interested under the SFO; and (ii) 135,000,000 Shares held by his spouse, Ms. Wong Hio Mei ("Mrs. Lao") (through her wholly-owned corporation, WHM Holdings Limited ("WHM Holdings"), in which Mr. Lao is deemed to be interested in such Shares under the SFO.
- Shares in which Mrs. Lao is interested consist of (i) 135,000,000 Shares held by WHM Holdings, a company wholly owned by Mrs. Lao, in which Mrs. Lao is deemed to be interested under SFO; and (ii) 255,000,000 Shares held by her spouse, Mr. Lao (through his wholly-owned corporation, Laos International), in which Mrs. Lao is deemed to be interested in such Shares under the SFO.
- Laos International is wholly owned by Mr. Lao, the controlling shareholder of the Company.
- WHM Holdings is wholly owned by Mrs. Lao, the controlling shareholder of the Company.

Saved as disclosed above, as at 31 December 2025, no person had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements 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 with the exception of granting of share options to subscribe for Shares under the Share Option Scheme.

NON-COMPETITION UNDERTAKING CONFIRMATION

Each of Mr. Lao, Mrs. Lao, Laos International and WHM Holdings (collectively the “**Covenantors**”), has entered into a deed of non-competition dated 17 August 2018 (the “**Deed of Non-Competition**”) in favor of the Company (for itself and on behalf of its subsidiaries from time to time), pursuant to which each of the Covenantors, and will use his/her/its best endeavours to procure any Covenantor, his/her/its close associates (collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (the “**Controlled Company**”)

- (i) not to, either on his/her/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Group in Macau and Hong Kong, including but not limited to the provision of construction works in Macau and Hong Kong (the “**Restricted Business**”);
- (ii) if any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the “**New Business Opportunity**”), to engage in the New Business Opportunity only if (a) a notice is received by the Covenantor from the Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (b) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by the Company.

Details of the Deed of Non-Competition have been set out in the section headed “Relationship with the Controlling Shareholders” of the Prospectus.

NON-COMPETITION UNDERTAKING CONFIRMATION (Continued)

The Company confirms that each of the Covenantors have complied with the Deed of Non-Competition for the year ended 31 December 2025. In order to ensure the Covenantors have complied with the Deed of Non-Competition, the following actions have been taken:

- (i) the Company has required each of the Covenantors to give written confirmation to the Company on an annual basis as to whether he/she/it has complied with the Deed of Non-Competition for the year ended 31 December 2025;
- (ii) each of the Covenantors has provided to the Company such written confirmation (a) in respect of his/her/its compliance with the Deed of Non-Competition for the year ended 31 December 2025; and (b) stating that he/she/it has not been conducted any business, or has not been offered or becomes aware of any New Business Opportunity directly or indirectly relating to the Restricted Business for the year ended 31 December 2025; and
- (iii) the INEDs of the Company have reviewed the written confirmation made by the Covenantors of compliance by each of the Covenantors with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, the Covenantors have complied with the Deed of Non-Competition.

The INEDs have also reviewed the status of the compliance by each of the Covenantors with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of the Covenantors of the undertakings in the Deed of Non-Competition given by them.

As of the date of this report, the Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-Competition and there has not been any change in the terms of the Deed of Non-Competition since the Listing Date.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees are regarded as manpower and valuable assets of the Group. Details of remunerations are set out in the section headed, "Management Discussion and Analysis" on page 91 of this annual report. The Group also recognises the importance of maintaining good relationship with business partners, customers, suppliers and sub-contractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communications and shared business updates with them when necessary.

DIRECTORS' REPORT

CLOSURE OF REGISTER OF MEMBERS

For attending, speaking and voting at the AGM

The register of members of the Company will be closed from, Monday, 15 June 2026 to Thursday, 18 June 2026 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend, speak and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 June 2026.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were approximately 98.3% and 51% of the Group's sales and purchases respectively.

During the year, the aggregate sales attributable to the Group's largest customer and the aggregate purchases attributable to the Group's largest supplier were approximately 69% and 33.7% of the Group's sales and purchases respectively.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

EMOLUMENT POLICY

It is the Group's policy to compensate each employee fairly and equitably. The Group has a system for measuring employees' and Directors' performance against agreed-upon goals with specific performance standards. Performance discussion is carried out on an ongoing basis and a formal evaluation is conducted once a year to review employees' overall performance, achievements, and areas in need of improvement. Salary review will be based on individual performance and subject to the Group's discretion.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group provides construction services including fitting-out work and structural works in Macau, Hong Kong and the PRC.

Both San Fong Seng Construction & Engineering Company Limited, a wholly-owned subsidiary incorporated in Macau, obtained the certifications of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. These certifications demonstrated the Group achieved satisfactory performances in healthy and safe workplace requirements, services excellence and environmental protection.

The laws and regulations in Hong Kong which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

Discussions on the environmental, social and governance (“**ESG**”) policies, performance and compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the account of key relationships between the Group and our stakeholders is disclosed in the ESG report on pages 40 to 90 of this annual report.

CONNECTED TRANSACTION

During the year, the Group has not entered into any connected transaction or continuing connected transactions that are not exempted under Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group are set out in note 36 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 39 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

AUDITORS

The consolidated financial statements have been audited by the Company's auditors, Baker Tilly Hong Kong Limited which retire and, being eligible, offer themselves for re-appointment in the forthcoming AGM of the Company. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Baker Tilly Hong Kong Limited as the auditor of the Company.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this annual report.

On behalf of the Board

Lao Chao U

Chairlady and Executive Director

Macau, 26 March 2026

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the “**Board**”) of AB Builders Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) is committed to achieving high standards of corporate governance to safeguard the interests of shareholders of the Company (the “**Shareholders**”), enhance the corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

CORPORATE GOVERNANCE PRACTICE

The Company firmly believes that strong corporate governance is the foundation to deliver the corporate objective of maximising return to its stakeholders over the long term. The core of the governance structure is an effective and qualified Board which is committed to maintain a high standard of corporate governance, sound internal control and effective risk management to enhance transparency, accountability, integrity and honesty, in order to earn the confidence from our shareholders and other stakeholders and to safeguard the interests of shareholders.

The Company has applied the principles in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

From 1 January 2025 to 31 December 2025 and throughout the period to the date of this annual report (the “**Reporting Period**”), to the best knowledge of the Board, except the deviation from code provision C.2.1. of the CG Code, the Company has complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” in the CG Code. The Company will enhance its corporate governance practices appropriate to the operation and growth of the business of the Group. The Directors will continue reviewing the Company’s corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened requirements from time to time, and to meet the rising expectation on the Company.

Pursuant to the code provision C.2.1 of the CG Code, which stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Following the appointment of Ms. Lao Chao U as the chairlady of the Board during the year, Ms. Lao assumed the dual roles of the chairlady of the Board and CEO of the Company. After evaluation of the current situation of the Company and taking into account the experience and past performance of Ms. Lao, the Board is of the opinion that it is appropriate at the present stage for Ms. Lao to hold both positions as the chairlady of the Board and CEO of the Company as this helps maintain the continuity of policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership.

In addition, under the supervision by the Board, which consist of four executive directors and three independent non-executive directors, the interests of the shareholders of the Company are adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement does not have a negative influence on the balance of power and authorisation between the Board and the management of the Company. Therefore, the Board considers the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding Directors' securities transactions.

The Company has made specific enquiry with all Directors and the Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period. The Company was not aware of any non-compliance with the Model Code by the Directors during the Reporting Period.

CORPORATE CULTURE AND STRATEGY

Corporate Culture

The Group aims to build up a long-term sustainable business model where Shareholders and other stakeholders can benefit in the shared value of corporate success. The Board together with the management identify the purpose, values and strategic direction of the Group and establish an organisational culture of maintaining and developing an effective corporate governance framework with stringent corporate governance practices and procedures through employee retention and training, robust financial reporting, data privacy, whistleblowing and anti-corruption policies, legal and regulatory compliance etc. The desired corporate culture is developed and reflected consistently across all levels of the Group's operations, policies and procedures. The Board therefore considers that the purpose, values and strategy are aligned with the Group's corporate culture.

Corporate Strategy

In order to achieve the Group's principal objective of enhancing long-term values and interests to the Shareholders and other stakeholders, the Group focuses on achieving sustainable growth in both financial and environmental, social and governance ("**ESG**") aspect. The Group strives to balance the development in business and financial performance with ESG management. The "Chairman's Statement" on page 4 and the "Management Discussion and Analysis" on pages 91 to 97 in this annual report include discussions and analyses of the Group's performance, the basis on which the Board directs to generate the Group's core values in the long term and delivers the Group's corporate culture, strategy and objectives. The Group is increasingly conscious on ESG and focusing on supporting the global low-carbon and sustainable future transition. Further details on the Group's ESG initiatives and relationships with its key stakeholders are set out in the paragraphs headed in the "Environmental, Social and Governance Report" on pages 40 to 90 of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of four executive Directors and three independent non-executive Directors ("INEDs").

Executive Directors

Ms. Lao Chao U (*Chairlady and Chief Executive Officer*)
Dr. Roberto Gnanavelu
Mr. Cheang Iek Wai
Mr. Ip Kin Wa

Independent Non-executive Directors

Mr. Chu Yat Pang Terry (*Chairman of the Remuneration Committee and a member of the Audit Committee*)
Mr. Choy Wai Shek, Raymond, MH, JP (*Chairman of the Nomination Committee and a member of the Remuneration Committee and a member of the Audit Committee*)
Mr. O'Yang Wiley (*Chairman of the Audit Committee and a member of the Nomination Committee*)

The biographical information of the Directors and relationship between board members are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 98 to 105 of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

The Board has a balanced composition of executive and independent non-executive Directors which can effectively provide independent view on the Board. The Board considers that each of the independent non-executive Directors brings his own relevant expertise to the Board. The Board has established mechanisms to ensure independent views are available to the Board as below:

(i) *Composition*

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of the Board members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, the independent non-executive Directors are appointed to Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available in meeting of various aspects.

(ii) *Board Decision Making*

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution/meeting approving the same.

(iii) *Independence Assessment*

The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess the independence of independent non-executive Directors annually to ensure that they remain independent to provide the Board with independent advice continuously.

The Company has received independence confirmation in writing from each of the independent non-executive Directors and considers them as independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement. The Board currently do not have any long serving independent non-executive Directors.

(iv) *Compensation*

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

The Board reviews annually the implementation and effectiveness of the above mechanism. During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment and Board independence of independent non-executive Directors. A list showing the role and functions of Directors and whether they are INEDs is maintained on the websites of the Stock Exchange and of the Company and updated where necessary.

Board Diversity Policy

The Company has a board diversity policy whereby it recognises and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Board members appointments will be made on a merit basis with due regard for the benefits of diversity to the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc.

The Company avoids a single gender Board by including at least one female in the board. The Board reviews the implementation and effectiveness of the gender diversity of the Board on annual basis with the business development of the Group. As at the date of this report, the Board comprises seven Directors, one of which are female. The Company believes the composition of different gender in the Board would bring positive inspiration and enhance the business development of the Group. Thus gender diversity is one of the essential factors for the Company to select suitable candidate as a Director. The following tables further illustrate the diversity of the Board members as of the date of this report:

Name of Director	Age group				Industry experience
	Below 40	40–49	50–59	60 or above	
Ms. Lao Chao U	✓				Construction industry
Dr. Roberto Gnanavelu		✓			Construction industry
Mr. Cheang Iek Wai	✓				Corporate finance
Mr. Ip Kin Wa			✓		Construction and fitting-out industry
Mr. Chu Yat Pang Terry			✓		Corporate advisory and accounting
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>				✓	Advisory
Mr. O'Yang Wiley				✓	Accounting, legal and finance

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Diversity Policy (Continued)

As at the date of this report, approximately 77% of the Company's workforce (including senior management) is male and approximately 23% is female. Same as the gender diversity of the Board, the Company targets to avoid a single gender workforce and will timely review the gender diversity of the workforce with the business development of the Group.

Whistleblowing and Anti-corruption Policy

The Company has adopted a whistleblowing policy to enhance the awareness of internal corporate justice and regard this as a kind of internal control mechanism. This policy provides the assists to individual employees to disclose internally and at a high level, information which the individual believes showing malpractice or impropriety. If any kind of misconduct is identified, disciplinary actions will be taken such as dismissal. Every case will be undertaken by the Audit Committee of the Company seriously to investigate and the entire process will be kept in high confidentiality whenever necessary. During the year ended 31 December 2025, there were no reported cases.

Policies regarding the anti-corruption are also established. Detailed information on the policies is set out in the section headed "Environmental, Social and Governance Report" on page 40 of this annual report.

Board Meetings

Form 1 January 2025 to 31 December 2025, 4 board meetings were held. Apart from regular board meetings, the Chairman also held a meeting with the INEDs without the presence of executive Directors.

Notice of no less than 14 days was given to Directors for the regular Board meetings. Company Secretary prepares the draft agenda for the Board meetings and circulated to all Directors for comments before each meeting. Directors were given an opportunity to include any matters in the agenda. Board papers were sent to Directors within reasonable notice before the intended date of the regular Board meeting.

Minutes of Board meeting was prepared by the Company Secretary, with any concerns raised and details of decisions reached. The draft minutes were sent to all Directors after each meeting for review and comment before the minutes were formally signed by the chairman of the meetings. Final version of minutes was made for the inspection by all Directors.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Meetings (Continued)

The attendance record of each Director at the Board Meetings is set out in the table below:

Name of Directors	Number of attendance/ Number of Board Meetings
Executive Directors	
Mr. Lao Chio Seng (<i>Chairman</i>) (<i>Resigned on 17 December 2025</i>)	4/4
Ms. Lao Chai U (<i>Appointed as Chairlady on 17 December 2025</i>)	4/4
Dr. Roberto Gnanavelu	4/4
Mr. Cheanglek Wai	4/4
Mr. Ip Kin Wa	4/4
Independent Non-executive Directors	
Mr. Chu Yat Pang Terry	4/4
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	4/4
Mr. O'Yang Wiley	4/4

Chairman and Chief Executive Officer ("CEO")

Pursuant to the code provision C.2.1 of the CG Code, which stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Following the appointment of Ms. Lao Chao U as the chairlady of the Board during the year, Ms. Lao assumed the dual roles of the chairlady of the Board and CEO of the Company. After evaluation of the current situation of the Company and taking into account the experience and past performance of Ms. Lao, the Board is of the opinion that it is appropriate at the present stage for Ms. Lao to hold both positions as the chairlady of the Board and CEO of the Company as this helps maintain the continuity of policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership.

In addition, under the supervision by the Board, which consist of four executive directors and three independent non-executive directors, the interests of the shareholders of the Company are adequately and fairly represented. Also, as all major decisions are made in consultation with and approved by the members of the Board, the Board believes that this arrangement does not have a negative influence on the balance of power and authorisation between the Board and the management of the Company. Therefore, the Board considers the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Main Board Listing Rules relating to the appointment of at least three INEDs, representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the INEDs in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Main Board Listing Rules. The Company considers all INEDs are independent.

Mr. O'Yang Wiley has renewed his letters of appointment with the Company for three years commencing from 11 June 2025 subject to the termination in certain circumstances as stipulated in the relevant letters of appointment.

Mr. Chu Yat Pang Terry and Mr. Choy Wai Shek Raymond, *MH, JP*, have renewed their letters of appointment with the Company for three years commencing from 16 August 2024 subject to the termination in certain circumstances as stipulated in the relevant letters of appointment.

Appointment and Re-election of Directors

Code provision B.2.2 states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Each of the INEDs has entered into a letter of appointment with the Company with an initial term of three years commencing from the relevant date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Pursuant to Article 108 of the Articles of Association, one-third of the Directors for the time being, or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at the annual general meeting at least once every three years. Pursuant to Article 112 of the Articles of Association, any new director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until and submit himself/herself for re-election by shareholders at the first AGM after his/her appointment. Pursuant to the code provision B.2.3 of the CG Code, any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by shareholders at general meeting.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The INEDs are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors

Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors have participated in the following trainings during the year ended 31 December 2025:

Name of Directors	Type of Training <small>Note</small>
Executive Directors	
Mr. Lao Chio Seng (<i>Resigned on 17 December 2025</i>)	B
Ms. Lao Chao U	A&B
Dr. Roberto Gnanavelu	A&B
Mr. Cheang Iek Wai	A&B
Mr. Ip Kin Wa	A&B
Independent Non-executive Directors	
Mr. Chu Yat Pang Terry	A&B
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	B
Mr. O'Yang Wiley	A&B

Note:

Types of Training:

- A: Attending training sessions, including but not limited to, expert briefings, seminars, conferences and workshops
- B: Reading relevant newspaper, journals, magazines and relevant publications

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are INEDs and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company established the Audit Committee on 17 August 2018 with written terms of reference in compliance with Rules 3.21 of the Main Board Listing Rules and paragraph D.3.3 of the CG Code. The primary duties of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditor; (b) monitoring the integrity of the financial statements and reviewing significant financial reporting judgements contained in them; (c) reviewing financial controls, internal control and risk management systems and internal audit function of the Company; and (d) ensuring the corporate governance functions are in place and effective.

The Audit Committee consists of three INEDs, namely Mr. O'Yang Wiley, Mr. Chu Yat Pang Terry and Mr. Choy Wai Shek, Raymond, *MH, JP*. Mr. O'Yang Wiley is the chairman of the Audit Committee. The Audit Committee has reviewed with management of the Group's, the audited consolidated financial statements for the year ended 31 December 2025 including the accounting principles and practices adopted by the Group and this annual report and has also discussed with management of the Company the financial reporting procedures, internal controls and risk management systems.

The Audit Committee held two meetings from 1 January 2025 to 31 December 2025 during which the Audit Committee, among other things, reviewed and approved the audited consolidated financial statements for the year ended 31 December 2024, the unaudited consolidated financial statements for the period ended 30 June 2025 and met the external auditors twice a year without the presence of the Executive Directors.

Name of Directors	Number of attendance/ Number of meetings
Mr. O'Yang Wiley (<i>Chairman</i>)	2/2
Mr. Chu Yat Pang Terry	2/2
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	2/2

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Remuneration Committee

The Company established the Remuneration Committee on 17 August 2018 with written terms of reference in compliance with Rules 3.25 to 3.27 of the Main Board Listing Rules and paragraph E.1.2 of the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance based remuneration; ensure none of our Directors determine their own remuneration; to determine the criteria for assessing employee performance; review and approve compensation payable to executive Directors and senior management of the Group for loss or termination of office or appointment to ensure that it is consistent with contractual terms; and review and approve compensation arrangement relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms; and review and/or approve matters relating to share schemes under Chapter 17 of the Main Board Listing Rules.

The Remuneration Committee currently consists of three members, namely Mr. Chu Yat Pang Terry, Ms. Lao Chao U and Mr. Choy Wai Shek, Raymond, *MH, JP*. The chairman of the Remuneration Committee is Mr. Chu Yat Pang Terry.

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

Remuneration bands	Number of senior management
Nil to HK\$1,000,000	1

Further particulars in relation to directors' and chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 13 to the consolidated financial statement of this annual report.

The attendance record of each member of the Remuneration Committee is set out in the table below:

Name of Directors	Number of attendance/ Number of meetings
Mr. Chu Yat Pang Terry (<i>Chairman</i>)	1/1
Ms. Lao Chao U	1/1
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i>	1/1

Nomination Committee

The Company established the Nomination Committee on 17 August 2018 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size, composition and diversity of the Board on a regular basis; identify individuals suitably qualified to become Board members; assess the independence of INEDs; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management of the Group; and review the board diversity policy.

NOMINATION PROCESS

(a) Appointment of New Director

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out under the Director Nomination Policy to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

NOMINATION PROCESS (Continued)

The Nomination Committee currently consists of three members, namely Mr. Choy Wai Shek, Raymond, *MH, JP*, Mr. O'Yang Wiley and Ms. Lao Chao U. The chairman of the Nomination Committee is Mr. Choy Wai Shek, Raymond, *MH, JP*.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The attendance record of each member of the Nomination Committee is set out in the table below:

Name of Directors	Number of attendance/ Number of meetings
Mr. Choy Wai Shek, Raymond, <i>MH, JP (Chairman)</i>	1/1
Mr. Cheang Iek Wai (<i>resigned on 30 June 2025</i>)	1/1
Mr. O'Yang Wiley	1/1

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new system and oversees project management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defense, an independent consultant assists the Audit Committee to review the first and second lines of defense.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

The Group has recruited an internal control officer and engaged an independent third party internal control consultant to review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation on an annual basis. The review covered certain operational procedures. No significant internal control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review whether it is necessary to further strengthen the internal control function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025. The Board and the Audit Committee considered the risk and management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Procedures and internal controls include:

- i) Only designated persons are authorised to communicate the Company's corporate matters with investors, analysts, the media or other members of the investment community;
- ii) Directors should report to the CEO any potential or suspected inside information as soon as possible for her to consult the Board for determining the nature of developments, and if required, making appropriate disclosure;
- iii) Disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information.

CORPORATE GOVERNANCE REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. Detailed information on the ESG practices adopted by the Group is disclosed in the ESG report on pages 40 to 90 of this annual report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report on pages 106 to 111 of this annual report.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 were audited by Baker Tilly Hong Kong Limited. There was no change of auditor of the Company for the preceding three years.

AUDITORS' REMUNERATION

During the year, the remuneration payable to the external auditor of the Company, Baker Tilly Hong Kong Limited, in respect of audit services for the year ended 31 December 2025 amounted to HK\$600,000.

The remuneration paid to the external auditor of the Company, Baker Tilly Hong Kong Limited and its affiliated firms, in respect of non-audit services are listed as follows:

	HK\$
— Interim review services	135,000
— ESG services	53,000
— Internal control review services	90,000
Total:	278,000

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to the Board's approval in accordance with the Articles of Association (the "**Articles**") of the Company. The Company's secretarial functions are outsourced to an external services provider. Mr. Wong Wah ("**Mr. Wong**") was appointed as the Company Secretary with effect from 30 September 2021. Mr. Wong obtained a bachelor degree in accountancy from The Hong Kong Polytechnic University in December 2006. Mr. Wong worked in PricewaterhouseCoopers until January 2016. From January 2016 to June 2018, Mr. Wong was the group financial controller, company secretary and authorised representative of AV Promotions Holdings Limited, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8419). From June 2018 to September 2020, Mr. Wong was the chief financial officer and company secretary of a private company. Mr. Wong was the company secretary and an authorised representative of E-Station Green Technology Group Co., Limited (previously known as K Group Holdings Limited), the shares of which are listed on the GEM of the Stock Exchange (stock code: 8475), from October 2020 to October 2021. He has been an independent non-executive director of Global Uin Intelligence Holdings Limited (previously known as Global Dining Holdings Limited), the shares of which are listed on the GEM of the Stock Exchange (stock code: 8496) since February 2021. He was an independent non-executive director of S&S Intervalue China Limited (the shares of which were listed on the GEM of the Stock Exchange with stock code: 8506) during the period from August 2021 to June 2022. Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants since January 2010.

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with Shareholders and with the management. Mr. Wong has complied with the requirement under Rule 3.29 of the Listing Rules during the year.

The external service provider's primary contact person of the Company is Mr. Cheang Iek Wai, executive Director of the Company, who is responsible for finance and account management aspects and engaging in corporate finance functions in the Group.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Main Board Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

According to Article 64 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (Continued)

Convening an Extraordinary General Meeting (Continued)

There are no provisions allowing Shareholders to move new resolutions at the general meeting under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles of Associations, Shareholders who wish to move a resolution may be means of requisition convene an EGM following the procedure set out above.

Putting Forward Enquiries to the Board and Contact Details

Shareholders may send their enquiries to the following contact as mentioned:

Address:	Bright Communications International Limited Flat C, Yue Cheung Center 1–3 Wong Chuk Yeung Street Fo Tan N.T.
Tel:	(852) 4637 1627
Fax:	(852) 2643 2300
Email:	ir@brightcommns.com

Shareholders may also send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong. The Company will not normally deal with anonymous enquiries.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. Information will be communicated to the Shareholders through the Company's website, corporate email, financial reports, AGM and other extraordinary general meetings as well as all the published disclosures submitted to the Stock Exchange. At the AGM, directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Company has reviewed the implementation and effectiveness of the Shareholders communication policy during the year and concluded that it is effective.

The forthcoming annual general meeting of the Company will be held on Thursday, 18 June 2026. The notice of the annual general meeting, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to the Shareholders at least 21 days before the annual general meeting.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the year ended 31 December 2025 and up to the date of this report. The second amended and restated memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the Shareholders. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval at AGM. The Board will review the Dividend Policy of the Company from time to time in light of our financial performance, our retained earnings and distributable reserves, our business strategies, our current and future operations, liquidity position and capital requirements, the economic conditions, and other factors the Board may deem relevant in determining whether dividends to be declared and paid. There is no arrangement under which a Shareholder has waived or agreed to waive any dividend during the year.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

AB Builders Group Limited (the “**Company**”), together with its subsidiaries (hereafter “**AB Builders**”, the “**Group**”, “**we**” or “**our**”) has been one of the major contractors in Macau for more than two decades. Our service field includes structural work comprising substructure and superstructure work, as well as fitting-out work through our subsidiary, the Macau-incorporated San Fong Seng Construction & Engineering Company Limited.

By integrating environmental, social, and governance (“**ESG**”) concepts and practices into our operational processes, we are dedicated to establishing enduring relationships with stakeholders and the community. We are delighted to publish our ESG report (the “**Report**”), highlighting our ESG initiatives and outcomes.

Scope of Report

The Report analyses the Group’s ESG management strategies, environmental and social performance, and material topics during the year from 1 January 2025 to 31 December 2025 (the “**Reporting Period**” or “**2025**”) which includes the Group’s key businesses and the major construction projects as carried out by its subsidiaries:

- Jiangmen Jinying Construction and Engineering Company Limited (“**Jinying**”) in the People’s Republic of China (the “**PRC**”);
- San Fong Seng Construction & Engineering Company Limited located in Macau.

This Report focuses on our principal construction business. The adjustment is determined based on the materiality and significance of ESG impacts on the business segments under the Group’s direct operational control. The Group will continue to assess the material ESG aspects of different businesses and expand the scope of disclosure as and when appropriate.

Simultaneously, the Group has announced the establishment of a new investment company in Hong Kong, which is expected to help the Group to further diversify and expand its business portfolio. Following the acquisition of the SFC-licensed company, we are actively developing our financial services capabilities. Looking ahead, the Group will continue to seek business opportunities through merger and acquisition, as well as partnerships with reputable enterprises globally, with an aim at expanding its income resources and driving its long-term growth.

Reporting Standard

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**HKEX**”).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Reporting Principles

The Group follows the ESG Reporting Code reporting principles for materiality, quantitative, balance and consistency while presenting its ESG disclosures:

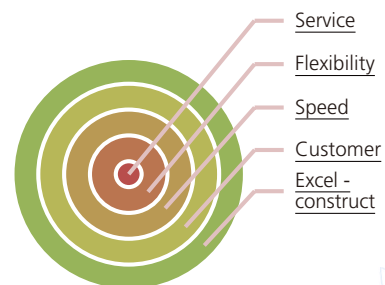
Materiality	Quantitative
To identify the ESG factors that are important to us and to decide the direction of the Report, we conducted a materiality assessment. The materiality matrix and key aspects of stakeholder engagement are described in the sections headed “Stakeholder Engagement” and “Materiality Assessment”.	All the data presented, as well as the environmental and social key performance indicators (“KPIs”), were obtained and computed using a range of standardised procedures that are described in the respective sections.
Balance	Consistency
This Report was composed objectively. The board of directors (the “Board”) has acknowledged its role to oversee the Group’s sustainable development and examine the veracity, accuracy, and completeness of the Report.	Unless otherwise stated, the methodology used in the preparation of this Report was the same as those adopted in the previous years. Further to the reporting scope, the updates are described in detail in the section headed “Scope of Report”. To enable a meaningful comparison of our performance over time, we devised a consistent approach to managing environmental and social data.

Contact and Feedback

The Group puts forth efforts to establish a solid relationship with the stakeholders. We develop our corporate strategies with the interests of our stakeholders in mind. Therefore, we value your opinion on our Report and our sustainability performance. You are welcome to reach us via infoservice@abbuildersgroup.com if you have any feedback.

OUR SUSTAINABILITY APPROACH

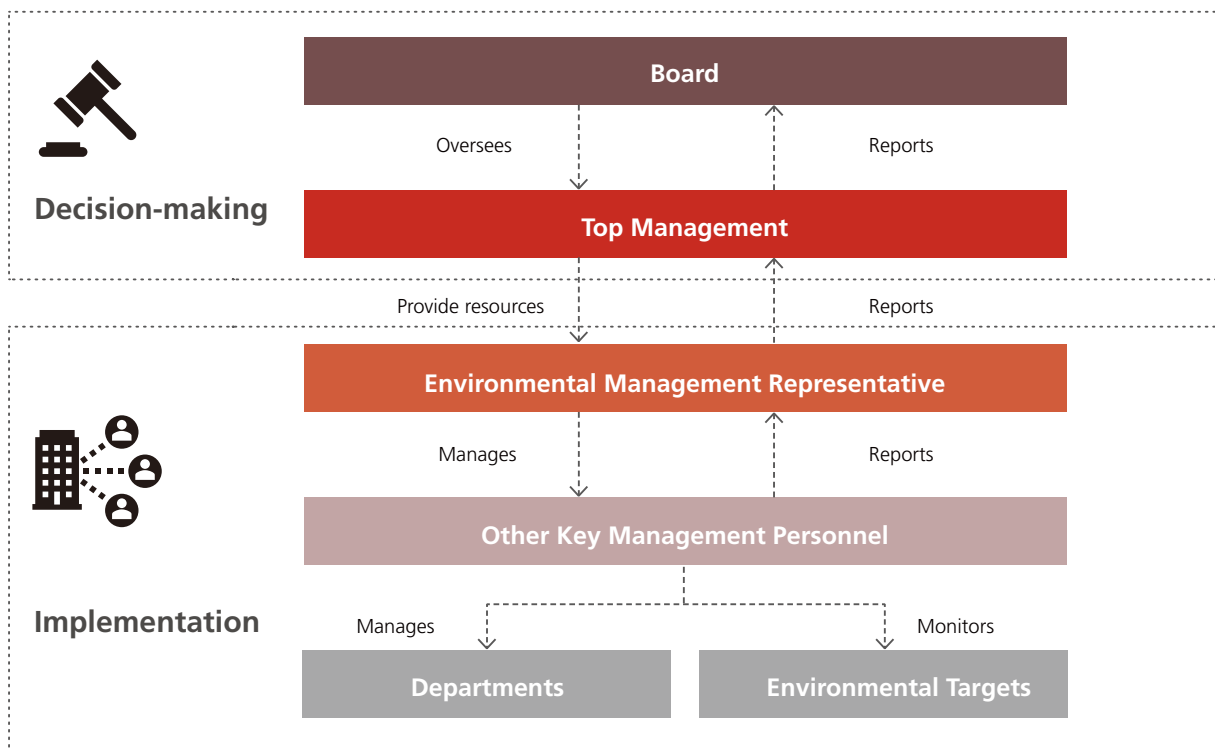
We are fully dedicated to fulfilling our objectives as a reputable company in the civil and construction contracting sectors of Macau by offering top-notch services and establishing an encouraging working atmosphere for our customers and staff members. The Group upholds the highest standards of corporate ethics to establish itself as a reliable business partner, in alignment with our motto, “Honesty, Customer-orientated and Good Services”. Our values, “SFSC”, which are consistent with the initials of our subsidiary, San Fong Seng Construction & Engineering Company Limited, have been a driver for us to enhance employee well-being, service quality, product responsibility, business integrity standard, environmental stewardship, and community involvement along our sustainability pathway.



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ESG Governance

In the interest of fully articulating the Group's ESG vision and mission, commitment and management approach, as well as the role of the Board and other key personnel, the Group has formulated its ESG strategy. The following key members of management work closely with the Board, which oversees the Group's governance, in leading our ESG management:



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Board is ultimately accountable for the Group's ESG affairs. The following are the main ESG responsibilities of the Board and other management personnel:

Roles	Responsibilities
The Board	<ul style="list-style-type: none"> To assess and identify the Group's ESG-related opportunities and risks To assure that ESG risk management and internal control mechanisms are adequate and effective To determine the Group's approach, strategy, priorities, and goals for ESG management To regularly assess the Group's ESG initiatives and achievement with respect to ESG-related objectives and benchmarks To approve the Report
Top Management	<ul style="list-style-type: none"> To report major ESG observations to the Board To devise and refine the Group's ESG strategy, policy, and goals to ensure conformity with pertinent laws and statutory requirements To provide the resources (e.g. human resources, equipment, technology, methodology and financial resources) required for the ESG strategy formation, adoption, upkeep, and continuous improvement
Environmental Management Representative	<ul style="list-style-type: none"> To deploy resources for the environmental management system formulation, adoption, upkeep, and ongoing development To make sure that the environmental management system ("EMS") is developed, adopted, administered and enhanced over time in accordance with the international standard To address the opportunities and risks associated with our environmental responsibilities, compliance requirements, and other identified issues and challenges
Other Relevant Management Personnel	<ul style="list-style-type: none"> To keep track of the Group's ESG effectiveness through meetings and approve related documents To govern the overall operations of each department To ensure that all work-related policies and procedures have been established, monitored, undertaken and communicated to the employees To regularly coordinate safety protocols with government bodies To keep track of the advancement of the environmental goals each department has established

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

To deal with environmental issues and ensure our business activities comply with relevant environmental laws and policies, we also include “Environmental Policy” in our EMS and specify our ESG management structure in the “Environmental Management System Manual”.

Highlights of Our EMS Goals

- To keep on leading the market by recognising the needs and anticipation of customers in order to deliver the most reliable and high-quality services
- To offer exceptional products and services that address consumer needs through effective communication
- To empower our employees to offer exceptional services by providing ideal working conditions, as well as favourable facilities, equipment, and training
- To establish a guideline with specific environmental and safety goals and milestones
- To commit to continuous improvements, focusing on issues that are important to our operations, such as environmental protection, pollution mitigation and prevention, taking into account the full life cycle of our products and services, sustainable resource use, injury and illness prevention
- To adhere to environmental and safety laws and regulations
- To systematically assess the quality, environmental, and safety goals and targets in our operations annually to make sure they are in line with the Group’s core values of SFSC

ESG Risk Management

The Board has the overall responsibility to continuously monitor and assess the Group’s internal control system, operations and ESG risk management system. The Board is ultimately in charge of the Group’s ESG risk management. Aiming to ensure that organisational competencies and resources are recognised and deployed efficiently and effectively, as well as complying with the Group’s values, a set of risk management policies has been developed and implemented.

In a bid to demonstrate effective risk and opportunity management, which is incorporated into the risk management hierarchy to outline the risk and opportunity according to four business levels, an assessment of the internal and external issues is conducted to identify the risk and opportunity through the Group’s daily operations.

We commissioned an independent consultant to conduct the ESG risk assessment during the Reporting Period, and the identified ESG risks have been integrated into our risk management framework. Some significant risks were noted and are presented in the following table. The implications of the risks have been addressed by our mitigation measures, which are being reviewed from time to time.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Key Risks	Impacts and Our Responses
<p>Climate Physical Risk</p>	<ul style="list-style-type: none"> • Extreme weather events and climatic catastrophes may impact the Group’s daily operations and finances. • To protect against and respond to environmental hazards brought on by unforeseen events, we have prepared an emergency contingency plan. Our financial planning and ESG management strategies may consider the operational and capital costs associated with climate risks.

Community Engagement

As a component of our social commitment, AB Builders is committed to developing enduring relationships with the community and corporate social responsibility-related policy to demonstrate its commitment to promoting sustainable development. To build long-lasting relationships with local stakeholders, the Group encourages volunteering and community engagement by organising and supporting community events, specifically focusing on education and development, poverty alleviation and disaster relief.

During the Reporting Period, the Group was recognised for its excellence through a prestigious award, the Bronze Award of International Management Certification Recognition for Macau Enterprises from the Macau Productivity and Technology Transfer Center.





ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

At the same time, the Group did not engage in community investments as its focus was directed towards addressing operational challenges and aligning with strategic priorities to ensure sustainable business growth. However, the Group remains committed to its long-term goals of community investment and social engagement. Moving forward, the Group will actively prioritise initiatives such as tree planting to enhance environmental sustainability and volunteering programs aimed at improving the living conditions of elderly individuals living alone. By contributing to society and upholding its corporate social responsibilities, the Group strives to foster a caring environment, strengthen community connections, and cultivate a positive, socially responsible corporate culture.

STAKEHOLDER ENGAGEMENT

The Group understands that a key component of a successful ESG strategy is forging lasting relationships with stakeholders. To understand the anticipations and concerns of internal and external stakeholders on our ESG achievements and the Group's operations, we are dedicated to developing a variety of communication channels. Our platforms for interacting with various stakeholder parties are listed below:

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

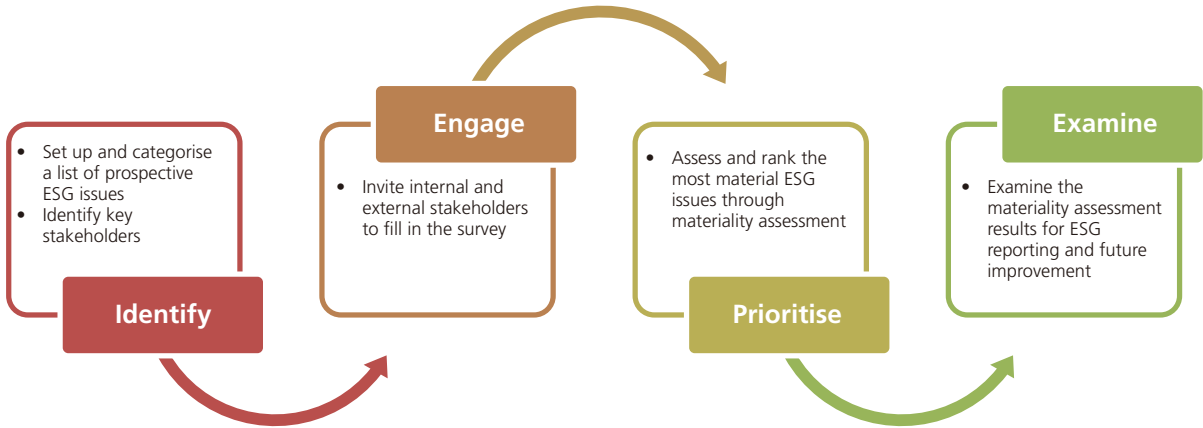
Stakeholder Groups	Engagement Channels	Concern Topics
Investors and shareholders	<ul style="list-style-type: none"> • Company website • Company's announcements • General meetings • Annual and interim reports 	<ul style="list-style-type: none"> • Profit and return • Compliance obligation • Corporate governance
Customers	<ul style="list-style-type: none"> • Company website • Customer direct communication • Customer feedback and complaints 	<ul style="list-style-type: none"> • Quality of works • Data security • Environmental-friendly Operation
Employees	<ul style="list-style-type: none"> • Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities 	<ul style="list-style-type: none"> • Labour rights • Employee remuneration and benefits • Healthy and safe working environment • Training and development
Suppliers and business partners	<ul style="list-style-type: none"> • Selection assessment • Procurement process • Performance assessment • Regular communication with business partners (e.g. email, meetings, on-site visits etc.) 	<ul style="list-style-type: none"> • Operational efficiency • Stable and trust-worthy business relationship

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Stakeholder Groups	Engagement Channels	Concern Topics
Government authorities and regulators	<ul style="list-style-type: none"> • Documented information submission • Compliance inspections and checks • Forums, conferences, and workshops 	<ul style="list-style-type: none"> • Compliance • Report and document submission • License registration
Community and non-governmental organisations	<ul style="list-style-type: none"> • Company website • Community activities • Email and hotline 	<ul style="list-style-type: none"> • Community support • Pollution • Product health and safety
Media	<ul style="list-style-type: none"> • Company website • Company’s announcements 	<ul style="list-style-type: none"> • Quality of works • Compliance

We have carried out a materiality assessment to identify the ESG issues that are significant to the Group in developing optimal strategies for ESG management. To develop management plans for such ESG issues, we hired an independent consultant to perform a materiality assessment in the form of an online survey.

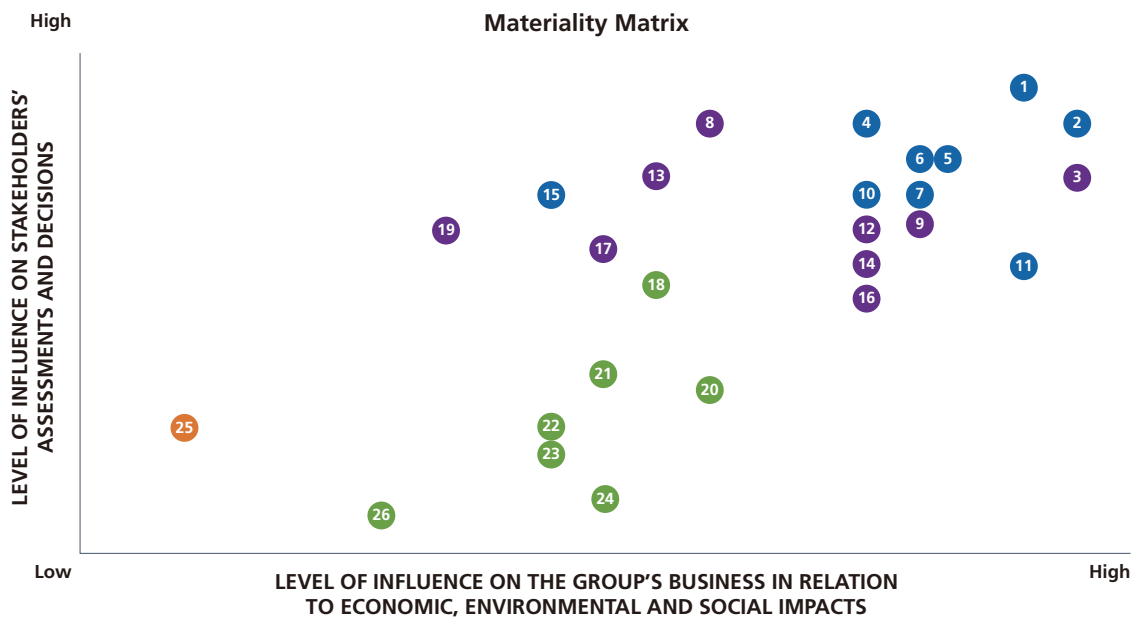
The Board, employees, suppliers, and other significant stakeholders of the Group were asked to respond to the questionnaire outlining 26 ESG issues that are trending. Such issues were prioritised by the stakeholders, and the survey’s findings were examined and summarised in the materiality matrix.



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

MATERIALITY ASSESSMENT

During the Reporting Period, there were no significant changes in the Group’s shareholder composition or operational status. As such, the Group confirms that the materiality matrix established in 2024 remains applicable for 2025 and continues to align with investor expectations. The following ESG issues have been prioritised and are reflected in the materiality matrix:



Environment	Social	
	Employment	Operation
18. Environmental compliance 20. Energy efficiency 21. Use of materials 22. Waste management 23. Greenhouse gas emissions 24. Air emissions 26. Climate change	3. Occupational health and safety 8. Employee retention 9. Diversity and opportunity 12. Employee development 13. Employee training 14. Labour rights 16. Customer privacy and data protection 17. Labour-management relations 19. Non-discrimination	1. Customer satisfaction 2. Product and service quality 4. Socio-economic compliance 5. Intellectual property 6. Business ethics 7. Customer health and safety 10. Marketing and product and service labelling compliance 11. Responsible supply chain management 15. Prevention of child labour and forced labour
Community		
25. Community Investment		

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

We classified the ESG issues into three categories to enable stronger business planning and resource distribution, namely High, Medium, and Low. Located on the upper right corner of the matrix are the most significant issues to the Group’s business operations and our stakeholders. Understanding our stakeholders’ concerns, we are devoted to strengthening our ESG competitiveness, leadership, and practices.

Key Concerns from Stakeholders	Our Responses	Section
<ul style="list-style-type: none"> Customer satisfaction Product and service quality 	<p>We are aware that the growth of our company depends on the exceptional quality of construction.</p> <p>The quality management system (“QMS”) for the Group has earned accreditation to the global standard ISO 9001:2015, which provides a framework for creating quality-related goals and plans, for our construction projects, and regulates how we handle customer expectations, feedback, and complaints.</p> <p>During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided.</p>	<p>SERVICE AND PRODUCT RESPONSIBILITY</p> <ul style="list-style-type: none"> Services and Product Excellence Customer Services
<ul style="list-style-type: none"> Occupational health and safety 	<p>The Occupational Health and Safety (“OHS”) Management System for the Group has earned accreditation to the Global standard ISO 45001:2018, which provides a systematic safety management of our building construction and fit-out projects.</p> <p>During the Reporting Period, there were no cases of work-related injuries or fatalities, and the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<p>CARE FOR OUR EMPLOYEES</p> <ul style="list-style-type: none"> Health and Safe Workplace
<ul style="list-style-type: none"> Socio-economic compliance 	<p>We comply with all regulatory requirements that are relevant to our business. The Group was not aware of any non-compliance with applicable laws and regulations in 2025.</p>	<p>All relevant sections</p>

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

CARE FOR OUR EMPLOYEES

Employees contribute greatly to the Group's growth. The Group is committed to investing a substantial number of resources in advancing employees' career development and well-being and addressing labour-related issues such as OHS, preventing child and forced labour, labour rights, labour-management relations, and workplace inclusiveness.

During the Reporting Period, the Group had no material non-compliance with applicable laws relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, including but not limited to the "Labour Law of the PRC", and the "Regulation on Prohibition of Illegal Work of Macau". The Group has provided a safe working environment and protected employees from occupational hazards, and child and forced labour.

Recruitment and Promotion

The Group abides by an open, fair, and just principle and considers candidates based on their merit and qualifications in the recruitment process. Prospective job applicants should complete an "Interview Assessment form" (《面試評估表》), followed by initial screening by the Human Resources Department and a follow-up interview by the respective departmental manager to ensure that candidates' skills and abilities match the position. Besides, the Group has developed a series of sound employment rules and regulations and made clear provisions of the rights and obligations of employees as specified in the "Human Resources Management Policy" (《人力資源管理制度》), including but not limited to remuneration, working hours and rest periods, welfare and benefits.

Moreover, the Group offers promotion and development opportunities for outstanding employees. Employees with great performance will be subject to promotion, while employees found incapable of taking on the duties, the Human Resources Department will recommend deferred promotion to the appropriate department or other related parties.

Employee Remuneration and Welfare

We understand that offering fair and attractive remuneration is the most direct means of motivating and retaining employees. To recruit, empower and retain our employees, we develop and carry out an attractive remuneration programme that combines basic salary with short-or long-term economic incentives, such as discretionary bonuses for workers who exhibit exceptional performance at work. To remain compliant with all relevant rules and regulations, we constantly monitor and assess market trends and industry practices.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group endeavours to foster a favourable work atmosphere for its employees by allowing them the flexibility to balance their requirements with their jobs. In addition to paid and statutory holidays, we provide a variety of benefits for employees to enable them to attain work-life balance.

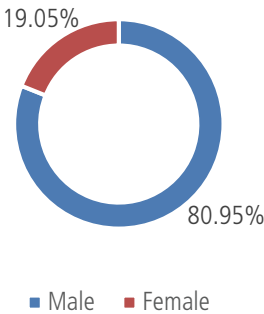
Paid Leaves	
Sick Leave	Maternity Leave
Bereavement Leave	Paternity Leave
Marriage Leave	Jury Duty Leave
Other Benefits	
Medical Benefits	Personal Accident Insurance
Year-end Bonus	Education and Training Benefits

As at 31 December 2025, the Group had a total of 105 full-time employees (2024: 156 employees) in respect of the reporting scope. The employment figures are summarised below:

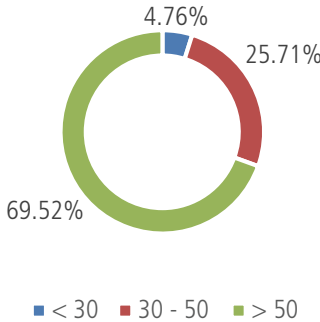
Employee Data		2025	2024
Total number		105	156
By Gender	Male	85	134
	Female	20	22
By Age Group	Below 30	5	102
	30 to 50	27	8
	Over 50	73	46
By Geographical Region	Hong Kong	—	—
	PRC	66	4
	Macau	39	152
By Employee Category	Senior Management	12	13
	Management/Supervisor	37	12
	General Staff	56	131

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

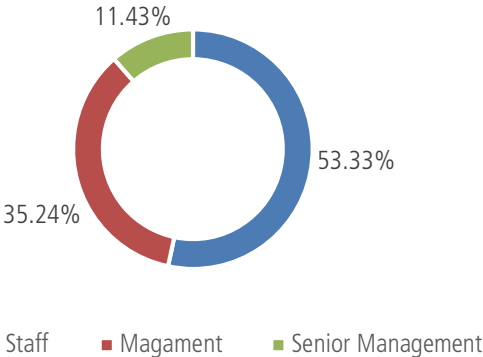
By Gender



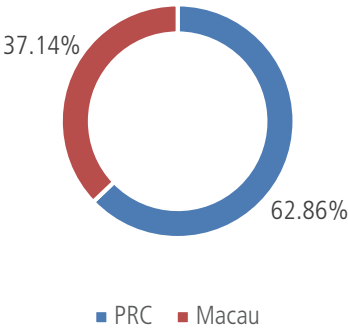
By Age



By Category



By Geographical Location



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Diversity, Equality, and Inclusiveness

Diversity, equality, and inclusiveness serve as the cornerstones for accomplishing the Group's mission while reducing conflicts and enhancing our brand. The Group firmly prohibits any form of discrimination or harassment based on race, gender, religion, age, nationality, ethnic origin, marital status, disability, or any other non-work-related characteristics to promote a diverse and inclusive workplace. Every employee receives equal and fair treatment, and all hiring choices are made solely based on the individual's skills, aptitude, and experience during the recruiting, training, performance review, promotion, and other relevant phases.

Resignation and Dismissal

The Group's "Human Resources Management Policy" (《人力資源管理制度》) has defined the "Staff Exit Management", which includes the detailed procedures of employee resignation and employee dismissal. All employees are required to have an exit interview and sign a separation agreement with the Human Resources Department upon separation from the Group. In addition, If the related employee is unable to adapt to the work requirements due to serious violation of laws and regulations during the working period or for other reasons, the Group will issue a notice of dismissal, and the related employee will go through the procedures of job handover within the stipulated period. If the dismissed employee is not satisfied with the decision made after receiving the notice of dismissal, he/she may complain to the Group's Human Resources Department within 15 days to apply for a ruling. During the Reporting Period, the completion of a major project has led to a substantial decrease in the number of site workers, resulting in a relatively high overall employee turnover rate. The employee turnover rate is summarised below:

Employee Turnover Rate ¹		2025	2024
Total number		120.00%	4.49%
By Gender	Male	142.35%	3.73%
	Female	25.00%	9.09%
By Age Group	Below 30	80.00%	0.98%
	30 to 50	314.81%	75.00%
	Over 50	50.68%	/
By Geographical Region	Hong Kong	/	/
	PRC	177.27%	50.00%
	Macau	23.08%	3.29%

¹ Employee Turnover Rate: Total number of employees who left during the Reporting Period/Total number of employees at the end of the financial year* 100%.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Health and Safe Workplace

The Group is committed to investing a considerable number of resources in keeping our workplace free of occupational health hazards as well as ensuring effective management of OHS and labour-management relations.

To effectively manage OHS risks, we keep enhancing the Environmental, Health and Safety (“EHS”) Management System. The ISO 45001:2018 certified OHS Management System was brought in for systematic safety management of our building construction and fit-out projects, in line with our “Safety First and Prevention-oriented” approach across business operations.

A comprehensive, structured “Corporate Health and Safety Manual” has been developed to identify and mitigate all potential hazards — including fire safety protocols and workplace hazard management. This policy is being rolled out on the frontline via targeted safety safeguards and internal policies. We also mandate that our subcontractors follow the identical stringent safety precautions we have in place to comply with our rigorous safety standards.

Implementation & Supervision

- Maintain a safety team that is made up of employees from management level and on-site supervisors on each of our construction sites
- Develop and periodically evaluate OHS goals and approach
- Conduct on-site safety inspections and monitoring on both regular and irregular rounds to identify operational infractions
- Designate qualified personnel to inspect high-risk tasks

Staff Awareness

- Organise periodic training on operation of machinery, fire prevention, occupational safety and the most recent regulatory criteria
- Provide sufficient and proper protective gears for construction workers
- Install eye-catching signage and safety information on sites
- Require employees to participate in product safety inspection induction training

Risk Mitigation

- Regularly conduct evacuation drills to assure employees are aware with evacuation procedures
- Maintain a contingency plan
- Conduct comprehensive investigation in the event of any unforeseen work-related accidents

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

During the Reporting Period, there were no cases of work-related fatalities and injuries. The Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the "Prevention and Treatment of Occupational Diseases of the PRC", and the "Legal Regime on Compensation for Damage Arising from Work Accidents and the Occupational Diseases" of Macau.

	2025	2024	2023
Work-related fatalities	/	/	/
Lost day(s) due to work injuries	/	/	/
Number of work-related injuries	/	/	/

Labour Standards

We provide guidelines on human resources management, including hiring, working hours, rest intervals, attendance, performance assessment, promotion, dismissal, employment discipline, and additional compensation and benefits as stated in our "Human Resources Management Policy" (《人力資源管理制度》) and "Staff Handbook".

Safeguarding human rights is a significant priority for our standard of ethics at work. Our policy is to maintain and promote the security of human rights in the workplace, and we are committed to achieving this objective. The use of child labour, forced labour, or coercion, including physical punishment, is not permitted in any of our activities.

The "Staff Handbook" outlines our standards and guidelines for how we uphold labour laws, prevent and address instances of child labour, as well as other pertinent issues. We pledge to adopt the following practices:

Background Check

- Conducting background and documentation checks on each applicant during the hiring procedure to ensure that they are at the legal age to work

Employment Contract

- Requiring employees to enter into a legally binding employment contract before employment commences

Whistleblowing Mechanism

- Providing a whistleblowing channel for reporting any unjust treatment

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

If any evidence of child labour is found, a rectification procedure will be initiated to provide the minors with the best possible support and to lessen any possible adverse impacts on them. A specialist team will be established to conduct prompt investigations and take appropriate action after receiving concerning cases.

Moreover, we ensure that none of our employees will engage in any form of forced labour and that all their work is done with their consent. We provide our employees with complaint channels to report any instances where forced labour may be taking place, and we then thoroughly investigate the allegations made by the employees. The same procedure is applied to our supply chain as well. If any indication of child or forced labour is discovered in our supply chain, prompt remedial actions will be taken.

To effectively handle all employment-related issues, a variety of policies covering recruitment and termination, performance assessment, promotion, attendance monitoring, wage and welfare, and employee conduct have been developed and established. Through the provision of regular training, all employees are made aware of the employment standards as well as their respective rights and duties. Any suspected inappropriate conduct will be investigated instantly, and major offences may be subject to referral to the relevant authorities and/or disciplinary action.

The Group was not aware of any material non-compliance with the laws, or any regulations relating to child and forced labour during the Reporting Period, including the “Labour Law of the PRC” and the “Labour Relations Law of Macau”.

Development and Training

We are aware that the success of the Group depends on the professional development and progress of our employees. It is also crucial to foster a culture of continuous development and unleash the full potential of all our staff members. As a result, the Group strives to create a workplace culture that values knowledge and has the “Human Resources Management Policy” (《人力資源管理制度》) in place to support our professional development.

During the reporting period, all onsite workers are required to take part in safety training sessions, such as toolbox presentations, to gain the information and skills they need to take on their duties. However, due to dispersed work locations, high workforce mobility, and the use of on-site verbal briefings, relevant data is difficult for project teams or subcontractors to record. To ensure accuracy and integrity, we decided not to disclose the training data, and will strengthen the record-keeping during the next reporting period.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Relationship with Employees

We are dedicated to promoting work-life balance as we understand how vital it is to maintain employees' mental and physical wellness. We are determined to support all our employees in thriving in different conditions, assisting them in adapting to changes, and boosting their resilience. We understand that a more inviting and peaceful workplace can boost collaboration within our company. We can win our employees' confidence and strengthen their sense of connection by creating easily accessible communication channels, such as staff meetings and routine internal activities.

We regularly organise activities for employees to participate in, to facilitate team building, build relationships among employees and promote work-life balance. Special gatherings will be held in major festivities, enabling employees to come together to share the joy and blessing.

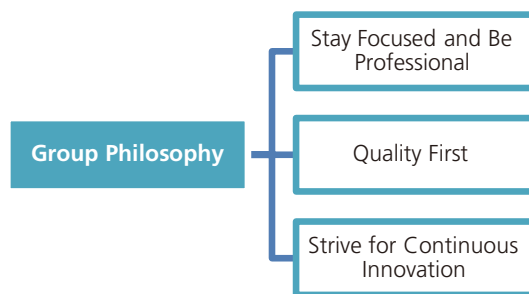


Events and activities during the Reporting Period

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

SERVICE AND PRODUCT RESPONSIBILITY

We recognise that exceptional construction quality is a vital aspect of our Company's success. It is connected to construction safety and customer satisfaction; thus, we are focused on achieving product quality and establishing customer loyalty in every aspect, from the supply chain to customer experience and after-sales services, in accordance with the Group's philosophy.



During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided, including but not limited to the "Product Quality Law of the PRC", "the Protection of Consumer Rights and Interests of the PRC", and the "Industrial Property Code of Macau".

Services and Product Excellence

The Group's QMS offers a structure for developing quality-related targets and strategies as well as remedial and preventative measures for our construction works. It has been accredited to the international standard ISO 9001:2015. We ensure the effectiveness of the QMS by identifying four core process groups and managing their inputs, activities, controls, outputs, and interfaces. These core process groups consist of:



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Apart from performing QMS analysis to identify the risks and opportunities inherent in each process, we employ KPIs that are tied to our objectives to regulate and monitor our processes. We consider customer satisfaction statistics, monitoring and measuring findings, audit results, indications of non-conformities, objectives, the performance of our processes and the conformance of our products, as well as remedial actions, where applicable.

To not only fulfil but also exceed consumer expectations for product quality, safety, sustainability, affordability and timeliness, a quality management team composed of a QMS manager, and an internal control officer has also been established to monitor the adoption, upkeep, and ongoing improvement of the QMS as well as to make sure that the Group complies with all relevant laws and regulations.

Another line of defence for the quality of our products and services is the practice of addressing any non-conformity promptly. If our products do not conform with the requirements of our stakeholders, we will evaluate and rectify the issue as soon as practicable. The Group works tirelessly to elevate our product standards from time to time. To enhance our QMS performance, we establish standards and objectives for sales, production efficiency, and rework rate after interacting with our stakeholders about their expectations through different means of communication. Apart from that, all levels of employees, as well as suppliers and sub-contractors, receive internal communication training to ensure that they acknowledge and adhere to the guidelines.

Customer Services

The golden rule for enhancing the effectiveness and quality of our services is listening to customer suggestions and feedback. The QMS system has addressed consumer requirements to better understand customers' perspectives and track if the company has fulfilled their needs.

To obtain customer opinions on the quality of the product and services and customer satisfaction, we hold meetings and perform customer surveys regularly. All suggestions are taken into consideration to improve the effectiveness and quality of our goods and services. Our clients may communicate their expectations and thoughts through a wide range of channels, such as meetings, hotlines, and email. Written or verbal customer complaints are all conveyed to the designated personnel by top management for resolution. The delegated personnel assigned by the top management will review the results of survey responses together with additional customer input, such as verbal or written complaints and data gathered via the customer feedback form and then take the necessary remedial steps. During the Reporting Period, the Group is not aware of any material complaint on its provided product and service (2024: 0 complaint).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Privacy Protection

The Group is aware of how important privacy is to all stakeholders, including customers and employees. Regarding the issue of confidentiality, the Group has specified employee obligations in business confidentiality in the “Human Resources Management Policy” (《人力資源管理制度》) to keep rigorous control over our employees’ conduct. All relevant policies must be observed by employees. Employees are not permitted to duplicate, upload, or disclose restricted content without permission from the Group. In addition, employees in possession of important confidential information are required to sign a confidentiality agreement upon leaving the company. Breaches of the Group’s internal policies may result in disciplinary actions such as dismissal and the termination of agreements.

Intellectual Property Rights Protection

We give intellectual property a great deal of importance as we forge ahead. Employees are obligated to safeguard the intellectual property of the Group while also respecting that of others. Patents, copyrights, trademarks, personal data, associated contract rights, and other legal restrictions are used to preserve our intellectual assets. Employees must adhere to the Group’s internal policies about the intellectual property by getting the required licenses or permits. For any infringement of our intellectual property, we will urge infringers to cease such action, and further action will be taken if the infringement continues.

ETHICAL BUSINESS

By collaborating across divisions to raise consciousness over the significance of ethics and compliance, we devote time and effort to managing the ethics and compliance function across the business and establishing a culture of ethical corporate conduct. The “Staff Handbook”, “Anti-Money Laundering Management Policy” (《反洗黑錢管理制度》), and “Anti-Fraud Management Policy” (《反舞弊管理制度》) have been created based on the Group’s legal and ethical professional behavioural standards for employees to adhere to.

Anti-corruption

The policies are intended to offer guidance on appropriate behaviour to all employees based on the Group’s objectives and values towards business conduct. All employees are obliged to refrain from soliciting or accepting gifts, rewards, or benefits from anyone else, including public officials. Any malpractices that may impair the Group’s reputation are forbidden. The policy states that to remove any potential misconduct risks, our top management is greatly involved in the annual corporate risk assessment.

During the reporting period, no specific training on anti-corruption was conducted. Going forward, the Group will disseminate and implement the system requirements through various channels, integrate the anti-corruption concept into the daily work of all employees and ensure the effective implementation of the system.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Prior to the hiring process, a thorough employee background check procedure is undertaken to assess the credentials of the applicants. All employees are required to complete specialised training related to the policies before work commences to ensure that they are fully cognisant of the Group's corporate standards of ethics.

We welcome employees to address concerns or report issues using the Group's designated reporting channels to maintain a workplace free from corruption. In the event of any suspicious events, employees are advised to discuss their concerns with their supervisors in person or in writing. Employees may also voice their concerns about company policies anonymously. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantial.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the PRC and the Prevention and Suppression of the Crime of Money Laundering of Macau. There were no concluded legal cases (2024: 0 case) regarding corrupt practices brought against the issuer or its employees during the Reporting Period.

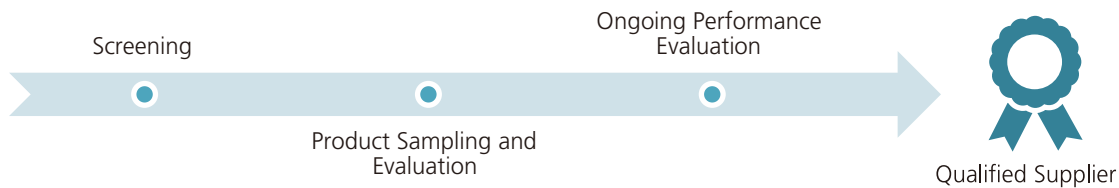
Collaborating with Our Suppliers

We are convinced that a comprehensive supply chain management strategy can increase the Group's operational effectiveness while also maintaining the excellence of its construction projects. As such, we adhere to stringent guidelines while selecting and managing suppliers and sub-contractors to satisfy our requirements.

All potential new suppliers and sub-contractors are required to successfully pass our comprehensive review before being appointed as qualified suppliers as stated in our "Material Procurement Management Policy" (《材料採購管理制度》). To ensure they are competent and in compliance, a screening procedure is carried out regarding their quality of service and products, licensing requirements, certifications, and other credentials, such as environmental and social performance. To prevent procuring unsatisfactory items, our procurement department inspects and assesses products from time to time.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Moreover, our current business partners are required to follow the “Evaluation of Supplier” and undergo a yearly performance assessment to verify their eligibility. A variety of factors are considered, including quality of the product, delivery time, and after-sales support, among others. Suppliers who perform unsatisfactorily will be offered the chance to improve, whereas those who persistently fail to satisfy our conditions will have their contracts discontinued.



During the Reporting Period, The Group has 81 major suppliers (2024: 79 major suppliers). They are all subject to regulation by the aforementioned supplier management policies. Below is an illustration of how suppliers are distributed geographically:

	2025	2024
Total number of suppliers and/or sub-contractors	81	79
By Geographical Region		
Hong Kong	29 (35.80%)	28 (35.44%)
Macau	26 (32.09%)	25 (31.65%)
PRC	23 (28.39%)	23 (29.10%)
Japan	1 (1.24%)	1 (1.27%)
United States	1 (1.24%)	1 (1.27%)
United Kingdom	1 (1.24%)	1 (1.27%)

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Sustainable Procurement

The Group is dedicated to promoting sustainable procurement. To safeguard the health of end users and prevent unfavourable environmental impacts, we consider the manufacturers' environmental standards when placing a purchase. Environmental performance assessment is employed to evaluate the EMS, practices, and compliance status of vendors and contractors. To maintain a reliable collaborative partnership, we make clear to the business partners our environmental standards and requirements for their adoption. The Group is also dedicated to banning the use of ecologically unfriendly products such as unauthorised pesticides and ozone-depleting refrigerants in the interest of avoiding harm to the environment and protecting the health of users.

ENVIRONMENTAL SUSTAINABILITY

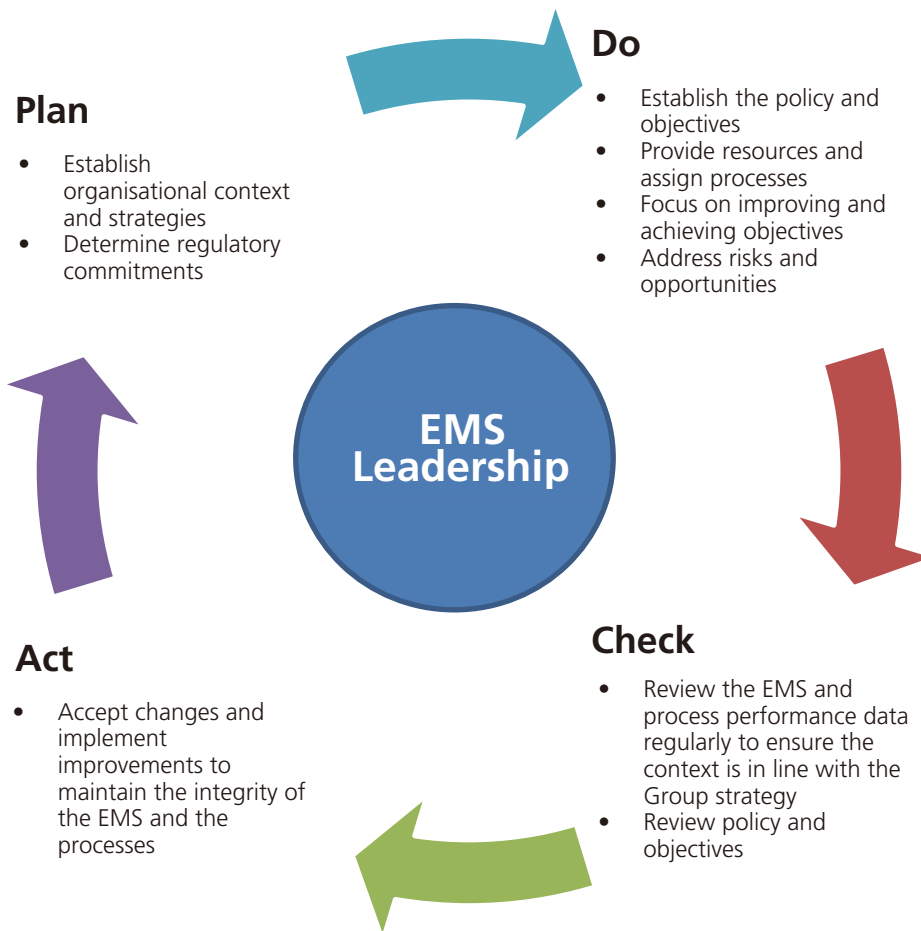
The Group is fully conscious of its responsibilities to the environment. We inevitably utilise natural resources and generate carbon emissions as we conduct our business. The Group is however committed to finding an equilibrium between business profits and sustainable growth. We have established the "Environmental Management System Manual" and incorporated the idea of environmental sustainability into every aspect of our service life cycle, from the supply chain to the oversight of suppliers and sub-contractors, intending to become a green pioneer in the sector.



Life Cycle Perspective Diagram

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

To identify, control and reduce the environmental hazards brought on by our construction and operational processes, as well as to provide a framework for establishing precise and quantifiable environmental goals, an ISO 14001:2015 EMS has been developed. The summary below is our approach towards the EMS leadership:



During the Reporting Period, we were not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas (“**GHG**”) emissions, generation of waste and use of resources, including but not limited to the “Environmental Protection Law of the PRC” and “Law No. 2/91/M” (The Environmental Framework Law of Macau).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Environmental Targets

Aspects	Targets	Progress
Non-hazardous Waste	Total non-hazardous waste Intensity to be reduced by 13% by 2030 from a 2020 (2.59 tonnes per FTE) base year	▼89.58%
Emissions	Total GHG intensity to be reduced by 19% by 2030 from a 2020 (1.23 tCO ₂ e ₂ per FTE) base year	▼60.16%
Energy	Total energy consumption intensity to be reduced by 15% by 2030 from a 2020 (1.28 MWh per FTE) base year	▼91.41%

Waste Management

Although the generation of construction waste from the construction sector is inevitable, AB Builders makes every effort to minimise the waste volume. The most common waste items generated by the Group include household waste such as wasted paper. Source separation is always performed by all our employees and sub-contractors using designated waste containers for inert and non-inert materials. All waste is kept in designated areas to prevent harm to the environment.

Construction and installation projects unavoidably result in the production of hazardous waste, which is under the control of our sub-contractors. To adhere to the applicable legal requirements and lessen the impact on the environment, procedures for handling hazardous waste have been made clear to the sub-contractors.

During the Reporting Period, the Group generated approximately 27.93 tonnes of non-hazardous waste, with an intensity of approximately 0.27 tonnes per full-time employee. The total non-hazardous waste intensity increased compared to 2024. The increase is primarily due to business expansion and the increase in the number of construction projects, as paper documents are a mandatory requirement from pre-construction approval and construction implementation to settlement and archiving.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group was not involved in any breaches of relevant laws and regulations relating to the generation and discharge of hazardous waste and non-hazardous waste that had a significant impact on the Group.

Non-hazardous Waste	Unit	2025	2024
Domestic Waste	Tonnes	25.60	26.23
Wastepaper	Tonnes	2.33	0.50
Total	Tonnes	27.93	26.73
Intensity	Tonnes per full-time employee ² ("FTE")	0.27	0.17
Paper Recycle Volume	Tonnes	0.01	0.41

Air Emissions and Greenhouse Gas Emissions

Certain air pollutants, such as particulate matter, were generated throughout the Group's operations, including construction and fit-out works. To reduce our emissions of air pollutants at the source, a variety of measures have been implemented at relevant sources. For instance, water spraying is carried out to reduce dust when drilling, fracturing, cracking, or grinding construction materials or building structures. In addition, impermeable sheets are deployed to cover dusty material stockpiles as a dust-prevention measure. No projects were required to conduct dust level testing during the Reporting Period, hence no relevant data will be disclosed. However, the Group will continue to take active measures to reduce dust during daily construction works and uphold our sustainable development goals.

Air Emissions ³	Unit	2025	2024
Nitrogen Oxides (NO _x)	Kg	11.31	10.05
Sulphur Oxides (SO _x)	Kg	0.02	0.02
Particulate Matter (PM)	Kg	1.08	0.96
Dust	Kg	/	1.80

² During 2025, the Group's total full-time employees is 105 (2024: 156 employees). This data will also be used for calculating other intensity data

³ The calculation is based on the "How to prepare an ESG Report—Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

During the Reporting Period, the Group's total GHG emissions amounted to 48.40 tonnes of carbon dioxide equivalent ("**TCO₂e**"). The increase was primarily attributed to the Group's business expansion as outlined in the section of the "Scope of Report". Consequently, there was more frequent overseas travel across multiple regions, leading to a significant increase in business travel compared to the 2024.

The major sources of GHG emissions⁴ of the Group were from fuel consumed by vehicles (Scope 1), and wastepaper to landfills and business travel by air (Scope 3). We endeavour to mitigate GHG emissions by preventing non-essential business travel and corresponding carbon footprint by using teleconferencing or video conferencing, as Scope 3 emissions are the major source of emissions of the Group.

Regarding the climate-related disclosure requirements under Part D of the ESG Reporting Code, after reviewing the Group's current disclosure capabilities, internal resources and data maturity, the Group considers that it will continue to adopt its existing climate disclosure framework at this stage and will not fully incorporate all new requirements for the time being. Looking ahead, the Group will continuously enhance its climate data collection, risk management and scenario analysis capabilities, and gradually improve the transparency and completeness of relevant information in accordance with the ESG Reporting Code, so as to more fully comply with climate-related disclosure requirements set by the HKEX.

GHG Emissions	Unit	2025	2024
Scope 1	TCO ₂ e	3.13	3.07
Scope 3	TCO ₂ e	48.40	16.69
Total	TCO ₂ e	51.54	19.76
Intensity	TCO ₂ e per FTE	0.49	0.13

⁴ GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the global warming potential values from the "Sixth Assessment Report" issued by the Intergovernmental Panel on Climate Change, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX, and the ICAO Carbon Emissions Calculator (ICEC).

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Use of Resources

Natural resources are precious and crucial to our daily activities. Optimising energy and resource efficiency is therefore of utmost significance to the Group. The “Environmental Management System Manual” is in place for the employees in the office and the construction site workers to follow our sustainable path. Furthermore, the policy has been devised to provide all employees with advice and direction on how to implement green practices in the workplace.

The following are a few examples of the practices:

Resources	Green Practices
Paper	<ul style="list-style-type: none">• Encourage double-sided printing and the use of recyclable paper• Adapt digital formats for internal memos• Minimise paper consumption by using recycled envelopes for internal communications
Office Supplies	<ul style="list-style-type: none">• Reuse cardboard boxes, plastic containers and other materials• Encourage the use of recyclable materials• Implement a green procurement strategy• Include greenery in the design of the office

Further to the water usage of the Group, the consumption is under the control of the property management, whereas that of the construction projects is under the control of sub-contractors. Hence, there is no issue in sourcing water that is fit for purpose.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Energy Usage

Our operation activities involve the use of unleaded petrol for the Group’s vehicles. The Environmental Management Team oversees the maintenance of the energy-saving best practices that are featured in the “Environmental Management System Manual” to reduce energy use. During the Reporting Period, the total energy consumption intensity increased by 51.79%. While total energy consumption derived entirely from unleaded petrol which witnessed a slight increase as highlighted in the “Air Emissions and Greenhouse Gas Emissions” section, the significant decrease in the number of employees resulted in a higher energy consumption intensity. The Indirect energy consumption — electricity supply of the offices is under the control of property management, whereas that of the construction projects is under the control of sub-contractors. Hence, no related data disclosure of indirect energy consumption.

Energy Usage ⁵	Unit	2025	2024
Direct Energy			
Unleaded Petrol	MWh	11.38	11.14
Total	MWh	11.38	11.14
Intensity	MWh per FTE	0.11	0.07

⁵ The unit conversion method of energy consumption data is formulated according to the “Energy Statistics Manual” issued by the International Energy Agency.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Climate Resilience

In the wake of global warming, the Group is dedicated to building climate resilience. To understand the climate risks that we may encounter and their implications for the Group's operations, we have analysed and evaluated the possible physical and transition risks associated with climate change.

Climate Risks	Impacts	Responses
Physical Risks	Extreme climate weather events that cause major damage to property and lives are taking place more frequently and intensely. Extreme weather can have an impact on the business operations.	The Group has created a contingency plan, and by performing regular drills, we ensure that our employees are familiar with our contingency arrangements.
Transition Risks	<p>Policy and Legal</p> <p>Worldwide action has been taken in response to climate change. The ultimate objective of keeping global warming below 2°C has been pledged by governments all around the world. In response to the Dual Carbon Targets of the PRC that its carbon emissions will peak by 2030 and that it will become carbon neutral by 2060, Macau has pledged to reach peak carbon emissions by 2030.</p> <p>Market and Reputation</p> <p>The Group has seen that new legislations and demands are being put in place considering this worldwide trend and that customers are expressing a greater preference for businesses that are more environmentally and socially conscious. Any business that fails to change to meet these new requirements and expectations risks serious reputational damage as well as financial losses.</p> <p>Technology</p> <p>Low-carbon technology has been emerging. It is critical to stay up with the trend for improved energy efficiency and lower future capital investment and operational expenses. Additionally, when a new low-carbon technology is developed, it may open new opportunities.</p>	<p>The Group constantly monitors recent trends and legislation to guarantee that the Group's strategy, initiatives, and performance remain in conformity with regulatory as well as industrial standards.</p> <p>Furthermore, we will keep enhancing our ESG management system to update or build group-level policies such as climate change policies and standardised ESG data collecting and management procedures. To motivate the Group towards continuing advancement and promote a culture of sustainability within the Group, appropriate KPIs and objectives will be monitored and reviewed from time to time.</p>

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

HKEX ESG REPORTING CODE INDEX

Aspect	Description	Disclosure	Chapter/Section
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Environmental Sustainability
KPI A1.1	The types of emissions and respective emissions data.	Disclosed	Air Emissions and Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not Applicable	The hazardous waste is under the control of the property management, whereas that of the construction projects is under the control of sub-contractors. Hence, this KPI is not applicable.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	Waste Management

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Aspect A2: Use of Resources			
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Disclosed	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Energy Usage
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not Applicable	The consumption is under the control of the property management, whereas that of the construction projects is under the control of sub-contractors. Hence, the targets are not applicable to the Group.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Not Applicable	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not Applicable	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable	The Group's service field includes structural work and fitting-out work. Hence, this KPI is not applicable.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	Use of Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Use of Resources

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Care for Our Employees
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Disclosed	Employee Remuneration and Welfare
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Resignation and Dismissal
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Health and Safe Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Health and Safe Workplace
KPI B2.2	Lost days due to work injury.	Disclosed	Health and Safe Workplace

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Health and Safe Workplace
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Development and Training
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Labour Standards
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Collaborating with Our Suppliers
KPI B5.1	Number of suppliers by geographical region.	Disclosed	Collaborating with Our Suppliers

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Collaborating with Our Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	Collaborating with Our Suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Sustainable Procurement
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Service and Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable	The Group's service field includes structural work and fitting-out work. Hence, this KPI is not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Intellectual Property Rights Protection
KPI B6.4	Description of quality assurance process and recall procedures	Disclosed	Services and Product Excellence

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Privacy Protection
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Ethical Business
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Disclosed	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	Anti-corruption
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Community Engagement
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Community Engagement
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Disclosed	Community Engagement

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Climate-related Disclosures			
(I) Governance			
19.(a)	<p>An issuer shall disclose information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when over seeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and 	Partially disclosed	ESG Governance

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
19.(b)	<p>An issuer shall disclose information about management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	Partially disclosed	ESG Governance
(II) Strategy			
Climate-related Risks and Opportunities			
20.	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Business model and value chain			
21.	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
22.	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any); and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). 	Partially disclosed	ESG Risk Management

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Financial position, financial performance and cash flows			
24.	An issuer shall disclose qualitative and quantitative information about: <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
25.	The issuer shall provide qualitative and quantitative disclosures about: <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Climate resilience			
26.	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; and 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
	<p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <p>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;</p> <p>(2) whether the analysis included a diverse range of climate-related scenarios;</p> <p>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</p> <p>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</p> <p>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</p> <p>(6) time horizons the issuer used in the analysis; and</p> <p>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</p> <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>		

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
(III) Risk Management			
27.	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related Opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. 	Partially disclosed	Climate Resilience

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
(IV) Metrics and Targets			
Greenhouse Gas Emissions			
28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Disclosed	Air Emissions and Greenhouse Gas Emissions
29.	An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Partially disclosed	Air Emissions and Greenhouse Gas Emissions

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Climate-related Transition Risks			
30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Climate-related Physical Risks			
31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Climate-related Opportunities			
32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Capital Deployment			
33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Internal Carbon Prices			
34.(a)	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Remuneration			
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.
Industry-based Metrics			
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Climate-related Targets			
37.	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	Partially disclosed	Environmental Sustainability
38.	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Disclosed	Environmental Sustainability
40.	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	Partially disclosed	Air Emissions and Greenhouse Gas Emissions

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Aspect	Description	Disclosure	Chapter/Section
Applicability of Cross-industry Metrics and Industry-based Metrics			
41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Yet to be disclosed	The Group will review the internal information and disclose at the proper time to ensure the transparency and compliance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the global economy remained under pressure with continuous geopolitical complications around the world. Amid the challenging environment, AB Builders Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) has been actively seeking business opportunities and securing new projects to increase revenue and drive long-term development. During the year ended 31 December 2025, the Group recorded a revenue of approximately MOP273.1 million, representing an increase of approximately MOP91.0 million or approximately 50% over the corresponding period of 2024. Accordingly, the Group generated a gross profit of approximately MOP23.5 million for the year ended 31 December 2025, as compared with a gross profit of approximately MOP26.9 million last year.

For the year ended 31 December 2025, the Group completed 12 fitting-out works projects and was awarded with 18 fitting-out works projects with an aggregate contract sum of approximately MOP40.4 million. As of 31 December 2025, the Group had 14 ongoing fitting-out works projects (either in progress or yet to commence). In addition to its core construction business, the Group commenced operations in the sales of construction materials segment and the provision of investment management and advisory services during the year, generating revenue of approximately MOP13.6 million in total, further broadening its revenue base.

OUTLOOK AND PROSPECTS

Amid the uncertainties in the global economy and the complex political issues among several countries, the Group remains cautiously optimistic about the industry. Macau has continued to demonstrate strong economic momentum, underpinned by a sustained growth in tourism and gaming activities. According to the Macau government, visitor arrivals in 2025 reached approximately 40.1 million, representing an increase of approximately 15% year-on-year and exceeding the pre-pandemic level. Additionally, the Macau gaming market reported a Gross Gaming Revenue of approximately MOP247.4 billion in 2025, representing an increase of approximately 9% year-on-year, underscoring the sustained vitality of the gaming sector.

The Group anticipates that the ongoing growth in Macau’s tourism and gaming industries will continue to drive investments in new construction and fitting-out projects. In particular, major integrated resort operators are actively pursuing large-scale developments. Such capital-intensive development programmes are expected to generate significant demand for fitting-out and construction services, presenting meaningful business opportunities for the Group. The Group will actively participate in bidding for these integrated resort, government and private sector projects to seize the anticipated opportunities.

The Group will continue to explore business opportunities in the construction material trading sector in the coming years, leveraging the region’s infrastructure development and growing tourism industry in both Hong Kong and Macau. The accelerating development in Macau and the ongoing infrastructure projects in Hong Kong are expected to create robust demand for construction materials. By expanding into this sector, the Group aims to strengthen its business portfolio and capitalise on the anticipated market demand.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is committed to diversifying its business and revenue streams. Following the acquisition of a corporation with Securities and Futures Commission of Hong Kong (“SFC”) Type 4 (advising on securities) and Type 9 (asset management) licenses, the Group will continue to explore opportunities in the financial services sector. The management is keen to utilise the Group’s business relations and resources to develop commercial strategies and tap into new revenue streams through asset management and securities advisory services. This strategic expansion is expected to enhance the Group’s financial performance and solidify its position in the financial services market.

In addition to expanding its market presence in construction and financial services, the Group will continue to seek partnerships, mergers, and acquisitions with reputable enterprises in these sectors. These efforts aim to further diversify the Group’s revenue streams and drive long-term growth. The Group will also maintain tight cost control measures to ensure sustainable development and a healthy financial position. The board of directors believes these strategies are essential for maintaining competitiveness and navigating the challenges ahead.

The Group remains confident in its ability to capture opportunities in both the construction and financial services sectors while maintaining its focus on sustainable growth and value creation for stakeholders.

FINANCIAL REVIEW

Revenue

The table below sets forth a breakdown of the Group’s revenue for the years ended 31 December 2025 and 2024:

	For the year ended 31 December			
	2025		2024	
	MOP’000	%	MOP’000	%
Provision of fitting-out works	259,459	95.0	182,030	100
Sales of construction materials	13,385	4.9	—	—
Provision of investment management and advisory services	225	0.1	—	—
Total	273,069	100	182,030	100

For the year ended 31 December 2025, the Group’s revenue increased by approximately MOP91.0 million or 50% as compared with the last year. Such increase was mainly attributable to the increase in revenue generated from fitting-out works projects of approximately MOP77.4 million or 43% mainly due to fitting-out works projects completed and awarded in 2025. Further, the increase is also attributed due to the revenue generated from sales of construction materials and provision of investment management and advisory services of approximately MOP13.4 million and approximately MOP0.2 million respectively in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit (loss) and gross profit (loss) margin

The following table sets forth a breakdown of the Group's gross profit (loss) and gross profit (loss) margin by types of revenue for the years ended 31 December 2025 and 2024 respectively:

	For the year ended 31 December			
	2025		2024	
	Gross profit MOP'000	Gross profit margin %	Gross profit/ (Gross loss) MOP'000	Gross profit/ (Gross loss) margin %
Provision of fitting-out works	22,585	8.7	27,380	15.0
Sales of construction materials	686	5.1	—	—
Provision of investment management and advisory services	225	100	—	—
Others	—	—	(477)	(100.0)
Total	23,496	8.6	26,903	14.8

For the year ended 31 December 2025, the Group's gross profit decreased by approximately MOP3.4 million, or 12.7% to approximately MOP23.5 million when compared with the last year. The decrease was mainly due to the decrease of the gross profit for completed projects awarded in 2025.

The gross profit margin of fitting-out works projects decreased by 6.3 percentage points from approximately 15.0% for the year of 2024 to 8.7% for the year of 2025. The decrease was mainly attributable to rising construction materials costs in fitting-out works projects and narrower profit margins, the latter of which was caused by a substantial reduction in the contract sums of projects awarded and completed during the period compared to the corresponding period last year.

While the gross profit decline in fitting-out works projects impacted the Group's overall performance, this was largely mitigated by growth in the trading of construction materials and advisory fee income from financial asset management services. These segments narrowed the overall decrease of the gross profit by approximately MOP0.9 million.

Other income

The Group's other income decreased by approximately MOP4.2 million or 40.9% from approximately MOP10.2 million for the year ended 31 December 2024 to approximately MOP6.0 million for the year ended 31 December 2025. The decrease was mainly attributable to the non-recurrence of insurance claim related to construction project which was received in last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains and losses

For the year ended 31 December 2025, the other gains and losses mainly attributable to the increase in the fair value gains on financial assets by approximately MOP2.4 million. For the year ended 31 December 2024, the other gains and losses mainly consisted of the gains from disposal of subsidiary of approximately MOP2.6 million together with net exchange loss of approximately MOP0.4 million and the loss from the fair value changes of the financial asset at fair value through profit and loss of approximately MOP0.7 million.

Impairment losses

It mainly consisted of impairment losses under expected credit loss model on trade and other receivables, contract assets and other financial assets. The reversal was mainly due to the settlement of certain long-aged trade receivables during the year of 2025.

Administrative expenses

Administrative expenses decreased by approximately MOP173,000 from approximately MOP29.7 million for the year ended 31 December 2024 to approximately MOP29.6 million for the year ended 31 December 2025. Administrative expenses consisted primarily of staff costs and Directors' emoluments, depreciation and other administrative expenses. The decrease in administrative expenses for the current year was primarily attributable to the net impact of cost savings following the closure of under-performing subsidiaries in the prior year. These structural savings, which included significant reductions in staff costs, rental expenses and business entertainment fees, more than offset the incremental overheads generated by the expansion of the trading in construction materials and advisory and asset management services regime for the current year.

Income tax expense

Income tax expense for the year ended 31 December 2025 was approximately MOP460,000 (2024: MOP436,000), consisting of an income tax charge of MOP826,000 (2024: MOP632,000, net of prior year over provision of MOP278,000), partially offset by a deferred tax credit of MOP366,000 (2024: MOP196,000).

Profit for the year

The profit for the year ended 31 December 2025 was approximately MOP2.1 million as compared to the profit of approximately MOP7.4 million for the year ended 31 December 2024. Such change was mainly due to the combined effect of the aforementioned items.

Final dividend

The Board did not recommend any payment of a final dividend for both years.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

The Group's capital expenditure and daily operations during the year ended 31 December 2025 were mainly funded by internally generated funds, the collection of trade receivables from completed fitting-out works projects, and the settlement of certain long-term receivables.

The total cash and bank balances together with the pledged bank deposits and short-term bank deposits as at 31 December 2025 was approximately MOP145.7 million, compared to approximately MOP116.7 million as at 31 December 2024.

The increase of approximately MOP29.0 million was mainly related to the increase of short-term bank deposits for approximately MOP10.3 million and the increase of cash in bank for approximately MOP16.5 million for the year of 2025.

Our gearing ratio (calculated as debt over total equity) as at 31 December 2025 was 6.7% (2024: 9.2%) which was mainly attributable to the decrease in bank overdrafts of approximately MOP4.6 million compared to the corresponding period last year. As at 31 December 2025, the Group had unutilised banking facilities of approximately MOP161.9 million (2024: MOP157.2 million).

The current ratio of the Group as at 31 December 2025 increased to 2.1 times (2024: 2.0 times).

Capital Structure

The capital structure of the Group consists of equity attributable to the owners of the Company comprising issued share capital, share premium, legal reserve, share-based payments reserve, exchange reserve, other reserves and retained earnings. During the year ended 31 December 2025, there has been no change in capital structure of the Company.

Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated 27 August 2018 (the "Prospectus") and in this results announcement, the Group did not have other plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of assets

The following assets of the Group were pledged to secure the credit facilities and bank overdrafts to the Group during the year:

	2025 MOP'000	2024 MOP'000
Owned properties included in property, plant and equipment	33,720	35,125
Pledged bank deposits	74,281	72,151
	108,001	107,276

Capital commitment

As at 31 December 2025, the Group has an obligation to settle an amount of Renminbi (“RMB”) 38.0 million (equivalent to approximately MOP43.6 million) (2024: RMB39.0 million (equivalent to approximately MOP42.6 million)) as further capital contribution to Jiangmen Jinying Construction and Engineering Company Limited.

Significant investments, acquisition and disposals

As of March 2025, the Group has completed the acquisition of a company incorporated in Hong Kong with limited liability which possesses the SFC Type 4 (advising on securities) & Type 9 (asset management) licenses, which is expected to help the Group to further diversify and expand its business portfolio. By venturing into the financial services industry of Hong Kong, the Group will tap into new revenue streams. Please refer to the announcements dated 14 March 2024 for details of the transaction.

Save as the above, during the year ended 31 December 2025, the Group did not have any other significant investment, acquisition and disposal.

Exposure to exchange rate fluctuation

The Group entities collect most of its revenue and incur most of its expenditures in their respective functional currencies. The Group is exposed to currency risks primarily through purchase of raw materials, sale proceeds received from its customers, and investments in other financial assets that are denominated in a currency other than the Group’s functional currency. The currencies giving rise to this risk are primarily Hong Kong Dollars, RMB and United States Dollars. The Group currently does not have a foreign currency hedging policy. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS

Employee and remuneration policies

As at 31 December 2025, the Group had 116 (2024: 159) full time employees. The decrease in the number of employees was primarily attributable to the natural attrition of personnel following the completion of fitting-out works projects in 2025. Furthermore, the phased tightening of government foreign labour importation schemes starting in June 2025 led to a substantial decline in the Group's non-local employees beginning from the third quarter.

The remuneration package offered to employees includes salary and other employee benefits such as bonus. In general, the Group determines the salaries of its employees based on their individual performance, qualifications, position and seniority. The Group conducts annual salary and promotion review in order to attract and retain employees. In addition, the Group provides various types of training to its employees to promote overall efficiency, employee loyalty and retention. Total staff costs for the year ended 31 December 2025 were approximately MOP28.1 million (2024: MOP23.3 million).

Compliance with laws and regulations

The Group mainly carries out its business in Macau, Hong Kong and China. To the best of the Directors' knowledge, the Group has complied with all relevant laws and regulations in Macau, Hong Kong and China during the year.

Principal risk and uncertainties

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

- Material changes in the cost of construction materials and labour costs may result in cost overrun, which could materially affect our results of operation and financial performance;
- Mismanagement or delay of our projects will materially affect our reputation and also our financial performance as penalties and/or additional costs may be incurred;
- Cash flow of our projects may fluctuate;
- We rely on subcontractors to help complete our projects. Underperformance by our subcontractors or unavailability of subcontractors may adversely affect our operations, profitability and reputation;
- Our success significantly depends on the key management and our ability to attract and retain technical and management staff; and
- Our inventory level may be affected by the market demand for air purification unit/system which may not be accurately estimated.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The following table sets out information concerning our Directors:

Name	Age	Present position(s) in our Company	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and/or senior management
Executive Directors						
Ms. Lao Chao U (劉秋瑜女士) ("Ms. Athena Lao")	38	Chairlady of the Board, Chief executive officer and executive Director	23 February 2017	3 January 2011	Responsible for the business development and expansion of our Group	Spouse of Mr. Cheang and sister-in-law of Dr. Gnanavelu
Dr. Roberto Gnanavelu (安加慰先生) ("Dr. Gnanavelu")	43	Executive Director	27 January 2022	27 January 2022	Responsible for project operation and business development	Brother in-law of Ms Athena Lao and Mr. Cheang
Mr. Cheang Iek Wai (鄭益偉先生) ("Mr. Cheang")	38	Executive Director	23 February 2017	2 June 2014	Responsible for finance and account management aspects and engaging in corporate finance functions in our Group	Spouse of Ms. Athena Lao; brother-in-law of Dr. Gnanavelu
Mr. Ip Kin Wa (葉建華先生)	59	Executive Director	23 February 2017	17 April 2006	Responsible for project management	N/A

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position(s) in our Company	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and/or senior management
Independent Non-executive Directors						
Mr. Chu Yat Pang Terry (朱逸鵬先生)	54	Independent Non-executive Director	17 August 2018	17 August 2018	Supervising and providing independent advice to the Board	N/A
Mr. Choy Wai Shek, Raymond, <i>MH, JP</i> (蔡偉石先生 · 榮譽勳章 · 太平紳士)	76	Independent Non-executive Director	17 August 2018	17 August 2018	Supervising and providing independent advice to the Board	N/A
Mr. O'Yang Wiley (歐陽偉立先生)	63	Independent Non-executive Director	11 June 2019	11 June 2019	Supervising and providing independent advice to the Board	N/A

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. LAO Chao U (劉秋瑜女士), aged 38, was appointed as our Director on 23 February 2017 and was re-designated as our chief executive officer and executive Director on 17 August 2018. She is appointed as Chairlady of the Board on 17 December 2025. She is responsible for the day-to-day operations of our Group. She serves as a member of the remuneration committee and nomination committee of the Company. She is also directors of certain subsidiaries of the Group. Ms. Athena Lao obtained a bachelor's degree in science from University of California, Berkeley in the United States in December 2010 and a master degree of science in construction and real estate from The Hong Kong Polytechnic University in September 2019. Ms. Athena Lao has also completed her second master degree of business administration from Peking University in June 2025. Ms. Athena Lao is a civil engineer (執行工程指導職務而作之技術員) registered with Land, Public Works and Transport Bureau of Macau ("DSSOPT") and a civil engineer registered with the Council of Architecture, Engineering and Urban Planning (建築工程及城市規劃專業委員會) in Macau. She became a member and was appointed as a review examiner of the Chartered Institution of Civil Engineering Surveyors in July 2016 and April 2017, respectively.

Ms. Athena Lao has over 10 years of experience in the construction industry in Macau. Ms. Athena Lao joined our Group in January 2011 as an engineer and had then been a project coordinator, a project assistant, an assistant project manager and a general manager from which she gained the knowledge and experience in the rundown of construction projects.

Ms. Athena Lao is the director of Macao ASEAN International Chamber of Commerce (澳門東盟國際商會理事), the Deputy Chairman of Macau Jiangmen Youth Association (澳門江門青年會副主席) and the Chairlady and Member Interviewing Examiner of Chartered Institution of Civil Engineering Surveyors (Macau Region) (英國特許土木工程測量師學會(澳門地區)會長). Ms. Athena Lao is also a member of the Macau Institution of Engineers (澳門工程師學會會員).

Ms. Athena Lao has awarded Outstanding leader in ESG disclosure contributor Award by HKQAA (Hong Kong Quality Assurance Agency) in 2024 (於2024年獲「HKQAA香港質量保證局」頒發傑出ESG披露貢獻領袖大獎). Ms. Athena Lao has awarded Outstanding young entrepreneur of Greater Bay Area Award by Guangdong-HK-Macao Bay Area Entrepreneurs Union in 2023 (於2023年榮獲粵港澳大灣區企業家聯盟頒發第四屆粵港澳大灣區傑出青年企業家大獎) and awarded the Star Entrepreneur Award by "CreditEase" in 2021 (於2021年獲「宜信財富」頒發星耀企業家大獎).

During the Reporting Period, Ms. Athena Lao has the following positions of different institutions.

- Macao Economic and Livelihood Union — Director (澳門經濟民生聯盟 — 理事)
- Macao Construction Association Youth Committee — Member (澳門建造商會青年委員會 — 委員)
- Macau (International) Zonta International — Deputy Director (澳門(國際)崇德社 — 副理事長)
- Associação Comercial de Fomento Predial de Macau — Executive Vice President (澳門地產發展商會 — 常務副理事長)
- American Society of Civil Engineers — Member (美國土木工程師協會 — 會員)
- China International Mediation and Arbitration Institute — Member (中國國際調解仲裁院 — 委員)
- Kunming International Commercial Arbitration Service Center — International Advisor (昆明國際商事仲裁服務中心 — 國際顧問)

Ms. Athena Lao is the daughter of Mr. Lao Chio Seng ("Mr. Lao"), controlling shareholder of the Company. Ms. Athena Lao is the spouse of Mr. Cheang and the sister-in-law of Dr. Gnanavelu.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Roberto Gnanavelu (安加慰先生) (“Dr. Gnanavelu”), aged 43, has over 10 years of experience in the construction industry in Macau. He worked for our Group from 2011 to 2016 and responsible for the day-to-day projects operations. Dr. Gnanavelu has worked in a construction company, which is owned by Mr. Lao, Ms. Wong Hio Mei, spouse of Mr. Lao and Ms. Lao Ka U, since 2017 and responsible for the project operations and business development.

Dr. Gnanavelu obtained a bachelor of dental surgery from The Tamil Nadu Dr. M.G.R. Medical University in February 2007. Dr. Gnanavelu is a dentist registered with Health Bureau in Macau. Dr. Gnanavelu completed the courses for Construction Safety Supervisor and Safety Auditor jointly-organised by University of Macau and the Labour Affairs Bureau of Macau in 2015 and 2016 respectively. In addition, Dr. Gnanavelu is currently a member of the 14th Session of the Committee of Jiangmen City of the Chinese People’s Political Consultative Conference (中國人民政治協商會議江門市委員會).

Dr. Gnanavelu is the son-in-law of Mr. Lao, the brother-in-law of Ms. Athena Lao and Mr. Cheang.

Mr. CHEANG Iek Wai (鄭益偉先生), aged 38, was appointed as our Director on 23 February 2017 and was re-designated as our executive Director on 17 August 2018. He is responsible for finance and account management aspects and engaging in corporate finance functions in our Group. He is also directors of certain subsidiaries. Mr. Cheang obtained a bachelor’s degree of commence in majors of finance and accounting from the University of Sydney in Australia in October 2008 and a master degree of finance specialising in investment banking from the University of New South Wales in Australia in August 2009. Mr. Cheang was granted the designation of financial risk manager (FRM) by the Global Association of Risk Professionals in 2011.

Mr. Cheang joined our Group in June 2014 as a finance director and was mainly responsible for overseeing the financial matters. Prior to joining our Group, Mr. Cheang served as an officer of Market and Operational Risk Management Department of Luso International Banking Limited from September 2009 to September 2010, a personal banker at China Construction Bank (Macau) Limited from October 2010 to September 2012 and an account manager for private banking and institutional customers at Banco Nacional Ultramarino, S.A. from October 2012 to May 2014.

Mr. Cheang is the spouse of Ms. Athena Lao, the son-in-law of Mr. Lao and the brother-in-law of Dr. Gnanavelu.

Mr. IP Kin Wa (葉建華先生) (“Mr. Ip”), aged 59, was appointed as our Director on 23 February 2017 and was re-designated as our executive Director on 17 August 2018. He is responsible for project management. Mr. Ip graduated from the Fujian Institutions of Higher Learning (福建高等學校) in the People’s Republic of China in July 1988 and had obtained the diploma of safety supervisor from the Labour Affairs Bureau of Macau and Macau Construction Works School (澳門建築工程學校) in 1993. Mr. Ip completed the trainer course for occupational safety card for the construction industry organised by the Labour Affairs Bureau of Macau in December 2012.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ip has over 20 years of experience in the construction and fitting-out industry of Macau. Mr. Ip joined our Group as the deputy general manager of a subsidiary of the Company from April 2006 to September 2012. In July 2010, Mr. Ip established Wa Fa Kin Ip Engineering Co. Ltd (華發建業工程有限公司) (“**Wa Fa**”), a company which carried out construction works services and owned as to 90% by him and 10% by his spouse. In December 2013, while remaining as a director of Wa Fa, Mr. Ip rejoined our Group as a senior project manager for facilitating the works of Wa Fa to manage and supervise our four construction projects (i.e. to communicate as the representative of our Group with the parties working on the projects, in particular, the subcontractors). In July 2015, having considered the performance and contribution of Mr. Ip to our Group, as well as Mr. Ip’s intention to develop his career within our Group and join the management team of our Group for future development, Mr. Ip was appointed as a managing director of a subsidiary of the Company and all the contracts entered into between our Group and Wa Fa were then terminated to avoid any conflict of interest. Prior to joining our Group in 2006, he was employed by Tong Lei Engineering & Construction Company Limited from December 1995 to April 2004 and the latest position he served was the project manager. Mr. Ip served as the project manager of Top Builders Group Limited from April 2004 to April 2006.

Mr. Ip has undertaken various social responsibilities. He is a member of the 13th Quanzhou Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議第十三屆泉州市委員會委員), the vice chairman of the Fujian Chamber of Commerce (福建總商會副會長), the vice chairman of the Macao-Taiwan Chamber of Commerce (澳門閩台商會副會長), the executive vice president of Fujian Natives General Association of Macau (澳門福建同鄉總會常務副理事長), the director of Hunan Overseas Friendship Association (湖南省海外聯誼會理事), the permanent chairman of Macau Engineering Superintendent Association (澳門工程施工主管協會永遠會長), the permanent chairman of Macau Nan An Shishan Association (澳門南安詩山同鄉會永遠會長), Honorary Chairman (永遠名譽會長) of Nam On Natives Association of Macau (澳門南安同鄉會) and Nanan Chamber of Commerce of Macau (澳門南安商會) and the deputy chairman of Macao Ip’s Clan Association (澳門葉氏宗親會副會長). He was a trainer for occupational safety card for the construction industry organised by the Labour Affairs Bureau of Macau from October 2016 to December 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHU Yat Pang Terry (朱逸鵬先生), aged 54, was appointed as our independent non-executive Director on 17 August 2018. He is responsible for overseeing the management of our Group independently. He also serves as the chairman of the remuneration committee of the Board and a member of the audit committee of the Board.

At present, Mr. Chu is a Managing Director of Halcyon Capital Limited which specialises in initial public offerings and corporate advisory in mergers and acquisitions. Mr. Chu possesses over 30 years of experience in corporate finance and auditing. Mr. Chu used to work for an international accounting firm and other corporate finance arms of listed financial institutions in Hong Kong. Mr. Chu graduated from the University of Western Ontario in Canada with a Bachelor of Arts degree in 1992 and from the University of Hull in the United Kingdom with a Master of Business Administration (Investment & Finance) degree in 1997. He also obtained a Diploma in Accounting from the School of Business and Economics of the Wilfrid Laurier University in Canada in 1993. Mr. Chu is a member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chu has been an independent non-executive Director of Hong Kong Finance Group Limited (stock code: 1273) since September 2013 and Ten Pao Group Holdings Limited (stock code: 1979) since November 2015, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. CHOY Wai Shek, Raymond, MH, JP (蔡偉石先生，榮譽勳章，太平紳士), aged 76, was appointed as our independent non-executive Director on 17 August 2018. He is responsible for overseeing the management of our Group independently. He also serves as the chairman of the nomination committee of the Board and a member of the audit committee and remuneration committee of the Board. Mr. Choy was awarded a diploma in Chinese Law from the University of East Asia Macau in Macau (currently known as the University of Macau) in October 1987 and a diploma in Political Science from the International Affairs College, Institute of International Relations Hong Kong in July 1988.

Prior to joining our Group, Mr. Choy was a member of the Sham Shui Po District Board from April 1985 to 2001 and subsequently became the chairman from April 1991 to September 1994. Mr. Choy was a member of the Consultative Committee on the New Airport and Related Projects of the Government from November 1991 to October 1997, a Hong Kong affairs adviser appointed by the Hong Kong and Macao Affairs Office and the Xinhua News Agency of the State Council from April 1994 to June 1997, a committee member and the vice-chairman of the Occupational Safety and Health Council of the Labour and Welfare Bureau from 2004 to 2010, a member of the Energy Advisory Committee of the Environment Bureau from 2006 to 2012 and a member of the Consumer Council of the Commerce and Economic Development Bureau from January 2006 to December 2011.

He was a member of the 9th to 12th Guangzhou Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣州市委員會第九至第十二屆委員). He was also an honorary president of GMC Hong Kong Member Association in February 2012 and has been an honorary committee member of Chinese General Chamber of Commerce since 2020.

Mr. Choy has been an independent non-executive Director of New Concept Holdings Limited (stock code: 2221) and Far East Hotels and Entertainment Limited (stock code: 37), the shares of which are listed on the Main Board of the Stock Exchange, since August 2014 and September 2004, respectively.

Mr. O'Yang Wiley (歐陽偉立先生), aged 63, has over 30 years of experience in the accounting, finance and legal industries. He was appointed as our independent non-executive Director on 11 June 2019. He is responsible for overseeing the management of the Group independently. He also serves as the chairman of the audit committee and a member of the nomination committee of the Board.

Mr. O'Yang has served as an independent non-executive director of Hong Kong Economic Times Holdings Limited (stock code: 0423) since October 2012, as an independent non-executive director of Midea Real Estate Holding Limited (stock code: 3990) since the company's listing in October 2018, as an independent non-executive director of D&G Technology Holding Company Limited (stock code: 1301) since May 2019 and as an independent non-executive director of Edvantage Group Holdings Limited (stock code: 0382) since February 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, Mr. O'Yang did not hold any other directorship in other publicly listed companies in the last three years.

Mr. O'Yang serves as a managing director of Shanggu Securities Limited since February 2018. Prior to joining Shanggu Securities Limited, he worked for over 13 years in various financial institutions, including CMBC International Holdings Limited, a wholly-owned subsidiary of China Minsheng Banking Corp., Ltd. (stock code: 1988), Kim Eng Securities (Hong Kong) Limited (currently known as MIB Securities (Hong Kong) Limited), a wholly-owned subsidiary of Malayan Banking Berhad, UBS AG, Hong Kong branch, J.P. Morgan Securities (Asia Pacific) Limited and BNP Paribas Capital (Asia Pacific) Limited, and held the positions of managing director and executive director.

Mr. O'Yang had also worked as a solicitor at a number of solicitors' firms and was a partner of Richards Butler (currently known as Reed Smith Richards Butler) immediately before he joined BNP Paribas Capital (Asia Pacific) Limited in May 2004.

Mr. O'Yang graduated from the Chinese University of Hong Kong with a bachelor's degree in Social Science in December 1985 and a master's degree in Business Administration in October 1990. He obtained a common professional examination certificate from the School of Professional and Continuing Education of the University of Hong Kong in June 1993. He obtained the postgraduate certificate in Laws from the department of professional legal education of the Faculty of Law at the University of Hong Kong in June 1994. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Law Society of Hong Kong.

Save as disclosed, each of the Directors did not hold any other directorship in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

At the date of and saved as disclosed in this annual report, each of the Directors confirms with respect to himself/herself that:

- (i) He/she does not have any relationship with any other Director, senior management or substantial or controlling Shareholders of the Company;
- (ii) He/she does not hold any other position in the Company or other members of the Group;
- (iii) He/she does not have any other interest in the shares of the Company with the meaning of Part XV of the SFO;
- (iv) There is no other information relating to him/her that should be disclosed pursuant to the events under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out the information of our senior management:

Name	Age	Present position(s) in our Company	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and/or senior management
Mr. Mio Keng Wai (繆經緯先生)	40	Financial Controller	21 August 2023	21 August 2023	Responsible for financial management of the Group	N/A

Mr. Mio Keng Wai (繆經緯), aged 40, is the financial controller of the Group. He joined our Group in August 2023 and is responsible for overall management of our Group's financial and management reporting, budgeting, corporate finance, accounting, and compliance matters, and the strategic oversight of the Group's financial investment management.

He obtained a degree of Bachelor of Business Administration from University of California, Berkeley in the United States in 2008. Mr. Mio has over 15 years of experience in accounting, auditing, business advisory, investment management and corporate finance. Before joining the Group, he worked as chief financial officer of a Macao private company and senior manager in an international accounting firm.

INDEPENDENT AUDITOR'S REPORT



To the shareholders of AB Builders Group Limited

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of AB Builders Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 112 to 209, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, 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 and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Builders Group Limited

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from construction contracts	
<p>We identified the recognition of revenue from construction contracts as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole and the high degree of judgement and estimation uncertainty involved.</p> <p>The Group reviews and revises the estimates of contract revenue for construction contract as the contract progresses.</p> <p>As set out in note 4 to the consolidated financial statements, recognised amounts of contract revenue reflect management's best estimates, which are determined on the basis of a number of estimates. This includes assessment of progress of the construction contract. The actual outcome of the contract in terms of its total revenue may be higher or lower than the estimated outcome of the contract and this will affect the revenue and profit or loss recognised.</p> <p>As disclosed in note 5 to consolidated financial statements, the contract revenue of provision of fitting-out works amounted to MOP259,459,000 for the year ended 31 December 2025.</p>	<p>Our procedures in relation to the recognition of revenue from construction contracts included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Group's controls and processes over revenue recognition; • Agreeing the total budgeted contract revenue to the construction contracts, variation orders and, if any, independent architect's instructions or other form of agreements or other correspondences, and discussing with the project management teams of the Group to evaluate the reasonableness of their estimated total budgeted contract revenue, on a sample basis; and • Verifying whether value of work has been reasonably recognised as contract revenue including variations in contract work, by agreeing to the latest payment certificates issued by the independent architects, surveyors or other representatives appointed by the customers, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Builders Group Limited
奧邦建築集團有限公司
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables and contract assets	
<p>We identified the valuation of trade receivables and contract assets as a key audit matter due to the use of significant judgements and estimates by management in assessing the recoverability of trade receivables and contract assets.</p> <p>As set out in note 4 to the consolidated financial statements, the Group estimates the amount of impairment loss for expected credit loss (“ECL”) on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Where the probability of default is higher than expected, or being revised upwards due to changes in facts and circumstances, a material impairment loss may arise.</p> <p>As disclosed in notes 22 and 23 to the consolidated financial statements, as at 31 December 2025, the carrying amount of trade receivables and contract assets are MOP21,650,000 (net of loss allowance of MOP7,763,000) and MOP31,440,000 (net of loss allowance of MOP12,505,000), respectively.</p>	<p>Our procedures in relation to valuation of trade receivables and contract assets included:</p> <ul style="list-style-type: none"> • Obtaining an understanding on management’s credit review process and recoverability assessment process of trade receivables and contract assets; • Assessing the reasonableness of impairment under ECL model by examining the information used by management to form its judgements and estimates, including testing of accuracy of the historical default data with reference to the credit history, delay in payments, settlement records, and aging analysis of each relevant debtor, on a sample basis, and evaluating the reasonableness of the forward-looking information management has taken into account; and • Testing the mathematical accuracy of the ECL model on trade receivables and contract assets.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Builders Group Limited

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Builders Group Limited

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Builders Group Limited

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the group 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 director on the audit resulting in the independent auditor's report is Li Man Chun Jesse.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 26 March 2026

Li Man Chun Jesse

Practising certificate number P08302

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 MOP'000	2024 MOP'000
Revenue	5	273,069	182,030
Cost of sales		(249,573)	(155,127)
Gross profit		23,496	26,903
Other income	7	6,028	10,200
Other gains and losses	8	2,372	1,462
Impairment loss under expected credit loss model, net of reversal	10	889	(314)
Administrative expenses		(29,569)	(29,742)
Finance costs	9	(699)	(655)
Profit before taxation		2,517	7,854
Income tax expense	11	(460)	(436)
Profit for the year	12	2,057	7,418
Other comprehensive income (expense) for the year <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		318	(311)
Total comprehensive income for the year		2,375	7,107
Profit for the year attributable to:			
Owners of the Company		1,901	9,407
Non-controlling interests		156	(1,989)
		2,057	7,418
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		2,219	9,096
Non-controlling interests		156	(1,989)
		2,375	7,107
Earnings per share	15	MOP cents	MOP cents
— Basic		0.32	1.57
— Diluted		0.32	1.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 MOP'000	2024 MOP'000
Non-current assets			
Property, plant and equipment	16	33,922	35,409
Right-of-use assets	17	1,011	1,766
Intangible assets	18	900	2,292
Goodwill	19	1,462	—
Financial assets at fair value through profit or loss ("FVTPL")	20	16,041	11,585
Other financial assets	21	32,052	31,968
		85,388	83,020
Current assets			
Trade and other receivables	22	32,964	44,842
Contract assets	23	31,440	62,066
Pledged bank deposits	24	74,281	72,151
Bank balances and cash	24	71,402	44,581
		210,087	223,640
Current liabilities			
Trade and other payables	25	83,101	91,042
Tax payable		1,046	978
Bank overdrafts	26	13,272	17,855
Lease liabilities	27	778	770
		98,197	110,645
Net current assets		111,890	112,995
Total assets less current liabilities		197,278	196,015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 MOP'000	2024 MOP'000
Non-current liabilities			
Lease liabilities	27	330	1,109
Deferred tax liabilities	28	225	573
		555	1,682
Net assets			
		196,723	194,333
Capital and reserves			
Share capital	29	6,189	6,189
Reserves		207,673	205,454
Equity attributable to owners of the Company			
Non-controlling interests		(17,139)	(17,310)
Total equity			
		196,723	194,333

The consolidated financial statements on pages 112 to 209 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Lao Chao U
Director

Cheang Iek Wai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company									Total MOP'000
	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000 (Note (i))	Share- based payments reserve MOP'000	Exchange reserve MOP'000	Other reserve MOP'000 (Note (ii))	Retained earnings MOP'000	Subtotal MOP'000	Non- controlling interests MOP'000	
At 1 January 2024	6,189	82,564	6,000	255	(631)	(86,724)	194,933	202,586	(15,348)	187,238
Profit (loss) for the year	—	—	—	—	—	—	9,407	9,407	(1,989)	7,418
Exchange difference arising on translation of foreign operations	—	—	—	—	(311)	—	—	(311)	—	(311)
Total comprehensive income (expense) for the year	—	—	—	—	(311)	—	9,407	9,096	(1,989)	7,107
Recognition of equity-settled share-based payments (note 35)	—	—	—	17	—	—	—	17	—	17
Disposal of a subsidiary (note 31)	—	—	—	—	(56)	—	—	(56)	37	(19)
Derecognition of a subsidiary (note 37)	—	—	—	—	—	—	—	—	(10)	(10)
At 31 December 2024 and 1 January 2025	6,189	82,564	6,000	272	(998)	(86,724)	204,340	211,643	(17,310)	194,333
Profit for the year	—	—	—	—	—	—	1,901	1,901	156	2,057
Exchange difference arising on translation of foreign operations	—	—	—	—	318	—	—	318	—	318
Total comprehensive income for the year	—	—	—	—	318	—	1,901	2,219	156	2,375
Derecognition of equity-settled share-based payments (note 35)	—	—	—	(272)	—	—	272	—	—	—
Capital contribution from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	15	15
At 31 December 2025	6,189	82,564	6,000	—	(680)	(86,724)	206,513	213,862	(17,139)	196,723

Notes:

- (i) In accordance with the Article 377 of the Commercial Code of Macau Special Administrative Region, the subsidiaries registered in Macau are required to transfer part of their profits of each accounting period of not less than 25% to legal reserve, until the amount reaches an amount equal to half of the respective share capital.
- (ii) Other reserve includes (a) deemed distribution made to Mr. Lao Chio Seng ("**Mr. Lao**"), chairman and executive director of the Company, resulting from the provision of interest-free loans to Mr. Lao and entity controlled by Mr. Lao in prior years of MOP85,599,000; and (b) a net loss on disposal of subsidiaries and a joint venture of MOP1,125,000 to companies controlled by Mr. Lao and Ms. Wong Hio Mei ("**Mrs. Lao**"), spouse of Mr. Lao, arising as part of a group reorganisation completed in September 2017, which were regarded as equity transactions. Mr. Lao and Mrs. Lao are the ultimate controlling shareholders of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 MOP'000	2024 MOP'000
Operating activities			
Profit before taxation		2,517	7,854
Adjustments for:			
Finance costs	9	699	655
Depreciation of property, plant and equipment	12	1,450	1,496
Depreciation of right-of-use assets	12	755	394
Amortisation of intangible assets	12	786	785
Impairment loss on intangible assets	12	678	—
Share-based payment expense	35	—	17
Bank interest income	7	(5,096)	(7,087)
Write-down of inventories	12	—	477
Impairment loss under expected credit loss model, net of reversal	10	(889)	314
Gain on disposal of a subsidiary	8	—	(2,593)
(Gain) loss from fair value change of financial asset at FVTPL	8	(2,445)	695
Operating cash flows before movements in working capital		(1,545)	3,007
Decrease (increase) in trade and other receivables		9,842	(12,101)
Decrease (increase) in contract assets		31,439	(28,058)
Decrease in trade and other payables		(8,043)	(7,778)
Cash generated from (used in) operations		31,693	(44,930)
Income tax paid		(758)	(36)
Net cash from (used in) operating activities		30,935	(44,966)
Investing activities			
Placement of pledged bank deposits		(2,130)	(2,796)
Purchase of financial assets at FVTPL		(2,011)	—
Proceeds on disposal of property, plant and equipment		119	—
Purchase of property, plant and equipment		(80)	(116)
Interest received		5,268	7,705
Net cash outflow on acquisition of a subsidiary	30	(1,484)	—
Release of short-term bank deposits		—	20,630
Net cash inflow on disposal of a subsidiary	31	2,061	469
Release of restricted bank deposits		—	1,784
Proceeds on disposal of other financial assets		—	32,766
Net cash from investing activities		1,743	60,442

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 MOP'000	2024 MOP'000
Financing activities		
Repayment of bank overdrafts	(22,179)	—
Drawdown of bank overdraft	17,596	17,855
Bank interest paid	(610)	(587)
Capital element of lease liabilities paid	(771)	(281)
Interest element of lease liabilities paid	(89)	(68)
Capital contribution from a non-controlling shareholder of a subsidiary	15	—
Repayment of bank borrowings	—	(25,827)
Net cash used in financing activities	(6,038)	(8,908)
Net increase in cash and cash equivalents	26,640	6,568
Cash and cash equivalents at beginning of the year	44,581	38,008
Effect of foreign exchange rate changes	181	5
Cash and cash equivalents at the end of the year, representing bank balances and cash	71,402	44,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION

AB Builders Group Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability on 23 February 2017 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 September 2018. In the opinion of the directors, the ultimate controlling shareholders of the Company are Mr. Lao and Mrs. Lao, through Laos International Holdings Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, and WHM Holdings Limited, a company incorporated in the BVI with limited liability, respectively. Mr. Lao and Mrs. Lao are hereinafter collectively referred to as the “**Controlling Shareholders**”. The addresses of the registered office and principal place of business of the Company are set out in the section headed “**Corporate Information**” to the annual report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in provision of construction services including fitting-out works, sales of construction materials, and provision of investment management and advisory services. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

The presentation and functional currency of the Company is Macau Pataca (“**MOP**”).

2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in IFRS 7 “Financial Instruments: Disclosures” in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of IFRS 18) and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(a) Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Leases" and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group determines whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combination

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

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or IFRIC 21 “Levies”, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combination (Continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combination (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash generating unit (or the group of cash-generating units) retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Revenue from contracts with customers

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

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. The Group’s major source of revenue is its revenue from construction contracts for provision of fitting-out works, sales of construction materials and provision of investment management and advisory services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Recognition

Construction contracts for provision of fitting-out works

The Group provides fitting-out works and structural works based on contracts entered with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the fitting-out works and structural works performed by the Group creates or enhances a property that the customers controls as the property is created or enhanced. Revenue from provision of fitting-out works and structural works is therefore recognised over time using output method, i.e. based on value of fitting-out works and structural works completed by the Group to date with reference to payment certificates issued by independent architects, surveyors or other representatives appointed by the customers. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under IFRS 15 "Revenue from Contracts with Customers".

Sales of construction materials

The Group sells construction materials to customers, revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been shipped to the customers' specific location.

Provision of investment management and advisory services

The Group provides investment management and advisory services to investment funds in return for fees. Such fees are recognised over time as the services are performed.

Contract assets or liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Contract assets or liabilities (Continued)

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

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

Contract asset is recognised when (i) the Group completes the fitting-out works and structural works under such services contracts but yet certified by independent architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceed the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 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.

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “**lease modifications**”).

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefits plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees of the Group

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

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

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained earnings.

Taxation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business consolidation) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

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

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 generally by regulation or convention in the market place concerned.

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.

Classification and subsequent measurement of financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income (Continued)

Interest income is recognised in profit or loss and is included in the “other income” line item.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated as fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses (“**ECL**”) model on financial assets (including trade and other receivables, other financial assets, pledged bank deposits and bank balances) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors based on the Group's internal credit rating, 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 instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

(ii) Definition of default

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) 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:

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

(iv) Write-off policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

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

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

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

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 12m ECL at the current reporting date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

All financial liabilities, including trade and other payables, bank overdrafts and lease liabilities, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. 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.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation for intangible assets with finite useful lives is recognised using the straight-line method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Cash and cash equivalents (Continued)

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. MOP) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Inventories

Inventories represent the Group's trading products and are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental cost directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

(b) Material accounting policy information (Continued)

Provisions (Continued)

Onerous contracts (Continued)

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgements, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The following are 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.

Estimation uncertainty on revenue recognition from construction contracts

Revenue from construction contracts is recognised based on value of construction works completed by the Group to date with reference to payment certificates issued by independent architects, surveyors or other representatives appointed by the customers. Taking into consideration of timing of issuance of payment certificates and period of works covered by payment certificates, management reviews and estimates the progress of the construction contract as the contract progresses.

Notwithstanding that management reviews the estimates of contract revenue for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue may be higher or lower than the estimated outcome of the contract and this will have significant impact on the revenue and profit or loss recognised.

Estimated impairment of trade receivables and contract assets

Management of the Group estimates the amount of impairment loss for ECL of trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Where the probability of default is higher than expected, or being revised upwards due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of trade receivables and contract assets are MOP21,650,000 (2024: MOP25,103,000) (net of loss allowance of MOP7,763,000 (2024: MOP7,850,000)) and MOP31,440,000 (2024: MOP62,066,000) (net of loss allowance of MOP12,505,000 (2024: MOP13,314,000)), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 REVENUE

Revenue represents the aggregate of the amounts received and receivable for construction contracts of fitting-out works, sales of construction materials and provision of investment management and advisory services.

An analysis of the Group's revenue from contracts with customers under IFRS 15 is as follows:

	2025 MOP'000	2024 MOP'000
Recognised over time:		
Contract revenue from provision of fitting-out works	259,459	182,030
Revenue from provision of investment management and advisory services	225	—
	259,684	182,030
Recognised at a point in time:		
Revenue from sales of construction materials	13,385	—
Total	273,069	182,030

Fitting-out works represent performance obligations that the Group satisfies over time for each respective contract. The period of fitting-out works varies from 1 to 2 years (2024: from 1 to 2 years).

The Group's disaggregation of revenue from contracts with customers by geographical location is same as the geographical information of revenue from external customers as disclosed in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 REVENUE (Continued)

Transaction price allocated to the remaining performance obligations

The following table sets out the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2025 MOP'000	2024 MOP'000
Provision of fitting-out works	31,495	217,920

Based on the information available to the Group at the end of the reporting period, management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as of 31 December 2025 will be recognised as revenue during the year ending 31 December 2026 (2024: 31 December 2025) in respect of provision of fitting-out works.

For sales of construction materials and provision of investment management and advisory services, the Group applies the practical expedient that information regarding the transaction prices allocated to the remaining performance obligation for contracts with customer is not disclosed as the original expected duration of the contracts are less than one year.

6 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the Chief Executive Officer of the Group, in order for CODM to allocate resources and to assess performance.

Prior to 1 January 2025, there were three operating segments, namely (i) fitting-out works, (ii) structural works and (iii) air purification business.

From 1 January 2025, management has changed the presentation of the information reported to the CODM, and segment reporting is updated to conform to this change. The Group's management is of the view that this change of segment disclosure better reflects the Group's updated business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group's resource allocation.

The updated reportable segment of construction services now comprises the former fitting-out works and structural works operating segments. The Group's management periodically reviews their developments, and dynamically adjust resource allocation and strategies.

Specifically, the Group's only reportable segment under IFRS 8 "Operating Segments" is construction services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6 SEGMENT INFORMATION (Continued)

Other operating segments include sales of construction materials, sales of air purification unit/system and provision of investment management and advisory services, of which sales of air purification unit/system was being reported as separate segment in prior years. None of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, these were grouped in "Others". Prior year segment disclosures have been represented to conform with the current period's presentation.

The CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

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

For the year ended 31 December 2025

	Construction services MOP'000	Others MOP'000	Total MOP'000
Segment revenue — external	259,459	13,610	273,069
Segment results	22,585	911	23,496
Administrative expenses			(29,569)
Other income and other gains and losses			8,400
Impairment loss under ECL model, net of reversal			889
Finance costs			(699)
Profit before taxation			2,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Construction services MOP'000	Others MOP'000	Total MOP'000
Segment revenue — external	182,030	—	182,030
Segment results	27,380	(477)	26,903
Administrative expenses			(29,742)
Other income and other gains and losses			11,662
Impairment loss under ECL model, net of reversal			(314)
Finance costs			(655)
Profit before taxation			7,854

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit before taxation earned by each segment without allocation of administrative expenses, other income, other gains and losses, finance costs and impairment loss under ECL model. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance or the location of operation to which they are allocated.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation. Information about the Group's non-current assets (excluding financial assets at FVTPL, other financial assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 MOP'000	2024 MOP'000	2025 MOP'000	2024 MOP'000
Macau	233,209	128,106	33,811	35,152
Hong Kong	39,606	53,924	2,528	1,838
The People's Republic of China (the "PRC")	254	—	956	2,477
	273,069	182,030	37,295	39,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6 SEGMENT INFORMATION (Continued)

Information about major customers

	2025 MOP'000	2024 MOP'000
Customer A	178,937 ^(a)	42,436 ^(a)
Customer B	39,381 ^(a)	53,924 ^(a)
Customer C	— ^(b)	26,217 ^(a)
Customer D	— ^(b)	24,472 ^(a)
Customer E	—	20,974 ^(a)

Note:

(a) The revenue was derived from construction services segment.

(b) Revenue from the customer is less than 10% of the total revenue of the Group for the year.

7 OTHER INCOME

	2025 MOP'000	2024 MOP'000
Bank interest income	5,096	7,087
Compensation income (Note)	—	2,271
Others	932	842
	6,028	10,200

Note: During the year ended 31 December 2024, the Group recognised compensation income of MOP2,271,000 from insurance claim in relation to a construction project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8 OTHER GAINS AND LOSSES

	2025 MOP'000	2024 MOP'000
Gain on disposal of a subsidiary (<i>note 31</i>)	—	2,593
Gain (loss) from fair value changes of financial asset at FVTPL (<i>note 41</i>)	2,445	(695)
Net exchange loss	(3)	(418)
Others	(70)	(18)
	2,372	1,462

9 FINANCE COSTS

	2025 MOP'000	2024 MOP'000
Interest on bank overdrafts	610	587
Interest on lease liabilities	89	68
	699	655

10 IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2025 MOP'000	2024 MOP'000
Impairment loss (reversed) recognised on:		
Trade receivables	(88)	(1,208)
Other receivables	15	1
Contract assets	(813)	1,626
Other financial assets	(3)	(105)
	(889)	314

Details of impairment assessment are set out in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 INCOME TAX EXPENSE

	2025 MOP'000	2024 MOP'000
Current tax		
Macau Complementary Tax	(826)	(758)
Hong Kong Profits Tax	—	(116)
PRC Enterprise Income Tax	—	(36)
	(826)	(910)
Over (under)provision in prior years:		
Macau Complementary Tax	—	300
Hong Kong Profits Tax	—	(22)
	—	278
Deferred tax (<i>note 28</i>)	366	196
	(460)	(436)

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000 for both years.

The Hong Kong Profits Tax of the qualifying group entity under the two-tiered profits tax rates regime is calculated at 8.25% on the first Hong Kong Dollars (“**HK\$**”) 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both years. The Hong Kong Profits Tax of the group entities not qualifying for the regime is calculated at a flat rate of 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the relevant group entities incurred tax losses for current year.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax is calculated at 25% of the assessable profits for the subsidiary established in the PRC for both years. No provision for the PRC Enterprise Income Tax has been made in the consolidated financial statements as the relevant group entities incurred tax losses for current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 MOP'000	2024 MOP'000
Profit before taxation	2,517	7,854
Tax at applicable statutory tax rate of 12% (2024: 12%)	(302)	(943)
Tax effect of the two-tiered profits tax rates regime	—	58
Tax effect of expenses not deductible for tax purpose	(8)	(1,562)
Tax effect of income not taxable for tax purpose	506	601
Tax effect of utilisation of tax losses not previously recognised	—	1,448
Tax effect of tax losses not recognised	(1,254)	(647)
Tax effect of temporary differences not recognised	(71)	(544)
Effect of tax concession	72	74
Over-provision in respect of prior years	—	278
Effect of different tax rate of a subsidiary operating in other jurisdiction	597	801
Income tax expense for the year	(460)	(436)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12 PROFIT FOR THE YEAR

	2025 MOP'000	2024 MOP'000
Profit for the year has been arrived at after charging (crediting):		
Contract costs of fitting-out works recognised as expense (<i>Note</i>)	238,984	154,650
Cost of inventories recognised as expense (including write-down of inventories of Nil (2024: MOP477,000))	10,589	477
Staff costs		
Gross staff costs (including directors' emoluments below)	28,143	23,289
Less: Staff costs capitalised to contract costs incurred	(13,108)	(7,426)
	15,035	15,863
Directors' emoluments (<i>note 13</i>)	3,635	3,997
Auditor's remuneration	600	560
Depreciation of property, plant and equipment (<i>note 16</i>)	1,450	1,496
Depreciation of right-of-use assets (<i>note 17</i>)	755	394
Amortisation of intangible assets (<i>note 18</i>)	786	785
Impairment losses on intangible assets included in administrative expenses (<i>note 18</i>)	678	—

Note: Included in contract costs was a reversal of provision of onerous contracts of MOP809,000 (2024: reversal of provision of MOP809,000) recognised for provision of fitting-out works during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

The emoluments paid or payable by the Group to the directors of the Company represent their services rendered as the director of the Company. Details of which are as follows:

Name of directors	Year ended 31 December 2025				Total MOP'000
	Fees MOP'000	Salaries and other allowances MOP'000	Discretionary bonuses MOP'000 (Note iii)	Retirement benefit scheme contributions MOP'000	
Executive directors					
Mr. Lao (Note i)	—	195	—	1	196
Ms. Lao Chao U ("Athena Lao")* (Note ii)	—	724	—	18	742
Mr. Cheang Iek Wai	—	650	—	1	651
Mr. Ip Kin Wa	—	650	—	1	651
Mr. Roberto Gnanavelu	—	650	—	1	651
Independent non-executive directors					
Mr. Chu Yat Pang, Terry	248	—	—	—	248
Mr. Choy Wai Shek, Raymond	248	—	—	—	248
Mr. O'Yang Wiley	248	—	—	—	248
	744	2,869	—	22	3,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments and chief executive's emoluments (Continued)

Name of directors	Year ended 31 December 2024				Total MOP'000
	Fees MOP'000	Salaries and other allowances MOP'000	Discretionary bonuses MOP'000 (Note iii)	Retirement benefit scheme contributions MOP'000	
Executive directors					
Mr. Lao (Note i)	—	195	—	1	196
Ms. Lao Chao U ("Athena Lao")* (Note ii)	—	853	250	1	1,104
Mr. Cheang Iek Wai	—	650	—	1	651
Mr. Ip Kin Wa	—	650	—	1	651
Mr. Roberto Gnanavelu	—	650	—	1	651
Independent non-executive directors					
Mr. Chu Yat Pang, Terry	248	—	—	—	248
Mr. Choy Wai Shek, Raymond	248	—	—	—	248
Mr. O'Yang Wiley	248	—	—	—	248
	744	2,998	250	5	3,997

* Daughter of the Controlling Shareholders

Notes:

- (i) Mr. Lao resigned as chairman of the Board and an executive director on 17 December 2025.
- (ii) Ms. Athena Lao was appointed as chairlady of the Board on 17 December 2025.
- (iii) Discretionary bonuses were determined by the remuneration committee having regard to the performance of directors and the Group's operating results.

Executive directors

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group. Ms. Athena Lao is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments and chief executive's emoluments (Continued)

Independent non-executive directors

The emoluments of independent non-executive directors shown above were for their services as directors of the Company.

(b) Employees' emoluments

The five (2024: seven) highest paid individuals of the Group for the year ended 31 December 2025 did not include any director (2024: included four directors of which three of them are remunerated with the same amount of emoluments), details of whose emoluments are set out in note 13(a) above. Details of the five (2024: remaining three) highest paid individuals are as follows:

	2025 MOP'000	2024 MOP'000
Salaries and other allowances	4,224	3,280
Discretionary bonus	410	220
Retirement benefit scheme contributions	3	2
	4,637	3,502

The emoluments of the highest paid employees were within the following bands:

	2025 No. of individuals	2024 No. of individuals
Nil to HK\$1,000,000	4	1
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	—	1
	5	3

During both years, no emoluments were paid by the Group to any of the directors or Chief Executive of the Company or five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived or agreed to waive any emoluments for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of each of the reporting period.

15 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2025 MOP'000	2024 MOP'000
Profit for the year attributable to owners of the Company	1,901	9,407

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	600,000	600,000
Effect of dilutive potential ordinary shares: Share options	—	143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	600,000	600,143

During the year ended 31 December 2025, all outstanding share options were forfeited following the departure of the relevant employee. Consequently, there were no dilutive potential ordinary shares in existence at 31 December 2025. For the year ended 31 December 2024, the computation of diluted earnings per share did not assume the exercise of certain Company's share options because the exercise price of those share options was higher than the average market price of shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16 PROPERTY, PLANT AND EQUIPMENT

	Owned properties MOP'000	Leasehold improvement MOP'000	Furniture, fixtures and equipment MOP'000	Motor vehicles MOP'000	Total MOP'000
Cost					
At 1 January 2024	46,367	2,708	5,614	344	55,033
Additions	—	—	116	—	116
Disposal of a subsidiary (note 31)	—	—	(176)	—	(176)
Exchange adjustments	—	—	(5)	(1)	(6)
At 31 December 2024	46,367	2,708	5,549	343	54,967
Additions	—	—	80	—	80
Disposal	—	—	(166)	—	(166)
Exchange adjustments	—	—	4	1	5
At 31 December 2025	46,367	2,708	5,467	344	54,886
Depreciation and impairment					
At 1 January 2024	9,837	2,708	5,229	331	18,105
Provided for the year	1,405	—	91	—	1,496
Disposal of a subsidiary (note 31)	—	—	(41)	—	(41)
Exchange adjustments	—	—	(1)	(1)	(2)
At 31 December 2024	11,242	2,708	5,278	330	19,558
Provided for the year	1,405	—	45	—	1,450
Eliminated on disposal	—	—	(47)	—	(47)
Exchange adjustments	—	—	3	—	3
At 31 December 2025	12,647	2,708	5,279	330	20,964
Carrying values					
At 31 December 2025	33,720	—	188	14	33,922
At 31 December 2024	35,125	—	271	13	35,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following useful lives:

Owned properties	Over remaining lease terms of 33 years
Leasehold improvement	Over the shorter of 3 years or the terms of the leases
Furniture, fixtures and equipment	3–5 years
Motor vehicles	5 years

The Group's owned properties are situated in Macau.

As at 31 December 2025, the Group has pledged its owned properties with a carrying value of MOP33,720,000 (2024: MOP35,125,000) to secure general banking facilities granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17 RIGHT-OF-USE ASSETS

	Leased properties	
	MOP'000	
Cost		
At 1 January 2024		—
Additions		2,160
<hr/>		
At 31 December 2024, 1 January 2025 and 31 December 2025		2,160
<hr/>		
Depreciation		
At 1 January 2024		—
Provided for the year		394
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At 31 December 2024 and 1 January 2025		394
Provided for the year		755
<hr/>		
At 31 December 2025		1,149
<hr/>		
Carrying values		
At 31 December 2025		1,011
<hr/>		
At 31 December 2024		1,766
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	2025	2024
	MOP'000	MOP'000
<hr/>		
Expense relating to short-term leases	492	738
Total cash outflow for leases	1,352	1,087
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For both years, the Group leases an office and a warehouse for its operations. Lease contracts are entered into for fixed terms of 2 to 3 years (2024: 2 to 3 years). Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Company applies the definition of a contract and determines the period for which the contract.

The Group regularly entered into short-term leases for warehouses, offices and staff quarters. As at 31 December 2025 and 2024, the regularly portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18 INTANGIBLE ASSETS

	Construction licenses MOP'000
Cost	
At 1 January 2024	3,981
Exchange adjustments	(133)
At 31 December 2024	3,848
Exchange adjustments	186
At 31 December 2025	4,034
Amortisation	
At 1 January 2024	814
Provided for the year	785
Exchange adjustments	(43)
At 31 December 2024	1,556
Provided for the year	786
Impairment loss recognised	678
Exchange adjustments	114
At 31 December 2025	3,134
Carrying values	
At 31 December 2025	900
At 31 December 2024	2,292

Construction licenses acquired in the business acquisition are identified and recognised as intangible assets. They have finite useful lives and are amortised on a straight-line basis over 5 years.

Due to the adverse performance of the Group's construction services operations in PRC during the current year, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of relevant intangible assets with finite useful lives with carrying amounts of MOP900,000 (2024: MOP2,292,000). All of these intangible assets are held by an entity within the Group's construction services segment in the PRC, and their recoverable amount was assessed collectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18 INTANGIBLE ASSETS (Continued)

The recoverable amounts of the intangible assets have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar assets adjusted for nature, location and conditions of the assets. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of MOP900,000, which is their carrying values at year end and the impairment loss of MOP678,000 has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

19 GOODWILL

	MOP'000
Cost	
At 1 January 2024 and 31 December 2024	—
Arising from acquisition of a subsidiary (note 30)	1,462
At 31 December 2025	1,462
Carrying values	
At 31 December 2025	1,462
At 31 December 2024	—

The carrying amount of goodwill was arisen from acquisition of a subsidiary as set out on note 30 and is allocated to the provision of investment management and advisory services business cash-generating unit for impairment testing.

The recoverable amount of the cash-generating unit of provision of investment management and advisory services business has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a five-year period with a pretax discount rate of 11% and, terminal growth rate of 3%. A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong. No impairment on this cash-generating unit is made for the year ended 31 December 2025 as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount of the above cash-generating unit to exceed the recoverable amount of the above cash-generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20 FINANCIAL ASSETS AT FVTPL

	2025 MOP'000	2024 MOP'000
Financial asset mandatorily measured at FVTPL		
— Unlisted investment funds	16,041	11,585

On 9 September 2022, San Fong Seng Construction & Engineering Company Limited (“**San Fong Seng**”), an indirect wholly-owned subsidiary of the Company entered into a limited partnership agreement with other two limited partners, Che Hao Song and Xu Huijuan, and a general partner, Leader Fund (Zhuhai) Equity Investment Management Co., Ltd. The investment fund is a project specific fund (the “**Investment Fund**”) and the investment target is Nature Home (China) Co., Ltd (the “**Target**”). As at 31 December 2024, the Investment Fund is classified as non-current asset with a maturity date on 8 September 2027.

As at 31 December 2025, a repurchase event was triggered under the terms of the share repurchase agreement dated 19 September 2022 between the Investment Fund and the Target. Subsequent to the reporting period, on 19 January 2026, the general partner issued a repurchase notice to the Target. As the negotiation of a phased exit plan and the exact timeline for the distribution of proceeds are yet to be finalized, and settlement is expected to extend beyond twelve months from the reporting date, the Group’s investment in the Investment Fund continues to be classified as a non-current asset as at 31 December 2025.

On 27 January 2025, AB Investment Limited, an indirect wholly-owned subsidiary of the Company, entered into the limited partnership agreement with AB Global Opportunities LPF (the “**AB Fund**”), a limited partnership registered in Hong Kong. The Group invested US\$250,000 (approximately MOP2,011,000) in the AB Fund. The AB Fund is a project-specific fund and its investment target is Zence Object Technology. As at 31 December 2025, the investment is classified as a non-current asset with an initial term of five years and may be extended for further two years at the discretion of the general partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21 OTHER FINANCIAL ASSETS

	2025 MOP'000	2024 MOP'000
Capital bonds (<i>Note</i>)	32,052	31,968

Note: As at 31 December 2025 and 2024, amount represents capital bonds issued by a bank in Macau on 29 November 2023, with interest receivable semi-annually at interest rates ranging from 7.5% to prime rate plus 3.011% per annum and maturity date in May 2034. The principal amounts was US\$4,000,000 on issuance with a consideration of US\$4,000,000 upon purchase.

These other financial assets are classified as financial assets measured at amortised cost as they are held to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Details of impairment assessment of other financial assets are set out in note 41.

22 TRADE AND OTHER RECEIVABLES

	2025 MOP'000	2024 MOP'000
Trade receivables, net of loss allowance	21,650	25,103
Advances paid to subcontractors and suppliers	4,314	7,776
Consideration receivable (<i>note 31</i>)	—	2,061
Other receivables, prepayments and deposits (<i>Note</i>)	7,000	9,902
Total trade and other receivables	32,964	44,842

Note: As of 31 December 2025, included in other receivables, prepayments and deposits, an amount of Renminbi ("**RMB**") 593,000 (equivalent to approximately MOP680,000) (2024: RMB1,493,000 (equivalent to approximately MOP1,633,000)) is secured by an account receivable with principal amount of RMB38,687,000 (equivalent to approximately MOP44,362,000) (2024: RMB38,687,000 (equivalent to approximately MOP42,304,000)) held by the former shareholders of Jiangmen Jinying Construction and Engineering Company Limited ("**Jinying**")*. The amount is interest-free and repayable on demand.

* The English translation of the subsidiary's name is for reference only. The official name of the subsidiary is in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22 TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables represent amounts receivable for work certified in relation to provision of fitting-out works after deduction of retention money.

As at 1 January 2024, trade receivables, net of loss allowance, from contracts with customers amounted to MOP12,564,000.

The Group generally allows a credit period within 45 days to its customers. The following is an aged analysis of trade receivables presented based on dates of work certified at the end of the reporting period, net of loss allowance.

	2025 MOP'000	2024 MOP'000
1–30 days	5,096	932
31–60 days	3,436	14,862
61–90 days	11,968	6,407
Over 90 days	1,150	2,902
	21,650	25,103

As at 31 December 2025, included in the Group's trade receivable balances were receivables with aggregate carrying amount of MOP16,554,000 (2024: MOP17,946,000), which were past due at the end of the reporting period. Out of the past due balances, MOP1,150,000 (2024: MOP2,902,000) has been past due 90 days or more and is not considered as in default as the directors of the Company are of the opinion that the balances are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22 TRADE AND OTHER RECEIVABLES (Continued)

The Group's trade and other receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 MOP'000	2024 MOP'000
HK\$	702	7,153
US\$	207	207
	909	7,360

23 CONTRACT ASSETS

	2025 MOP'000	2024 MOP'000
Contract assets	31,440	62,066

As at 1 January 2024, contract assets amounted to MOP35,634,000.

As at 31 December 2025, contract assets included retention receivables held by customers for contract works amounting to MOP16,609,000 (2024: MOP13,467,000).

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold 10% of the certified amount payable to the Group as retention money, 50% of which is normally recoverable upon completion of respective project and the remaining 50% is recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 3 months to 2 years from the date of completion of respective projects. The amount is unsecured and interest-free.

Details of impairment assessment of contract assets are set out in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprises cash on hand, bank balances and short-term bank deposits for the purpose of meeting the Group's short-term cash commitments. As at 31 December 2025, bank balances carried interest at prevailing market interest rates which were ranging from 0.001% to 2.66% (2024: 0.001% to 3.6%) per annum.

As at 31 December 2025, short-term bank deposits carried fixed interest rate at 3% per annum (2024: nil).

Pledged bank deposits represent deposits pledged to a bank to secure banking facilities granted to the Group. As at 31 December 2025, the pledged bank deposits amounting to MOP74,281,000 (2024: MOP72,151,000) carried interest rates ranging from 2.00% to 2.66% (2024: 2.09% to 3.35%) per annum.

The Group's bank balances and cash and pledged bank deposits that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 MOP'000	2024 MOP'000
Bank balances and cash		
HK\$	12,433	18,336
US\$	14,736	7,591
Pledged bank deposits		
HK\$	74,281	72,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25 TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The credit period on trade purchase is from 7 to 60 days.

	2025 MOP'000	2024 MOP'000
Trade payables	4,480	26,117
Retention payables	32,829	25,443
Accrued contract costs	37,567	29,595
Provision of onerous contracts	684	1,493
Accruals	7,541	8,394
Total trade and other payables	83,101	91,042

The following is an aged analysis of trade payables presented based on the dates of work certified at the end of the reporting period:

	2025 MOP'000	2024 MOP'000
1–30 days	2,349	22,226
Over 60 days	2,131	3,891
	4,480	26,117

Retention payables to sub-contractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 3 months to 2 years from the completion date of the respective service contracts.

The retention payables are to be settled, based on the expiry of maintenance period, at the end of the reporting period as follows:

	2025 MOP'000	2024 MOP'000
Within one year	16,467	20,179
After one year	16,362	5,264
	32,829	25,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25 TRADE AND OTHER PAYABLES (Continued)

The Group's trade and retention payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 MOP'000	2024 MOP'000
HK\$	764	969

26 BANK OVERDRAFTS

	2025 MOP'000	2024 MOP'000
Bank overdrafts, secured	13,272	17,855
Carrying amounts repayable within one year and included under current liabilities (with a repayable on demand clauses)	13,272	17,855

Bank overdrafts as at 31 December 2025 are repayable on demand and secured by assets as disclosed in note 32, and bear interests ranging from 3.00% to 3.6% (2024: 3.25% to 3.7%) per annum. Such bank overdrafts do not form an integral part of the Group's cash management.

Included in bank overdrafts are the following amounts denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 MOP'000	2024 MOP'000
HK\$	13,272	17,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 LEASE LIABILITIES

	2025 MOP'000	2024 MOP'000
Lease liabilities payable:		
Within one year	778	770
Within a period of more than one year but not exceeding two years	330	779
Within a period of more than two year but not exceeding five years	—	330
	1,108	1,879
Less: Amount due for settlement within 12 months shown under current liabilities	(778)	(770)
Amount due for settlement after 12 months shown under non-current liabilities	330	1,109

The weighted average incremental borrowing rates applied to lease liabilities range from 5.625% to 5.875% (2024: 5.625% to 5.875%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28 DEFERRED TAX LIABILITIES

	Intangible assets
	MOP'000
At 1 January 2024	849
Credited to profit or loss (<i>note 11</i>)	(196)
Exchange adjustment	(80)
At 31 December 2024	573
Credited to profit or loss (<i>note 11</i>)	(366)
Exchange adjustment	18
At 31 December 2025	225

At the end of the reporting period, the Group has unused tax losses of MOP37,286,000 (2024: MOP30,301,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are that an amount of MOP4,565,000 (2024: MOP2,101,000) which can be carried forward up to five years from the year in which the loss was incurred, an amount of MOP19,000 (2024: MOP9,000) which can be carried forward up to ten years from the year in which the loss was incurred and an amount of MOP32,702,000 (2024: MOP28,191,000) which does not expire under the current tax legislation.

At the end of the reporting period, the Group has deductible temporary differences in relation to timing difference on revenue recognition and impairment of financial assets, contract assets and property, plant and equipment of MOP23,629,000 (2024: MOP23,040,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29 SHARE CAPITAL

	Number of shares '000	Share capital MOP'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	10,000,000	103,150
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	600,000	6,189

30 ACQUISITION OF A SUBSIDIARY

On 14 March 2024, AB Investment Limited (“**ABI**”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with two independent third parties (the “**Vendors**”), pursuant to which the Vendors agreed to sell and ABI agreed to acquire the entire interest in Delphinium Capital Partners Limited (“**Delphinium**”) at a cash consideration of HK\$1,821,000 (equivalent to approximately MOP1,878,000) (the “**Acquisition**”).

On 5 March 2025, the Acquisition was completed and has been accounted for using the acquisition method in accordance with IFRS 3 as the directors of the Company consider that the acquired items constitute a business in accordance with IFRS 3. Delphinium is a licensed corporation under the Securities and Futures Ordinance and is authorized to engage in the following regulated activities: (i) Type 4: Advising on securities; and (ii) Type 9: Asset management. Management of the Group considers that such acquisition will enable the Group to diversify its business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30 ACQUISITION OF A SUBSIDIARY (Continued)

Consideration transferred:

	MOP'000
Cash paid	1,878

Assets acquired and liabilities recognised of Delphinium at the date of completion of the Acquisition are as follows:

	MOP'000
Other receivables	124
Bank balances and cash	394
Other payables	(102)
Net assets acquired	416

The receivables acquired (which principally comprised other receivables) with a fair value of MOP124,000 at the date of acquisition had gross contractual amounts of MOP124,000.

Goodwill arising on the Acquisition:

	MOP'000
Consideration transferred	1,878
Less: net asset acquired	(416)
Goodwill arising on the Acquisition	1,462

Goodwill arose on the acquisition of Delphinium because the consideration paid included amounts in relation to the strategic diversification of the Group's business into the financial services sector, the benefit of immediate market entry, and the assembled workforce of licensed professionals. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the Acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30 ACQUISITION OF A SUBSIDIARY (Continued)

Net cash outflow on acquisition of Delphinium:

	MOP'000
Consideration paid in cash	1,878
Less: cash and cash equivalents acquired	(394)
	<hr/> 1,484 <hr/>

Impact of acquisition on the results of the Group:

Included in the profit for the year ended 31 December 2025 is MOP1,798,000 loss attributable to the additional business incurred by Delphinium. Revenue for the year ended 31 December 2025 includes MOP225,000 generated from Delphinium.

Had the acquisition of Delphinium been completed on 1 January 2025, the Group's revenue and profit for the year from continuing operations would have been the same as reported, as Delphinium had no revenue nor profit or loss prior to the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31 DISPOSAL OF A SUBSIDIARY

On 30 August 2024, the Group entered into a sale and purchase agreement to sell the entire interest of Aobang (Zhuhai) Investment Co., Ltd. (“**Aobang**”)* to the non-controlling shareholder of Aobang at a cash consideration of RMB2,221,000 (equivalent to approximately MOP2,535,000). The net liabilities of Aobang at the date of disposal were as follows:

	30 August 2024 MOP'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	135
Other receivables	12
Bank balances and cash	5
Other payables	(191)
Net liabilities disposed of	(39)
Cash consideration (<i>Note</i>)	2,535
Gain on disposal of a subsidiary	
Consideration receivable	2,535
Net liabilities disposed of	39
Non-controlling interests	(37)
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss	56
Gain on disposal	2,593
Net cash outflow arising on disposal	
Cash considerations (<i>Note</i>)	—
Less: bank balances and cash disposed of	(5)
	(5)

* The English translation of the subsidiary's name is for reference only. The official name of the subsidiary is in Chinese.

Note: Subsequent to the date of disposal on 30 August 2024 and as at 31 December 2024, the consideration of MOP474,000 was received. The remaining balance of MOP2,061,000 were settled by the purchaser during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32 PLEDGE OF ASSETS

The following assets of the Group were pledged to secure the credit facilities and bank overdrafts of the Group during the year:

	2025 MOP'000	2024 MOP'000
Owned properties included in property, plant and equipment	33,720	35,125
Pledged bank deposits	74,281	72,151
	108,001	107,276

33 PERFORMANCE GUARANTEES/BID BONDS

As at 31 December 2025, performance guarantees of MOP10,446,000 (2024: MOP20,892,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted under the banking facilities of the Group which were secured by assets as set out in note 32.

As at 31 December 2025, bid bonds of MOP21,000 (2024: Nil), were given by banks in favour of the Group for bidding of projects offering by the government of Macau.

Management of the Group do not consider it is probable that a claim will be made against the Group in respect of the above performance guarantees or bid bonds.

34 RETIREMENT BENEFIT PLANS

Eligible employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by The Government of the Macau Special Administrative Region. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34 RETIREMENT BENEFIT PLANS (Continued)

The plans for employees in Hong Kong are a Mandatory Provident Fund Scheme (“**MPF Scheme**”) established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the MPF Scheme subject only to the maximum level of payroll costs of HK\$30,000 per employee per month, which contribution is matched by the employees.

Contributions to the above plans vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

During the year ended 31 December 2025, a total cost of MOP479,000 (2024: MOP280,000) was charged to profit or loss representing contribution paid or payable to the above retirement benefit plans by the Group.

At the end of the reporting period, the Group had no significant obligation apart from the contribution as stated above.

35 SHARE OPTION SCHEME

The Company’s share option scheme (the “**Scheme**”) was conditionally adopted by the written resolutions of the shareholders of the Company passed on 17 August 2018. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including employees, directors, consultants, suppliers, customers and shareholders of any member of the Group, options to subscribe for shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35 SHARE OPTION SCHEME (Continued)

On 24 February 2022, the Company granted 3,000,000 options to subscribe for shares to Mr. Fan Chi Chiu, the chief investment officer of the Company, in accordance with the terms of the Scheme. The share options were vested in three tranches, with each tranche covering one-third of the relevant options, i.e. exercisable to the extent of one-third of the relevant options with the 1st, 2nd and 3rd tranche becoming exercisable from 29 May 2022, 29 November 2022 and 29 November 2024 respectively to 16 August 2028; at exercise price of HK\$0.272, HK\$0.67 and HK\$0.67 per share respectively. The closing price of the Company's shares immediately before 24 February 2022, the date of grant, was HK\$0.255.

During the year ended 31 December 2025, following the resignation of Mr. Fan, all of his outstanding share options were forfeited in accordance with the terms of the Company's share option scheme, and consequently, related amount previously recognised in share-based payment reserve was transferred to retained earning during the current year.

During the year ended 31 December 2024, the Group recognised equity-settled share-based payments of approximately MOP17,000 in relation to share options granted by the Company. The fair value of the options determined at the dates of grant using the Binomial option pricing model was HK\$264,000 (equivalent to approximately MOP272,000). The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The following assumptions were used to calculate the fair value of share options:

Measurement date	24 February 2022
Spot price	HK\$0.245
Exercise price	HK\$0.272–HK\$0.67
Expected volatility	55.92%
Expected dividend yield	0%
Risk-free rate	1.57%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35 SHARE OPTION SCHEME (Continued)

The following table discloses movements of the Share Option Scheme during the year:

Name or category of participant	Date of grant	Vesting date	Validity period	Exercise price per share	Number of Options					
					Outstanding as at 1 January 2025	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31 December 2025	Exercisable at 31 December 2025
Senior management	24 February 2022	29 May 2022	24 February 2022 to 16 August 2028	HK\$0.272	1,000,000	—	—	(1,000,000)	—	—
Senior management	24 February 2022	29 November 2022	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	(1,000,000)	—	—
Senior management	24 February 2022	29 November 2023	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	(1,000,000)	—	—
					3,000,000	—	—	(3,000,000)	—	—
Weighted average exercise price				HK\$0.537	—	—	—	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35 SHARE OPTION SCHEME (Continued)

The following table discloses movement of the Share Option Scheme during the prior year:

Name or category of participant	Date of grant	Vesting date	Validity period	Exercise price per share	Outstanding as at 1 January 2024	Granted during the year	Number of Options			Outstanding as at 31 December 2024	Exercisable at 31 December 2024
							Exercised during the year	Lapsed/ cancelled/ forfeited during the year			
Senior management	24 February 2022	29 May 2022	24 February 2022 to 16 August 2028	HK\$0.272	1,000,000	—	—	—	1,000,000	1,000,000	
Senior management	24 February 2022	29 November 2022	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	—	1,000,000	1,000,000	
Senior management	24 February 2022	29 November 2023	24 February 2022 to 16 August 2028	HK\$0.67	1,000,000	—	—	—	1,000,000	1,000,000	
					3,000,000	—	—	—	3,000,000	3,000,000	
Weighted average exercise price					HK\$0.537	—	—	—	HK\$0.537	HK\$0.537	

There were no outstanding share option under the scheme as at 31 December 2025. The options outstanding at 31 December 2024 had an exercise price of HK\$0.272 or HK\$0.67 and a weighted average remaining contractual life of 3.63 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36 RELATED PARTY TRANSACTIONS

(i) Transaction

Save as disclosed in other notes, the Group had no other significant transactions and balances with related party during the years ended 31 December 2025 and 2024.

(ii) Compensation of key management personnel

The remuneration of key management personnel (including the directors of the Company) of the Group during the year is as follows:

	2025 MOP'000	2024 MOP'000
Fee	744	744
Salaries and other allowances	7,503	6,749
Retirement benefits scheme contributions	25	6
	8,272	7,499

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of the major subsidiaries with active operations of the Group for the year:

Name of subsidiary	Place of incorporation/ Establishment and operation	Date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at 31 December		Principal activities
				2025	2024	
<i>Directly held</i>						
SFS Construction Holdings Limited	BVI	4 August 2011	US\$10	100%	100%	Investment holding
Speedy Profit International Investment Limited	BVI	22 May 2019	US\$50,000	100%	100%	Investment holding
Speedy Gain Overseas Trading Limited	BVI	16 March 2021	US\$50,000	100%	100%	Investment holding
<i>Indirectly held</i>						
San Fong Seng	Macau	5 July 1998	MOP12,000,000	100%	100%	Construction works
San Fong Seng Construction & Engineering Co., Limited	Hong Kong	18 March 2011	HK\$1	100%	100%	Management services
Equally Tycoon Limited	BVI	2 April 2019	US\$2	100%	100%	Investment holding
Lap Polly Engineering Company Limited ("Lap Polly")	Hong Kong	10 January 2001	HK\$10,000	60%	60%	Construction works
AB Building Material Trading Company Limited (formerly known as AB Gemesis Engineering Company Limited)	Macau	24 February 2020	MOP100,000	100%	100%	Construction works
ActivPro Limited	Hong Kong	22 July 2020	HK\$1,000	51%	51%	Air purification business
Gold Kent Investment Limited	Hong Kong	1 April 2021	HK\$1	100%	100%	Investment holding
AB Investment Limited	Hong Kong	7 June 2023	HK\$100	100%	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37 INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ Establishment and operation	Date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at 31 December		Principal activities
				2025	2024	
Jinying	PRC	11 April 2011	RMB10,000,000	100%	100%	Construction works
Zhuhai Aowei Investment Consulting Co., Limited ("Aowei")*	PRC	5 March 2024	RMB50,000	100%	100%	Provision of investment management and advisory services
Delphinium (note 30)	Hong Kong	15 October 2015	HK\$500,000	100%	—	Provision of investment management and advisory services

None of the subsidiaries had issued any debt securities at the end of both years.

* The English translation of the subsidiary's name is for reference only. The official name of the subsidiary is in Chinese.

The following table lists out the information relating to the subsidiaries of the Group which has material non-controlling interest. The summarised financial information presented below represents the amounts before any inter-company elimination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37 INTERESTS IN SUBSIDIARIES (Continued)

	Lap Polly	
	2025 MOP'000	2024 MOP'000
Non-controlling interest percentage	40%	40%
Current assets	1,402	1,781
Current liabilities	(34,376)	(34,486)
Net liabilities	(32,974)	(32,705)
Carrying amount of non-controlling interest	(13,190)	(13,082)
Revenue	—	—
Loss for the year	(269)	(145)
Total comprehensive expenses	(269)	(145)
Loss allocated to non-controlling interest	(108)	(58)
Cash flows used in operating activities	(379)	(430)

38 CONTINGENT LIABILITIES

On 20 February 2023, Lap Polly received a notice of arbitration regarding to an alleged claim by joint and several liquidators. The alleged claim arose from disputes prior to the acquisition of Lap Polly on 10 September 2019. As at 31 December 2025, taken into account the latest advice of an independent legal advisor, the management of the Group considered that the potential legal risk to the Group arising from the claim is considered as low.

39 CAPITAL COMMITMENTS

As at 31 December 2025, the Group was committed to settle amounts of RMB38,000,000 (equivalent to approximately MOP43,764,600) (2024: RMB39,000,000 (equivalent to approximately MOP42,646,500)) and nil (2024: RMB40,000 (equivalent to approximately MOP43,740)) as further capital contribution to Jinying and Awei, respectively.

On 14 March 2024, the Group entered into a sale and purchase agreement with two independent third party vendors to acquire the entire issued share capital of Delphinium, a company incorporated in Hong Kong with limited liability, for a consideration not more than HK\$1,900,000. Delphinium is a licensed corporation to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. Please refer to the announcement issued by the Company on 14 March 2024 for further details. As at 31 December 2024, the acquisition is not completed and it has not exerted any financial impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of net debt, which includes bank overdrafts disclosed in note 26, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium, other reserve, legal reserve and retained earnings.

The management of the Group reviews the capital structure on a continuous basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts.

41 FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 MOP'000	2024 MOP'000
Financial assets		
At amortised cost	201,256	178,678
At FVTPL	16,041	11,585
Financial liabilities		
At amortised cost	51,689	71,294

Financial risk management objectives and policies

The Group's financial instruments include financial asset at FVTPL, other financial assets, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, lease liabilities and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

Certain other financial assets, trade and other receivables, bank balances, pledged bank deposits and trade and retention payables are denominated in foreign currencies other than the functional currency of the relevant group entities, which exposure the Group to currency risk. The currencies giving rise to this risk are primarily HK\$ and US\$.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 MOP'000	2024 MOP'000	2025 MOP'000	2024 MOP'000
HK\$	87,416	97,640	14,036	18,824
US\$	46,995	39,766	—	—

Sensitivity analysis

As the exchange rate of HK\$/MOP and US\$/MOP is relatively stable, the management of the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK\$/MOP and US\$/MOP exchange rates. As a result, the management of the Group considers that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK\$/MOP and US\$/MOP are minimal.

Interest rate risk

The Group has minimal exposure to fair value interest rate risk in relation to fixed-rate short-term bank deposits, pledged bank deposits and lease liabilities. Hence, no sensitivity analysis is presented for such deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The Group's cash flow interest rate risk relates primarily to floating-rate bank balances, bank overdrafts. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. The Group's exposure towards the change in interest rates is minimal.

Sensitivity analysis

Bank balances are excluded from sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank overdrafts. The analysis is prepared assuming the amount of liability outstanding at each reporting period end was outstanding for the whole year. A 50 basis point increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2025 would decrease/increase by approximately MOP66,000 (2024: approximately MOP89,000).

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, other financial assets, contract assets, pledged bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and contract assets under ECL model. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties are arising from the carrying amounts of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Moreover, the Group only transacts with high credit-rating banks or financial institutions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables and contract assets arising from contracts with customers

The Group's construction contracts include payment terms which require progress payments, after deducting the retention monies as disclosed in note 23, over the construction period based on the payment certificates issued by independent architects, surveyors or other representatives appointed by the customers.

The Group is exposed to concentration of credit risk as at 31 December 2025 on trade receivables from the Group's one (2024: two) major customers amounting to MOP18.0 million (2024: MOP21.5 million) and accounted for 83% (2024: 86%) of the Group's total trade receivables. The Group is also exposed to concentration of credit risk as at 31 December 2025 on contract assets from the Group's three (2024: five) major customers amounting to MOP27.0 million (2024: MOP57.8 million) and accounted for 86% (2024: 93%) of the Group's total contract assets.

The Group applies the simplified approach to perform impairment assessment under ECL model, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

As part of the Group's credit risk management, the Group applies internal credit rating for the customers. The Group's trade receivables and contract assets are assessed for impairment on an individual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2025		2024	
					Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount
					MOP'000	MOP'000	MOP'000	MOP'000
Financial assets at amortised cost								
Trade receivables	22	N/A	Low risk	Lifetime ECL	8,310		23,795	
			Watch list	Lifetime ECL	13,480		1,439	
			Loss	Lifetime ECL	7,623	29,413	7,719	32,953
Other receivables and deposits	22	N/A	Low risk	12m ECL	1,887		4,876	
			Loss	Lifetime ECL	834	2,721	834	5,710
Pledged bank deposits	24	A or above	N/A	12m ECL		74,281		72,151
Bank balances	24	A or above	N/A	12m ECL		71,402		44,581
Other financial assets	21	A	N/A	12m ECL		32,052		31,982
Other item								
Contract assets	23	N/A	Low risk	Lifetime ECL	30,110		61,545	
			Doubtful	Lifetime ECL	2,582		2,582	
			Loss	Lifetime ECL	11,253	43,945	11,253	75,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) MOP'000	Lifetime ECL (credit- impaired) MOP'000	Total MOP'000
As at 1 January 2024	1,042	8,313	9,355
Changes due to financial instruments recognised as at 1 January 2024:			
Impairment loss reversed	(1,027)	(353)	(1,380)
Impairment loss recognised	25	—	25
Write-offs	—	(295)	(295)
New financial assets originated:			
Impairment loss recognised	93	54	147
Exchange adjustments	(2)	—	(2)
As at 31 December 2024 and 1 January 2025	131	7,719	7,850
Changes due to financial instruments recognised as at 1 January 2025:			
Impairment loss reversed	(129)	(96)	(225)
Impairment loss recognised	4	—	4
New financial assets originated:			
Impairment loss recognised	133	—	133
Exchange adjustments	1	—	1
As at 31 December 2025	140	7,623	7,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The following table shows reconciliation of loss allowances that has been recognised for contract assets:

	Lifetime ECL (not credit- impaired) MOP'000	Lifetime ECL (credit- impaired) MOP'000	Total MOP'000
As at 1 January 2024	439	11,253	11,692
Changes due to financial instruments recognised as at 1 January 2024:			
Impairment loss reversed	(198)	—	(198)
Impairment loss recognised	896	—	896
New financial assets originated:			
Impairment loss recognised	928	—	928
Exchange adjustments	(4)	—	(4)
As at 31 December 2024 and 1 January 2025	2,061	11,253	13,314
Changes due to financial instruments recognised as at 1 January 2025:			
Impairment loss reversed	(853)	—	(853)
Impairment loss recognised	15	—	15
New financial assets originated:			
Impairment loss recognised	25	—	25
Exchange adjustments	4	—	4
As at 31 December 2025	1,252	11,253	12,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

In respect of other receivables as at 31 December 2025, 12m ECL is assessed individually and recognised for an aggregate gross carrying amount of MOP1,887,000 (2024: MOP4,876,000), there has been no significant increase in credit risk since initial recognition based on past due information.

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12m ECL MOP'000	Lifetime ECL MOP'000	Total MOP'000
As at 1 January 2024	—	834	834
New financial assets originated: Impairment loss recognised	1	—	1
As at 31 December 2024 and 1 January 2025	1	834	835
Changes due to financial instruments recognised as at 1 January 2025: Impairment loss recognised	15	—	15
As at 31 December 2025	16	834	850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Pledged bank deposits/bank balances

The Group is exposed to concentration of credit risk as at 31 December 2025 on Group's pledged bank deposits and bank balances from five (2024: three) major bank amounting to MOP132.3 million (2024: MOP101.2 million) which accounted for 91% (2024: 87%) of the Group's total bank deposits and bank balances. Credit risk on pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. No impairment allowance was made since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks in Macau, Hong Kong and the PRC that have good credit rating.

Other financial assets

Credit risk on other financial assets is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. 12m ECL is assessed individually and recognised, there has been no significant increase in credit risk since initial recognition.

The following table shows reconciliation of loss allowances that has been recognised for other financial assets:

	12m ECL MOP'000
As at 1 January 2024	119
Changes due to financial instruments recognised as at 1 January 2024:	
Impairment loss reversed	(105)
As at 31 December 2024 and 1 January 2025	14
Changes due to financial instruments recognised as at 1 January 2025:	
Impairment loss reversed	(3)
As at 31 December 2025	11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate %	On demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 to 2 years MOP'000	Total undiscounted cashflows MOP'000	Carrying amount at 31 December 2025 MOP'000
At 31 December 2025						
Trade and other payables	N/A	37,309	—	—	37,309	37,309
Bank overdrafts	3.32%	13,272	—	—	13,272	13,272
Lease liabilities	5.85%	206	617	334	1,157	1,108
		50,787	617	334	51,738	51,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand or less than 3 months MOP'000	3 months to 1 year MOP'000	1 to 2 years MOP'000	3 to 5 years MOP'000	Total undiscounted cashflows MOP'000	Carrying amount at 31 December 2024 MOP'000
At 31 December 2024							
Trade and other payables	N/A	51,560	—	—	—	51,560	51,560
Bank overdrafts	3.51%	17,855	—	—	—	17,855	17,855
Lease liabilities	5.85%	215	645	822	335	2,017	1,879
		69,630	645	822	335	71,432	71,294

Fair value

Fair value of financial instruments measured at fair value

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers performing valuations for its financial assets which are categorised into Level 3 of the fair value hierarchy. Valuation reports with analysis of changes in fair value measurement are prepared by the qualified external valuers at each interim and annual reporting dates, and are reviewed by the financial controller and approved by the directors of the Company. Discussion of the valuation process and results with the financial controller and the directors of the Company is held twice a year to coincide with the reporting dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value of financial instruments measured at fair value (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
	31 December 2025 MOP'000	31 December 2024 MOP'000			
Unlisted investment funds (note 20)	16,041	11,585	Level 3	Market approach with key inputs of discount for lack of marketability ("DLOM")	DLOM of 15.30% (2024 : 15.21%) (Note 1)

Notes:

- 1 An increase in the DLOM used in isolation would result in a decrease in fair value measurement of the unlisted investment funds, and vice versa. In 2025, a 1% increase/decrease in the DLOM would decrease/increase the carrying amount of the unlisted investment funds by MOP172,000 (2024: MOP125,000).

There were no transfers between Level 1, 2 and 3 during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value of financial instruments measured at fair value (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation of financial instruments measured at fair value based on Level 3:

	Investment funds MOP'000
At 1 January 2024	12,280
Changes in fair value (<i>note 8</i>)	(695)
At 31 December 2024	11,585
Purchased	2,011
Changes in fair value (<i>note 8</i>)	2,445
At 31 December 2025	16,041

The management of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42 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 from financing activities.

	Bank overdrafts MOP'000	Lease liabilities MOP'000	Total MOP'000
At 1 January 2024	25,827	—	25,827
Financing cash flows	(8,559)	(349)	(8,908)
<i>Non-cash changes</i>			
New lease entered	—	2,160	2,160
Interest expenses	587	68	655
At 31 December 2024	17,855	1,879	19,734
Financing cash flows	(5,193)	(860)	(6,053)
<i>Non-cash change</i>			
Interest expenses	610	89	699
At 31 December 2025	13,272	1,108	14,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2025 MOP'000	2024 MOP'000
Non-current asset		
Investment in a subsidiary	36,310	36,310
Current assets		
Other receivables	469	307
Amounts due from subsidiaries	8,154	9,770
Bank balances and cash	975	1,147
	9,598	11,224
Current liabilities		
Other payables	1,030	661
Amounts due to subsidiaries	38,670	38,655
	39,700	39,316
Net current liabilities	(30,102)	(28,092)
Net assets	6,208	8,218
Capital and reserves		
Share capital	6,189	6,189
Reserves	19	2,029
Total equity	6,208	8,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43 STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (Continued)

Movement in the reserves of the Company is as follows:

	Share premium MOP'000	Share-based payments reserve MOP'000	Accumulated losses MOP'000	Total MOP'000
As at 1 January 2024	82,564	255	(65,777)	17,042
Loss and total comprehensive expense for the year	—	—	(15,030)	(15,030)
Recognition of equity-settled share-based payments (note 35)	—	17	—	17
As at 31 December 2024 and 1 January 2025	82,564	272	(80,807)	2,029
Loss and total comprehensive expense for the year	—	—	(2,010)	(2,010)
Derecognition of equity-settled share-based payments (note 35)	—	(272)	272	—
As at 31 December 2025	82,564	—	(82,545)	19

FINANCIAL SUMMARY

For the year ended 31 December 2025

	2025 MOP'000	2024 MOP'000	2023 MOP'000	2022 MOP'000	2021 MOP'000
RESULTS					
For the five years ended 31 December 2021, 2022, 2023, 2024 and 2025					
Revenue	273,069	182,030	140,580	155,013	353,133
Profit (loss) before taxation	2,517	7,854	(15,991)	9,400	(10,066)
Income tax (expenses) credit	(460)	(436)	204	394	65
Profit (loss) for the year	2,057	7,418	(15,787)	9,794	(10,001)
ASSETS AND LIABILITIES					
As at 31 December					
Total assets	295,475	306,660	313,297	328,597	367,890
Total liabilities	(98,752)	(112,327)	(126,059)	(126,512)	(175,834)
Net assets	196,723	194,333	187,238	202,085	192,056

Note:

The summary above does not form part of the audited consolidated financial statements.

AB BUILDERS GROUP LIMITED
奧邦建築集團有限公司