

# Maxicity Holdings Limited 豐城控股有限公司

*(Incorporated in the Cayman Islands with members' limited liability)*

Stock code: 2295

## 2025 Annual Report



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sieh Shing Kee (*Chairman*)  
Mr. Ho Ka Ki (*Chief Executive Officer*)

### Independent non-executive Directors

Ms. Chiao Siu Ling  
Mr. Kwong Che Sing  
Mr. Ling Siu Tsang  
Mr. Tso Ping Cheong Brian

## AUDIT COMMITTEE

Mr. Tso Ping Cheong Brian (*Chairman*)  
Ms. Chiao Siu Ling  
Mr. Kwong Che Sing  
Mr. Ling Siu Tsang

## REMUNERATION COMMITTEE

Mr. Ling Siu Tsang (*Chairman*)  
Mr. Sieh Shing Kee  
Ms. Chiao Siu Ling  
Mr. Kwong Che Sing

## NOMINATION COMMITTEE

Mr. Sieh Shing Kee (*Chairman*)  
Ms. Chiao Siu Ling  
Mr. Kwong Che Sing  
Mr. Ling Siu Tsang

## COMPANY SECRETARY

Mr. Lam Kau Wang (*HKICPA, ACCA*)

## COMPLIANCE OFFICER

Mr. Ho Ka Ki

## AUTHORISED REPRESENTATIVES

Mr. Ho Ka Ki  
Mr. Lam Kau Wang

## PRINCIPAL BANKER

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

## AUDITOR

Grant Thornton Hong Kong Limited  
*Registered Public Interest Entity Auditor*  
*Certified Public Accountants*  
11th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

## COMPLIANCE ADVISER

Aurelius Corporate Finance Limited  
Unit 3203, 32/F, Tower 2  
Lippo Centre  
89 Queensway  
Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

David Fong & Co., Solicitors  
Unit A, 12/F  
China Overseas Building  
139 Hennessy Road  
Wanchai  
Hong Kong

## CORPORATE INFORMATION (continued)

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **CAYMAN ISLANDS REGISTERED OFFICE**

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

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 302, 3/F, Tower 1  
Magnet Place  
77–81 Container Port Road  
Kwai Fong  
Hong Kong

### **WEBSITE**

[www.maxicity.com.hk](http://www.maxicity.com.hk)

### **STOCK CODE**

02295

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Maxicity Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**us**”, “**our**”), I am pleased to present our annual report of the Group for the year ended 31 December 2025 (the “**Year**”).

## FINANCIAL PERFORMANCE

For the year ended 31 December 2025, the Group recorded a revenue of approximately HK\$238.6 million, representing an increase of approximately HK\$32.8 million, or 15.9% as compared with the year ended 31 December 2024 of approximately HK\$205.8 million. Profit and total comprehensive income attributable to the equity holders of the Company for the year was HK\$12.6 million, representing an increase of approximately HK\$3.9 million or 44.2% as compared with the year ended 31 December 2024 of approximately HK\$8.7 million. As at 31 December 2025, the Group had cash and bank balances of approximately HK\$81.7 million, which was increased by approximately HK\$18.4 million, or 29.0% as compared with those as at 31 December 2024 of approximately HK\$63.4 million.

## PROSPECTS/BUSINESS OUTLOOK

In 2025, the Civil Engineering and Development Department (the “**CEDD**”) continued the Landslip Prevention and Mitigation Programme (the “**LPMitP**”) to upgrade Government manmade slopes, mitigate landslide hazards and conduct safety screenings. Under the LPMitP, 112 man-made slopes were upgraded in the nine months ended 30 September 2025. As put forward in the Hong Kong 2026–2027 Budget by the Government, the Government estimated that the expenditure for landslip prevention and mitigation will reach HK\$1.4 billion in 2026. In the Chief Executive’s 2025 Policy Address announced in October 2025, the Chief Executive announced a series of policy measures to enhance land supply, including that the Government will (i) build land reserve by getting ready around 2,600 hectares of spade-ready sites; (ii) streamline statutory procedures and administrative workflows for construction; (iii) conduct assessments of industrial land for revitalisation; and (iv) improve urban renewal by increasing plot ratio of private redevelopment projects, reserve sites for urban renewal flat-for-flat scheme and relax transfer of plot ratio.

The Group is a slope works contractor in Hong Kong. The Group has commenced its business in 2013 and mainly undertook slope works in the role of subcontractor through A-City Workshop, the Group’s principal operating subsidiary. The slope works undertaken by the Group generally involve landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls.

## CHAIRMAN'S STATEMENT (continued)

The Group experienced a challenging year in 2025 but recognised improvement in revenue and profit. Hong Kong is also affected by the geopolitical tensions and the tariff war initiated by the Trump administration, resulting in significant uncertainties in the economic prospect of Hong Kong. However, according to the Government, a consolidated surplus of HK\$22.1 billion is expected for the year 2026-2027, and the fiscal reserves will rise to HK\$679.3 billion. The expenditure for landslip prevention and mitigation is expected to increase from HK\$1.3 billion in 2024 to HK\$1.4 billion in 2026. The Group believes that the demand of slope works will continue to increase and there are plenty of opportunities for the Group to develop. Considering the uncertainties in labour and material costs, which are affected by the macroeconomic of Hong Kong and the global market, the Directors have adopted a more conservative approach in tendering new projects. The Directors remain cautious on the Group's business outlook in 2026.

### NOTE OF APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, subcontractors, suppliers and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group.

**Sieh Shing Kee**

*Chairman*

26 March 2026

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a slope works contractor in Hong Kong. The slope works undertaken by the Group generally involve landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. The Group is experienced in undertaking different kinds of slope works which mainly comprise the following activities:

- (i) drilling and installation of soil nails;
- (ii) construction of retaining walls;
- (iii) installation of debris flow protection rigid barriers;
- (iv) construction of flexible barrier system;
- (v) installation of raking drains;
- (vi) installation of wire meshes and mats for erosion control;
- (vii) construction of concrete maintenance stairway/access; and
- (viii) landscape softworks and establishment works.

A-City Workshop, the Group's principal operating subsidiary, has obtained the following registrations:

- (i) an approved specialist contractor on the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau under the category of "Landslip preventive/remedial works to slopes/retaining walls" ("**Approved Specialist Contractor**");
- (ii) a Registered General Building Contractor under section 8A of the Buildings Ordinance;
- (iii) a Registered Specialist Contractor under the sub-register of "site formation works" under section 8A of the Buildings Ordinance; and
- (iv) a Registered Subcontractor for earthwork and geotechnical works under Register of Subcontractors of the Construction Industry Council.

During the year ended 31 December 2025, the Group undertook 27 contracts with an aggregate contract sum of approximately HK\$1,137.2 million in which the Group had completed 5 contracts with an aggregate contract sum of approximately HK\$38.2 million. As at 31 December 2025, the Group had 22 contracts in progress with an aggregate contract sum of approximately HK\$1,099.0 million. In addition, 1 project which was previously considered as practically completed also contributed revenue in this year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased from approximately HK\$205.8 million for the year ended 31 December 2024 to approximately HK\$238.6 million for the year ended 31 December 2025, representing an increase of approximately 15.9% or approximately HK\$32.8 million. The Group's revenue increased primarily due to the increase in both the Group's number of projects and the Group's revenue derived from private sector projects. They are illustrated in the tables below:

Number of projects with revenue contributions:

	2025	2024
Public sector projects	14	14
Private sector projects	14	9
<b>Total</b>	<b>28</b>	<b>23</b>

	2025	2024
Revenue recognised:		
HK\$10.0 million or above	7	6
HK\$5.0 million to below HK\$10.0 million	1	4
HK\$1.0 million to below HK\$5.0 million	8	4
Below HK\$1.0 million	12	9
<b>Total</b>	<b>28</b>	<b>23</b>

### Cost of Services

Cost of services increased by approximately HK\$22.3 million, or 11.9%, from approximately HK\$188.1 million for the year ended 31 December 2024 to approximately HK\$210.4 million for the year ended 31 December 2025. Such increase in cost of services was mainly driven by the increase in revenue.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## Gross Profit and Gross Profit Margin

Gross profit increased by approximately HK\$10.4 million, or 59.0%, from approximately HK\$17.7 million for the year ended 31 December 2024 to approximately HK\$28.1 million for the year ended 31 December 2025. Gross profit margin increased from approximately 8.6% for the year ended 31 December 2024 to approximately 11.8% for the year ended 31 December 2025. During the year, half of our major projects progressed to their final stages, with a significant portion of the works already completed by our direct labour. As a result, the procurement of raw materials for the remaining scope of work was substantially reduced.

In addition, depreciation and amortisation charges, along with insurance expenses, remained consistent with the prior year. Although subcontracting charges increased along with the revenue during the year, the overall gross profit improved, underpinned by the efficient utilisation of resources and controlled input costs. This performance reflects our continued focus on operational efficiency and cost management as we move towards project completion.

## Other Income and Other Gains, net

Other income and other gains, net increased by approximately HK\$0.2 million or 13.2%, from approximately HK\$1.4 million for the year ended 31 December 2024 to approximately HK\$1.6 million for the year ended 31 December 2025. The increase in other income and other gains, net was primarily attributable to the increase in gain on disposal of property, plant and equipment by approximately HK\$0.5 million, while such increase was outweighed by the decrease in bank interest income by approximately HK\$0.5 million.

## Administrative Expenses

Administrative expenses increased by approximately HK\$5.8 million or 64.8% from approximately HK\$9.0 million for the year ended 31 December 2024 to approximately HK\$14.8 million for the year ended 31 December 2025. The increase in administrative expenses was mainly contributed by the increase in directors' emoluments.

## Finance Costs

The finance costs decreased by approximately HK\$35,000 or 34.3%, from approximately HK\$102,000 for the year ended 31 December 2024 to approximately HK\$67,000 for the year ended 31 December 2025. The decrease in finance costs was mainly attributable to the decrease in net interest expense on long service payment obligations and the decrease in finance charges on lease liabilities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## Income Tax Expenses

The Group's income tax expenses increased from approximately HK\$1.3 million for the year ended 31 December 2024 to approximately HK\$2.3 million for the year ended 31 December 2025, representing an increase of approximately HK\$1.0 million or 76.0%. Such increase was primarily driven by the increase in profit before income tax.

## Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year ended 31 December 2025 amounted to approximately HK\$12.6 million, increased by approximately HK\$3.9 million or 44.2%, as compared with HK\$8.7 million for the year ended 31 December 2024. Such increase was mainly attributable to the increase in gross profit for the year ended 31 December 2025 as mentioned above as compared to the year ended 31 December 2024.

## Capital Commitments and Contingent Liabilities

As at 31 December 2025 and 2024, the Group had no material capital commitments nor contingent liabilities.

## Pledge of Assets

As at 31 December 2025 and 2024, the Group did not have any pledge of assets.

## LIQUIDITY AND FINANCIAL RESOURCES

### Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

The Group maintained a sound financial position during the year ended 31 December 2025. As at 31 December 2025, the Group had cash and bank balances of approximately HK\$81.7 million (as at 31 December 2024: approximately HK\$63.4 million). The cash and bank balances were denominated in Hong Kong Dollars.

### Dividend

The Board does not recommend the declaration and payment of final dividend for the year ended 31 December 2025 and 2024.

### Bank Borrowings

As at 31 December 2025 and 2024, the Group had no outstanding bank borrowings.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## Gearing ratio

The Group's gearing ratio (dividing lease liabilities by equity attributable to equity holders of the Company at year end date) decreased from approximately 1.4% as at 31 December 2024 to approximately 0.7% as at 31 December 2025. The decrease was mainly due to the increase in equity attributable to equity holders of the Company as at 31 December 2025, as compared with 31 December 2024.

## Current ratio

As at 31 December 2025, the Group had net current assets of approximately HK\$89.0 million, representing an increase of approximately HK\$14.1 million as compared to that of approximately HK\$74.9 million as at 31 December 2024. The Group's current ratio increased from approximately 3.6 times as at 31 December 2024 to approximately 4.2 times as at 31 December 2025.

## ISSUANCE AND REDEMPTION OF BOND

On 25 June 2025, Kinglink Capital Holdings Company Limited ("**Kinglink Capital**"), a wholly-owned subsidiary of the Company, issued a bond in the aggregate principal amount of HK\$40,000,000 (the "**Bond**") to two independent private investors (the "**Subscribers**"). Subsequently, as of 25 July 2025, the Bond was fully redeemed in cash and settled in full, without any accrued interest. For further details, please refer to the announcements by the Company dated 10 June 2025, 25 June 2025 and 25 July 2025. Subsequently, the Company disposed the entire shareholding in Kinglink Capital, being a dormant company, to an independent third party for HK\$65,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in the Group's current operations, some of which are beyond the Group's control. The following table shows the principal risks and uncertainties of the Group and how the Group mitigates those risks.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
Limited number of customers	The Group's revenue is mainly generated from a limited number of customers.	2 projects have been contributed by two new customers with an aggregate estimated contract sum of HK\$79.2 million.
Risk relating to subcontractors' performance	The quality of services of the Group's subcontractors may not meet the requirements of the Group or our customers.	The Group regularly evaluates its subcontractors by taking into account their quality of services, qualifications, skills and technique, prevailing market price, delivery time, availability of resources in accommodating the Group's requests and reputation. Generally, works performed by the subcontractors are inspected and monitored by the Group's project management team based on the quality management system, environmental management system and occupational health and safety management system which are in conformity with the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, respectively.
Risk of cost overruns	The actual amount of project costs may exceed the Group's initial estimated costs.	The Directors frequently monitor the progress of each project. The Group's pricing strategy is based on certain percentage of mark-up over its estimated cost which is reviewed by its management team.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
Credit risk management	<p>The Group's customers may adopt a "pay when paid" policy with us and they have the right to pay us after collection of payments from their customers. In the event the Group's customers fail to collect payment from their customers, this will, in turn, adversely affect the collectability of the payments from the customers.</p>	<p>The Group's credit risk is primarily attributable to trade and other receivables, contract assets and cash and bank balances as set out in notes 15, 16 and 17 to the consolidated financial statements. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's finance and administration staff are responsible for conducting individual credit evaluations on its customers on a regular basis.</p>
Liquidity risk management	<p>There are often time lags between making payment to the Group's suppliers (including subcontractors) and receiving payment from its customers when undertaking contractual works, resulting in possible cash flow mismatch.</p>	<p>The Group's financial controller is responsible for the overall monitoring of its current and expected liquidity requirements on a monthly basis;</p> <p>The Group only procures materials on an as-needed basis; and</p> <p>The Group closely monitors its working capital to ensure that the financial obligations can be fulfilled when due, by, amongst other things, (i) ensuring healthy cash and bank balances for payments of the short-term working capital needs; (ii) performing monthly review of the Group's trade receivables and aging analysis, and following up closely to ensure prompt receipt of amounts due from the customers; and (iii) performing monthly review of the Group's trade payables and aging analysis to ensure that payments to the suppliers are made on a timely basis.</p>

A detailed discussion of the risk factors is set out in the section headed "Risk Factors" and "Risk Management and Internal Control Systems" of the prospectus of the Company dated 30 November 2019 (the "Prospectus") and the same section of the listing documents of the Company dated 31 December 2021 (the "Listing Documents").

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 135 employees (2024: 150 employees) excluding the Directors. Total staff costs excluding Directors' remuneration amounted to approximately HK\$67.9 million for the year ended 31 December 2025 (2024: HK\$57.1 million). The remuneration packages the Group offers to its employees include salary and discretionary bonuses. The Group's remuneration policies are in line with the prevailing market practices and the staff remuneration is determined on the basis of the performance and experience of each individual employee. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

## FOREIGN CURRENCY FLUCTUATION

The Group's revenue and major expenses are mainly denominated in Hong Kong dollars. The Group's operating transactions such as revenue, direct costs, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Group currently has no foreign currency hedging policy and when needed, the management will monitor the foreign exchange exposure by closely monitoring the movements of foreign currency rates. The Group will consider hedging significant foreign currency exposure should the need arises.

## CAPITAL EXPENDITURE

During the year ended 31 December 2025, the Group invested approximately HK\$2.4 million on the acquisition of property, plant and equipment. Capital expenditure was principally funded by internal resources.

## CAPITAL STRUCTURE

As at 31 December 2025, the Company's issued capital was HK\$4,000,000 and the number of its issued ordinary shares was 400,000,000 of HK\$0.01 each. As at the date of this report, the capital structure of the Company comprised mainly issued share capital and reserves.

## SIGNIFICANT INVESTMENT HELD

During the year ended 31 December 2025 and 2024, the Group did not hold any significant investments.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2025 and up to the date of this report, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have any other plans for material investments or capital assets.

## SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no other significant events relevant to the business or financial performance of the Group that come to the attention of the Directors.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares of the Company).

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the annual results of the Group for the year ended 31 December 2025 and opined that the applicable accounting standards and requirements have been complied with and adequate disclosures have been made.

## PROSPECTS/BUSINESS OUTLOOK

In 2025, the Civil Engineering and Development Department (the "CEDD") continued the Landslip Prevention and Mitigation Programme (the "LPMitP") to upgrade Government manmade slopes, mitigate landslide hazards and conduct safety screenings. Under the LPMitP, 112 man-made slopes were upgraded in the nine months ended 30 September 2025. As put forward in the Hong Kong 2026–2027 Budget by the Government, the Government estimated that the expenditure for landslip prevention and mitigation will reach HK\$1.4 billion in 2026. In the Chief Executive's 2025 Policy Address announced in October 2025, the Chief Executive announced a series of policy measures to enhance land supply, including that the Government will (i) build land reserve by getting ready around 2,600 hectares of spade-ready sites; (ii) streamline statutory procedures and administrative workflows for construction; (iii) conduct assessments of industrial land for revitalisation; and (iv) improve urban renewal by increasing plot ratio of private redevelopment projects, reserve sites for urban renewal flat-for-flat scheme and relax transfer of plot ratio.

The Group is a slope works contractor in Hong Kong. The Group has commenced its business in 2013 and mainly undertook slope works in the role of subcontractor through A-City Workshop, the Group's principal operating subsidiary. The slope works undertaken by the Group generally involve landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Group experienced a challenging year in 2025 but recognised improvement in revenue and profit. Hong Kong is also affected by the geopolitical tensions and the tariff war initiated by the Trump administration, resulting in significant uncertainties in the economic prospect of Hong Kong. However, according to the Government, a consolidated surplus of HK\$22.1 billion is expected for the year 2026-2027, and the fiscal reserves will rise to HK\$679.3 billion. The expenditure for landslip prevention and mitigation is expected to increase from HK\$1.3 billion in 2024 to HK\$1.4 billion in 2026. The Group believes that the demand of slope works will continue to increase and there are plenty of opportunities for the Group to develop. Considering the uncertainties in labour and material costs, which are affected by the macroeconomic of Hong Kong and the global market, the Directors have adopted a more conservative approach in tendering new projects. The Directors remain cautious on the Group's business outlook in 2026.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Sieh Shing Kee (“Mr. Sieh”)**, aged 58, was appointed as a Director in January 2019 and was designated as an executive Director in February 2019 and appointed as the chairman of the Board in March 2019. Mr. Sieh is also the chairman of the nomination committee of the Company (the “**Nomination Committee**”), a member of the remuneration committee of the Company (the “**Remuneration Committee**”) and a director of both Kanic International Limited and A-City Workshop, which both of them are the subsidiaries of the Group. He is responsible for the overall management, strategic planning and the day-to-day business operation of the Group. For Mr. Sieh’s interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”), please refer to the section headed “Directors’ Report” in this annual report. Mr. Sieh has over 20 years working experience in construction industry.

Since joining the Group in December 2016, Mr. Sieh has been a key driver of the Group’s business strategies and achievements to date and will continue to oversee the management of the business operations of the Group. Prior to joining the Group, Mr. Sieh worked for China Civil Engineering Construction Corporation from December 2000 to February 2001 as structural engineer. From March 2001 to March 2004, Mr. Sieh worked for Carrier Construction Limited as a site agent. From March 2007 to April 2013, Mr. Sieh worked for Shing Chun Engineering Limited, as a director. From June 2011 to August 2016, Mr. Sieh worked for Tai Kam Construction Engineering Company Limited, the main operating subsidiary of Tai Kam Holdings Limited listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM**”) (stock code: 8321), as a site agent.

Mr. Sieh obtained a bachelor’s degree of science in engineering from the University of Hong Kong in November 1991. Mr. Sieh was registered as a Registered Professional Engineer under the Engineers Registration Board and was admitted as a member of the Institution of Structural Engineers in October 2000 and a member of the Hong Kong Institution of Engineers in March 2001.

Save as disclosed above, he was not a director in any listed companies for the last three preceding years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

**Mr. Ho Ka Ki (“Mr. Ho”)**, aged 52, was appointed as a Director in January 2019 and was designated as an executive Director in February 2019 and appointed as the chief executive officer of the Group in March 2019. Mr. Ho is also the compliance officer and a director of both Kanic International Limited and A-City Workshop, which both of them are the subsidiaries of the Group. He is responsible for the overall management, strategic planning and the day-to-day business operation of the Group. For Mr. Ho’s interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed “Directors’ Report” in this annual report. Mr. Ho has over 20 years working experience in construction industry.

Since re-joining the Group in September 2016, Mr. Ho has been a key driver of the Group’s business strategies and achievements to date and will continue to oversee the management of the business operations of the Group. Prior to re-joining the Group, Mr. Ho worked for Zen Pacific Civil Contractors Ltd from July 1996 to October 2000 as engineer as his last position. Mr. Ho was employed under HK ACE Joint Venture of Hong Kong Construction (Holdings) Ltd., AMEC International Construction Ltd., China Railway Construction Corporation and China Everbright Holdings Co. Ltd. from November 2000 to August 2002 as senior engineer as his last position. From September 2002 to April 2004, Mr Ho worked for Ngo Kee Construction Co., Ltd, as an engineer. From November 2011 to August 2016, Mr. Ho worked for Tai Kam Construction Engineering Company Limited, the main operating subsidiary of Tai Kam Holdings Limited, listed on the GEM of The Stock Exchange (stock code: 8321), as a site agent as his last position.

Mr. Ho obtained a bachelor’s degree of engineering in civil and structural engineering from the Hong Kong University of Science and Technology in November 1996. Mr. Ho was admitted as a member of the Hong Kong Institution of Engineers in March 2002. He was registered as a Registered Professional Engineer under the Engineers Registration Board in July 2003. He also obtained a diploma in occupational health and safety through a part-time face-to-face learning programme from Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong in September 2002.

Save as disclosed above, he was not a director in any listed companies for the last three preceding years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Chiao Siu Ling (“Ms. Chiao”)**, aged 53, was appointed as an independent non-executive Director of the Group on 1 July 2021. She is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. She obtained a bachelor of arts degree from the University of Hong Kong in November 1995, a bachelor of laws degree from the University of London in August 2002 and a Postgraduate Certificate in Laws from the University of Hong Kong in June 2003. She was admitted as a solicitor of the High Court of Hong Kong in November 2005. From September 1996 to September 2002, Ms. Chiao worked for Taikoo Shing (Management) Limited, being a property management company, first as a community relations officer and was later promoted to a senior community relations officer responsible for community relation services including organizing functions for the residents and providing charity services to the community. She has worked for LCP Solicitors & Notaries since September 2003, first as a trainee solicitor and currently as an assistant solicitor specialising in conveyancing transactions, commercial transactions and contracts, probate, and family, civil and criminal litigations. She was appointed as China-Appointed Attesting Officer and Civil Celebrant of Marriages, Hong Kong since April 2023 and August 2023, respectively.

Save as disclosed above, she was not a director in any listed companies for the last three preceding years.

**Mr. Kwong Che Sing (“Mr. Kwong”)**, aged 64, was appointed as an independent non-executive Director of the Group on 25 November 2019. Mr. Kwong is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Kwong obtained a certificate in land surveying from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) in November 1985. Mr. Kwong was elected as a professional member of the Royal Institution of Chartered Surveyors in December 2001 and an associate of the Hong Kong Institute of Surveyors in February 2002. He was registered as an authorised land surveyor under the Land Survey Ordinance (Chapter 473 of the Laws of Hong Kong) in February 2003. Since October 1984, Mr. Kwong had worked for the Lands Department as a senior survey officer. From July 1997 to April 2002, he worked for Helicon Ma Surveying Limited, being a local surveying service provider, as a land surveyor. In August 1997 and November 2000, Mr. Kwong founded G&T Surveying Services Company Limited and Geoffrey Kwong Land Surveyor Limited as one of the founder members.

Save as disclosed above, he was not a director in any listed companies for the last three preceding years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

**Mr. Ling Siu Tsang (“Mr. Ling”)**, aged 70, was appointed as an independent non-executive Director of the Group on 25 November 2019. Mr. Ling is a member of both the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee. Mr. Ling obtained a bachelor’s degree of science in civil engineering from the University of Calgary in Canada in June 1978 and a master’s of business administration from the University of East Asia Macau in Macau in October 1986. Mr. Ling was admitted as a member of the Hong Kong Institute of Engineers in August 2010. He was registered as a Registered Professional Engineer under the Engineers Registration Board in October 2017. Since April 2018, Mr. Ling has also been appointed by Hong Kong Accreditation Service of the Innovation and Technology Commission as an assessor. From July 1983 to May 1986, Mr. Ling worked for the Engineering Development Department, as a geotechnical engineer. From June 1986 to June 1990, he worked for the Civil Engineering Services Department, as a geotechnical engineer. From December 1995 to April 2016, he worked for the then Civil Engineering Department and the CEDD, as chief geotechnical engineer as his last position held. From November 2017 to November 2020, he was re-engaged by the Geotechnical Engineering Office of the CEDD as a contract technical manager. Mr. Ling is now providing Cat 1/T5 geotechnical services to various consultants on an ad hoc basis.

Save as disclosed above, he was not a director in any listed companies for the last three preceding years.

**Mr. Tso Ping Cheong Brian (“Mr. Tso”)**, aged 46, was appointed as an independent non-executive Director of the Group on 25 November 2019. Mr. Tso is the chairman of the Audit Committee.

Mr. Tso obtained a bachelor’s degree of arts in accountancy from Hong Kong Polytechnic University in November 2003 and a master’s degree of corporate governance from the same university in October 2013. Mr. Tso was admitted as a member and was advanced as a fellow of Association of Chartered Certified Accountants in October 2006 and October 2011, respectively. He was also admitted as a member and was advanced as a fellow of Hong Kong Institute of Certified Public Accountants in September 2008 and October 2015 respectively. Mr. Tso was admitted as a fellow of the Institute of Chartered Secretaries and Administrators in November 2015 and an associate and subsequently a fellow of the Hong Kong Institute of Chartered Secretaries in January 2014 and November 2015, respectively. From September 2003 to December 2008, Mr. Tso worked for Ernst & Young, being an international accounting firm, and last held the position of manager. From December 2008 to May 2010, Mr. Tso worked for Greenheart Group Limited (formerly known as Omnicorp Limited), being a company listed on the Main Board of the Stock Exchange (the “**Main Board**”) (stock code: 94) as a financial controller. From May 2010 to August 2012, Mr. Tso worked for Maxdo Project Management Company Limited, as senior vice president of the investment team. Mr. Tso founded Teton CPA Company, an accounting firm, in January 2013 as the sole proprietor since then. He has been an independent non-executive director of Huasheng International Holding Limited (Stock code: 1323) since February 2015, of Shenglong Splendecor International Limited (Stock Code: 8481) since June 2018 and of Thelloy Development Group Limited (Stock code: 1546) since April 2026. He was an independent non-executive director of Guoen Holdings Limited (formerly known as Guru Online (Holdings) Limited) (Stock code: 8121) from May 2014 to May 2023 and of EFT Solutions Holdings Limited (Stock code: 8062) from September 2019 to January 2024.

Save as disclosed above, he was not a director in any listed companies for the last three preceding years.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

### SENIOR MANAGEMENT PERSONNEL

**Mr. Lam Kau Wang (“Mr. Lam”)**, aged 45, joined the Group as a financial controller of A-City Workshop since January 2019 and is mainly responsible for overall financial administration and corporate governance matters. Mr. Lam obtained a bachelor’s degree of arts in accountancy from the Hong Kong Polytechnic University in November 2003. Mr. Lam was admitted as a fellow of the Association of Chartered Certified Accountants in August 2012 and a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2010. From December 2004 to August 2010, Mr. Lam worked for Deloitte Touche Tohmatsu, as senior accountant as his last position. From August 2010 to July 2012, Mr. Lam worked for Maxdo Group Limited, as vice president. From July 2012 to August 2016, Mr. Lam worked for Edipresse Media Asia Limited, as financial controller as his last position. From August 2016 to December 2018, Mr. Lam worked for Victory Kind Container Service Ltd, as the financial controller. In November 2017, Mr. Lam founded Booket Digital Media Development Company Limited as one of the founder members for the purpose of providing information technology services. He has also been the director of such company since August 2018.

**Mr. Lau Chiu Ming (“Mr. Lau”)**, aged 44, joined the Group as a site agent since September 2017 and has been project manager since December 2018. Mr. Lau is mainly responsible for the project planning, supervision and administration of the construction activities of the projects. Mr. Lau obtained a bachelor’s degree of civil engineering from the University of Wales Swansea, the United Kingdom, in July 2006 and a master’s degree of science in computer modelling and finite elements in engineering mechanics from the same university in March 2008. Mr. Lau worked for China Harbour Engineering Co Ltd, a subsidiary of China Communications Construction Company Limited (stock code: 1800), being a transportation infrastructure group and listed on the Main Board of the Stock Exchange, from November 2009 to March 2010, as graduate engineer. From March 2010 to September 2017, Mr. Lau worked for AECOM Asia Company Limited, a subsidiary of AECOM (stock code: ACM), being an international engineering firm and listed on the New York Stock Exchange, as the assistant resident engineer (geotechnical) as his last position.

### COMPANY SECRETARY

Mr. Lam is the company secretary (the **“Company Secretary”**) of the Company. For details of his biography, please refer to the paragraph headed **“Senior Management Personnel”** in this section.

# CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report (the “**CG Report**”) in the Group’s annual report for the year ended 31 December 2025.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Group has adopted the principles and code provisions as set out in the corporate governance (the “**CG Code**”) contained in the Appendix C1 of the Rules Governing the Listing of Securities on the Main Board (the “**Listing Rules**”) as the basis of the Group’s corporate governance practices.

The CG Code has been applicable to the Group with effect from 13 December 2019 when the shares were listed on the GEM (the “**GEM Listing**”). The Board is of the view that for the year ended 31 December 2025 and up to the date of this report, the Group has complied with all applicable code provisions as set out in the CG Code.

### Securities Transactions by Directors

The Group has adopted a Code of Ethics and Securities Transactions on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as a code of conduct of the Group for Directors’ securities transactions. Having made specific enquiries with the Directors, all of the Directors have confirmed that they have complied with the requirements of the Model Code during the year ended 31 December 2025.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Group in respect of securities in the Group as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Group’s relevant employees was identified during the year ended 31 December 2025 after making reasonable enquiry.

# CORPORATE GOVERNANCE REPORT (continued)

## BOARD OF DIRECTORS

### Board Composition and Responsibilities

#### *Executive Directors (the “ED(s)”)*

Mr. Sieh Shing Kee (*Chairman*)

Mr. Ho Ka Ki (*Chief Executive Officer*)

#### *Independent non-executive Directors (the “INED(s)”)*

Ms. Chiao Siu Ling

Mr. Kwong Che Sing

Mr. Ling Siu Tsang

Mr. Tso Ping Cheong Brian

During the year ended 31 December 2025, the Board comprised of six members, four of which are INEDs, which represented more than one-third of the Board in accordance with Rules 3.10(1) and 3.10A of the Listing Rules. In compliance with Rule 3.10(2) of the Listing Rules, one of the Group’s independent non-executive Directors, Mr. Tso, is a certified public accountant with more than 22 years of experience. For more details regarding the qualifications of Mr. Tso, please refer to the section headed “Biographical Details of Directors and Senior Management” of this report.

Details of background and qualifications of all Directors are set out in the section headed “Biographical Details of Directors and Senior Management” from pages 16 to 20 of this report. There is no relationship, including financial, business, family or other material/relevant relationship(s) among members of the Board.

### Responsibilities of the Board

#### *Group Culture and Strategy*

The Group is keen to strengthen its market position and generate value for its investors while constantly looking out for its stakeholders to attain sustainable development. The Group formulates and implements the following strategies and plans to achieve its objectives and value.

- (a) The Board encourages its members to discuss the underlying value of its culture at board meetings to align and improve its strategies.
- (b) The Group provides sufficient resources to execute its strategies.
- (c) The management teams report to the Board regularly so that the Board can regularly evaluate the core value of its culture.
- (d) Open communication is always available between the Board and the Company’s workforce.

## CORPORATE GOVERNANCE REPORT (continued)

- (e) The Board periodically monitors the Company's conduct and encourages holding the responsible individuals accountable where any misalignment occurs.
- (f) Share option scheme is available for the Board to provide incentives for any relevant parties in future.
- (g) Management teams regularly review the remuneration policies of the employees.
- (h) The Group maintains continuous communication with the stakeholders to understand the potential impacts of its culture and strategy.

### ***Management and Operations***

The Board oversees the overall management and administration of the business and operations of the Group. The Board is primarily responsible for, among other things:

- (a) Overall development and strategic planning;
- (b) Reviewing and monitoring the business performance;
- (c) Approving the financial statements and annual budgets, internal controls and risk management;
- (d) Reviewing and supervising the management of the Group periodically;
- (e) Assessing any significant acquisitions and disposal; and
- (f) Approving the public release of periodic financial results.

The Board is also committed to incorporate the Environmental, Social and Governance (the "ESG") mindset into its business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group's ESG related risks and opportunities, and approving the ESG Report. The Board is also required to keep abreast of and comply with the latest regulatory requirements before the approval of the ESG Report.

### ***Corporate Governance***

The Board is also responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code, namely:

- (a) Developing and reviewing the Company's policies and practices on corporate governance;
- (b) Reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (c) Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

## CORPORATE GOVERNANCE REPORT (continued)

- (d) Developing, reviewing and monitoring the code of conduct and compliance manual (including in relation to securities trading) applicable to all employees and Directors; and
- (e) Reviewing the Company's compliance with the CG Code and the disclosure in the CG Report in the Company's annual reports.

The Board has held five Board meetings during the year ended 31 December 2025 and up to the date of this report. Other Board meetings will also be held if necessary.

In the Board meeting held on 26 March 2026, the Board had reviewed the followings:

- (a) the Company's corporate governance policies and practices;
- (b) training and continuous professional development of directors and senior management; and
- (c) the Company's policies and practices on compliance with legal and regulatory requirements, the Model Code and the Company's compliance with the CG Code and disclosure in this CG Report.

During the Board meeting on 26 March 2026, the Board has reviewed the corporate governance measures of the Group and this CG Report and is of the view that the Group has fully complied with the CG Code in the manner as detailed in this CG Report.

Appropriate insurance coverage in respect of legal action against the Directors has been arranged by the Group.

### **Chairman and Chief Executive Officer**

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should not be performed by the same individual. The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. During the year ended 31 December 2025, Mr. Sieh was the chairman of the Board and Mr. Ho was the chief executive officer. The chairman provides leadership for the Board and the chief executive officer is responsible for day-to-day management of business. Their respective responsibilities are clearly established and set out in writing. Accordingly, the Group has fully complied with code provision C.2.1 of the CG Code.

### **Board Committees**

The Board can delegate any of its powers, authorities and discretions to committees, consisting of such Director(s) and other person(s) as the Board thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to applicable laws and regulations, including the CG Code, and any regulations which may be imposed on it by the Board.

## CORPORATE GOVERNANCE REPORT (continued)

The Board has established, with written terms of reference, three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Group's expense. The written terms of reference for each Board committee are in compliance with the Listing Rules and they are published on the websites of the Stock Exchange and the Group accordingly.

Other than the matters delegated to Board committees, the Board can delegate daily operation of the Group to the Group's management. The Group's financial controller is responsible for providing all member of the Board with monthly updates of the Group's performance, position and prospect. The Board shall review arrangements for functions delegated to board committees and management annually or more frequently if necessary to ensure that they remain appropriate to the Group's needs.

### **Audit Committee**

According to Rules 3.21 to 3.23 of the Listing Rules, the Group established the Audit Committee. The relevant written terms of reference were adopted in compliance with paragraph D.3.3 of the CG Code. The primary roles of the Audit Committee include at least:

- (a) Making recommendations to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) Discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (d) Developing and implementing policy on engaging an external auditor to supply non-audit services;
- (e) Monitoring integrity of the financial statements, annual report and interim report and reviewing significant financial reporting judgements contained in them;
- (f) Overseeing the Company's financial reporting system, risk management and internal control systems;
- (g) Reviewing the Group's financial and accounting policies and practices; and
- (h) Reviewing arrangements for employees to use in confidence to raise concerns about possible improprieties in financial reporting, internal control or other matters and proper arrangements for fair and independent investigation of these matters and for appropriate follow-up action.

The Audit Committee consists of four INEDs, namely, Mr. Tso, Ms. Chiao, Mr. Kwong and Mr. Ling. Mr. Tso is the chairman of the Audit Committee.

## CORPORATE GOVERNANCE REPORT (continued)

During the year ended 31 December 2025 and up to the date of this annual report, four Audit Committee meetings were held. The summary of these audit committee meetings is as follows:

- (a) Met with the external auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”) for the nature and scope of the audit and reporting obligations before the audit commences and after the completion of audits, and recommended the Board to re-appoint Grant Thornton as the Company’s external auditor for the year ending 31 December 2026, which is subject to the approval of shareholders at the forthcoming annual general meeting of the Group (the “**AGM**”);
- (b) Approved remuneration and the terms of engagement of Grant Thornton;
- (c) Reviewed the independence and objectivity of Grant Thornton;
- (d) Reviewed the Group’s interim and annual results during the year ended 31 December 2025 and opined that the applicable accounting standards and requirements have been complied with and adequate disclosures have been made;
- (e) Reviewed the adequacy of resources, qualifications and experience in the Company’s accounting and financial reporting functions, their training programmes and budgets; and
- (f) Evaluated and agreed the effectiveness of the Company’s financial reporting system, risk management and internal control systems.

According to the current terms of reference, the Audit Committee held two meetings with the external auditor during the year ended 31 December 2025.

### ***Nomination Committee***

The Group established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules. The relevant written terms of reference were adopted in compliance with paragraph B.3.1 of the CG Code. The primary roles of the Nomination Committee include, but are not limited to,

- (a) Reviewing the structure, the size and the composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy;
- (b) Identifying suitable individuals to be qualified as the members of the Board and making recommendations to the Board on the selection of individuals nominated for directorships;
- (c) Assessing the independence of INEDs;
- (d) Making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; and
- (e) Support the Company regular evaluation of the board’s performance.

## CORPORATE GOVERNANCE REPORT (continued)

The Nomination Committee consists of one ED and three INEDs, being Mr. Sieh, Ms. Chiao, Mr. Kwong and Mr. Ling. Mr. Sieh is the chairman of the Nomination Committee.

Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee should meet at least once a year and additional meetings should be held if the committee shall so request.

During the year ended 31 December 2025 and up to the date of this annual report, two Nomination Committee meetings were held. The summary of these nomination committee meetings is as follows:

- (a) Reviewed, among other things, the independence of the INEDs;
- (b) Considered the qualifications of the retiring Directors standing for re-election at the forthcoming annual general meeting;
- (c) Reviewed the structure, size and composition of the Board; and
- (d) Reviewed the board diversity policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider various factors including 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.

Having reviewed the composition of the Board, the Nomination Committee considered that there is an appropriate balance of board diversity.

### ***Remuneration Committee***

The Group established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules. The relevant written terms of reference were adopted in compliance with paragraph E.1.2 of the CG Code. The primary roles of the remuneration committee include, but are not limited to,

- (a) Making recommendations to the Board on the Group's policy and structure for the remuneration of all of the Directors and senior management personnel and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) Reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (c) Making recommendations to the Board on the remuneration of individual directors and senior management, considering salaries paid by comparable companies, time compartment and responsibilities.

The Remuneration Committee consists of one ED and three INEDs, being Mr. Ling, Mr. Sieh, Ms. Chiao and Mr. Kwong. Mr. Ling is the chairman of the Remuneration Committee.

## CORPORATE GOVERNANCE REPORT (continued)

During the year 31 December 2025 and up to the date of this annual report, three Remuneration Committee meetings were held. On the meeting held on 26 March 2026, the Remuneration Committee has reviewed and approved the remuneration of each of Director and senior management. Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by band for the year ended 31 December 2025 is as follows:

	Number of employee
HK\$1,000,001–HK\$1,500,000	2

Details of the remuneration of each Director for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements for the year ended 31 December 2025.

### Board Meetings and Attendance Records of Directors

Code provision C.5.1 of the CG Code states that the Board should meet regularly and the Board meetings should be held at least four times each year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

The attendance records of each of the Directors at the Board meeting, committee meetings and AGM held during the year ended 31 December 2025 and up to the date of this report are set out in the table below:

Name of Directors	Attendance/Number of Meeting				AGM
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	
Mr. Sieh	5/5	N/A	2/2	3/3	1/1
Mr. Ho	5/5	N/A	N/A	N/A	1/1
Ms. Chiao	5/5	4/4	2/2	3/3	1/1
Mr. Kwong	5/5	4/4	2/2	3/3	1/1
Mr. Ling	5/5	4/4	2/2	3/3	1/1
Mr. Tso	5/5	4/4	N/A	N/A	1/1

The forthcoming AGM will be held on 29 May 2026.

Apart from the Board meeting, the Chairman also held meeting with the INEDs without the presence of the executive Directors during the year ended 31 December 2025.

# CORPORATE GOVERNANCE REPORT (continued)

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the EDs has entered into a service agreement with the Company on 25 November 2019 for an initial term of three years commencing from the GEM Listing, which shall continue thereafter unless and 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 on 25 November 2019 and subsequently renewed for a term of three years commencing from the GEM Listing, except Ms Chiao who has entered into a letter of appointment with the Company on 1 July 2021 (the "**Appointment Date**") and subsequently renewed for a term of three years commencing from the same Appointment Date, which all of them shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other.

According to article 84 of the articles of association of the Company (the "**Articles**"), at each AGM, one-third of the Directors shall retire from office by rotation provided that each Director is subject to retirement by rotation at least one in every three years but is eligible for re-election at an AGM in accordance with the Articles.

### Independent Views of INEDs

The Board established the following mechanisms to increase the credibility of independents views.

- (a) Directors are entitled to seek external independent legal and other professional advice for performing their duties. Separate independent professional advice is always available upon their request.
- (b) The Board (led by an INED) has conducted evaluation of the directors' (including INEDs) performance every half year through questionnaires, interviews and/or observations. Criteria for evaluation include (i) board meeting attendance; (ii) whether they actively participated in discussion; (iii) whether they had the motivation and integrity required; (iv) whether they had or were capable to devote sufficient time to make contributions to the Group; (v) whether they had the business experience and skills to effectively oversee the management; and (vi) whether they were independent. The aforementioned criteria are for by no means exhaustive or decisive. Management, external advisers and key stakeholders such as shareholders are also encouraged to provide useful feedback.
- (c) The composition of the Board consisted of four INEDs, which accounted for over half of the Board. The INEDs will have a dominating voting power of the Board.
- (d) The Chairman welcomes any nomination of directors. The Board deploys multiple channels for identifying suitable candidates, including directors' referrals, management, advisors of the Group and external executive search firms. Candidates will be shortlisted by the Nomination Committee and the Nomination Committee will evaluate the candidate based on the aforementioned criteria. The Board has the final authority to determine suitable candidates to be elected as directors.

# CORPORATE GOVERNANCE REPORT (continued)

- (e) The Group has received annual written confirmation from each of the INEDs in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Board shall conduct annual review of the implementation and effectiveness of such policy to ensure independent views are available to the Board. The Board considers that the current policy to ensure independent views are heard by the Board is sufficient and efficient.

## **Board Nomination Policy**

Article 83(3) of the Articles specifies that any Director appointed by the Board to fill a casual vacancy, or an addition to the existing Board, shall hold office until the new AGM of members after his appointment and should then be eligible for re-election at such meeting.

When considering any eligible candidates, the Group adopted a nomination policy in compliance with the CG Code which is effective from the GEM Listing.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that the Board has a balance of skills, experience and diversity of perspectives that are required to support the execution of the Company's business strategy.

The Board is ultimately responsible for the selection and appointment of new Directors.

## **Nomination Process**

The Nomination Committee is responsible for applying selection criteria consistently and fairly during the nomination process and confirming the same mentality to the Board when making its recommendation on each appointment.

## ***Selection Criteria***

The Nomination Committee will propose a candidate for nomination or a Director for re-election based on:

- (a) merit;
- (b) the board diversity policy;
- (c) the requirements under the Listing Rules;
- (d) the expected contribution to the Board, the balance of skills, experience and diversity of perspectives that are required to support the execution of the Company's business strategy;
- (e) the ability of the candidate to commit and devote sufficient time and attention to the Company's affairs;

## CORPORATE GOVERNANCE REPORT (continued)

- (f) the level of independence from the Group and potential or actual conflicts of interest of the candidate; and
- (g) other relevant factors considered on a case-by-case basis.

### ***Summary of Board Diversity Policy***

In assessing the Board composition, the Nomination Committee from time to time takes into account the Company's board diversity policy which lists out the guidelines including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, ethnicity and length of service etc. The Nomination Committee would discuss and agree on those measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

#### ***(a) Gender Diversity***

The Group values gender diversity and will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender; (iii) provide career development opportunities for female staff and devote more resources in training female staff who have extensive and relevant experience in the Group's business; and (iv) consider the possibility of nominating female management staff who has the necessary skills and experience to the Board. It is the Group's objective to have one-third or more of the Board comprising of females by the year ending 31 December 2028.

Please refer to the section headed "Environmental, Social and Governance Report – B.1 Employment" for the gender ratio in the workforce and relevant discussion.

#### ***(b) Knowledge Diversity***

The Board has a balanced mix of experiences, including business management, business development, industry knowledge, corporate governance and compliance, legal, finance, auditing and accounting experiences. The education background of the Directors ranges from accountancy, legal and business administration to land surveying and engineering, from education institutions in Hong Kong, Macau to the United Kingdom and Canada.

#### ***(c) Age Diversity***

The ages of the Directors in the Board range from 46 years old to 70 years old.

At this moment, the Group is applying the principle of appointments based on merits with reference to the Board Diversity Policy as a whole. However, the above factors are not exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate. The Group shall review and reassess the nomination policy on an annual basis or as required.

# CORPORATE GOVERNANCE REPORT (continued)

## *Procedures for Appointment of New Director*

Subject to the provisions in the Articles, if the Board recognises the need to appoint a new Director, the Nomination Committee shall identify candidates in accordance with the selection criteria set out in the nomination policy, evaluate the candidates and recommend to the Board accordingly before the Board decides on the appointment based upon its recommendation.

## *Procedures for Nomination by Shareholders*

The Company's website ([www.maxicity.com.hk](http://www.maxicity.com.hk)) sets out the procedures for shareholders to propose a person for election as a Director. The proposed candidate shall go through the same review and recommendation procedures by the Nomination Committee.

## *Procedures for Re-election of Director at General Meeting*

The Nomination Committee shall reviews the overall contribution to the Group of the retiring Director and determine whether the retiring Director continues to meet the selection criteria set out in the nomination policy before making recommendation to the Board which shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

Accordingly, Mr. Sieh and Mr. Ho shall retire at the forthcoming AGM. The retiring Directors, all being eligible, offer themselves for re-election.

## **DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the consolidated financial statements in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of Laws of Hong Kong), which give a true and fair view of the state of affairs, profit or loss and cash flows of the Group on a going concern basis.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2025. In preparing the consolidated financial statements for the year ended 31 December 2025, the Board has adopted appropriate and consistent accounting policies and made prudent, fair and reasonable judgments and estimates. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they 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.

# CORPORATE GOVERNANCE REPORT (continued)

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The reporting responsibilities of the Company's auditor, are set out in the Independent Auditor's Report on pages 92 to 96 of this report.

## AUDITOR'S REMUNERATION

The fees paid or payable to Grant Thornton, for the year ended 31 December 2025 are as follows:

Services rendered	Fees paid/payable HK\$'000
Annual audit services for the year ended 31 December 2025	900
Non-audit services for the year ended 31 December 2025	–

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges its responsibility for the effectiveness of the Group's risk management and internal control systems in order to maintain sustainable development as well as safeguard the Group's assets and the shareholders' interests. The main features of the risk management and internal control systems of the Group include:

- (a) the identification of potential risks;
- (b) the assessment and evaluation of risks;
- (c) the development and continuous updating of mitigation measures; and
- (d) the ongoing review of internal control procedures to ensure their effectiveness in respects of the Group's financial, operational, compliance controls and risk management functions.

In order to protect the Group's assets against improper use, ensure compliance with applicable laws, rules and regulations and sustainable business, the Group has also established organisational structure within such risk management and internal control systems by clearly defining the power and obligations of each department in the Group. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board has the overall responsibility to maintain the adequate resources, staff qualifications and experience, training programs and the budget accounting and financial reporting.

# CORPORATE GOVERNANCE REPORT (continued)

## Process used to identify, evaluate and manage significant risks

The Group faces a variety of risks in the daily business operations, including credit risk, the ESG-related risk, interest rate risk, liquidity risk, operational risk and legal and compliance risk. Please refer to the section headed “Business – Risk management and internal control systems” in the Prospectus and the Listing Documents for further details of the Group’s risk management and internal control systems.

The Group’s risk management and internal control system features the following processes to identify, evaluate and manage significant risks, and review the effectiveness of the risk management and internal control systems, as well as resolve material internal control defects:

- Members of the Board/Audit Committee discuss with the external independent auditor key issues in relation to internal controls, audit findings and risk management;
- The Board/Audit Committee oversees the financial reporting system and internal control procedures; in this process, management is principally responsible for the preparation of Group financial statements including the selection of suitable accounting policies;
- The external independent auditor is responsible for auditing and attesting to Group financial statements and report to the management of the Group from time to time on any weakness in controls which come to their attention;
- The Board/Audit Committee oversees the respective work of management and external auditors to ensure the management has discharged its duty in respect of having an effective internal control procedures.

During the year ended 31 December 2025, the management conducted an annual internal assessment and a consolidation of relevant risks faced by the Group. There is no material change in the nature and extent of the risks faced by the Group.

The Group does not have an internal audit function and is of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group’s business. However, the Group engaged an external consulting firm to review the internal control of the Group. The consulting firm provided advices for improvement regarding issues identified in the review. The Company’s management took follow-up measures regarding the implementation and arranged subsequent review works.

The Board considers that it is sufficient and efficient for the Audit Committee, the external consulting firm and itself to regularly and individually evaluate on the adequacy and the effectiveness of the risk management and internal control systems including financial controls and other major controls over the material ESG issues. The risk management and internal control systems assure accuracy, reliability and the timeliness of the data presented and sustainable development measures.

The Group continues to monitor and review the operation and performance of the risk management and internal control systems, and to improve the systems from time to time to adapt to the changes in market conditions and regulatory environment. The Group will consider the need for an internal audit function from time to time.

# CORPORATE GOVERNANCE REPORT (continued)

## Handling and Dissemination of Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its relevant obligations under the SFO (Chapter 571 of Laws of Hong Kong) and the Listing Rules. The Group adopts and implements an information disclosure policy and procedures in order to protect inside information from unauthorised and inaccurate disclosures.

The Group has strictly prohibited unauthorised use of confidential or inside information. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated by the Chairman and the financial controller for any disclosure requirements. The Audit Committee regularly reviews and assesses the effectiveness of the information disclosure policy and procedures and proposes recommendations to the Board for any improvements.

## DIRECTORS' REMUNERATION POLICY

The Directors' remuneration policies are in line with the prevailing market practices and their remuneration is determined on the basis of their performance, qualifications and experiences.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to code provision C.1 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2025, all Directors participated in continuous professional development by attending a training session in respect of the roles and responsibilities of directors of a company listed on the Main Board, and further enhance their knowledge by reading related materials. They also from time to time received from the Group updates on laws, rules and regulations which may be relevant to their roles, duties and functions as directors of a listed company on the Stock Exchange.

## COMPANY SECRETARY

Mr. Lam is the Company Secretary of the Company. He reports to the EDs and is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have taken the advice from the Company Secretary to ensure that the Board procedures and all applicable laws are followed and complied with. Furthermore, the Company Secretary is responsible for facilitating communications amongst Directors as well as with management. During the year ended 31 December 2025, Mr. Lam undertook over 15 hours of professional training to update his skill and knowledge and complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Biographical details of the Company Secretary of the Company is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

# CORPORATE GOVERNANCE REPORT (continued)

## NON-COMPETITION UNDERTAKING

Each of Mr. Sieh, Mr. Ho and Good Hill Investment Limited (“**Good Hill**”), being the controlling shareholders of the Company (as defined under the Listing Rules) (the “**Controlling Shareholders**”), entered into a non-competition undertaking with the Company with effect from the GEM Listing (the “**Non-competition Undertaking**”). The Controlling Shareholders has confirmed compliance with the terms of the Non-competition Undertaking since the GEM Listing and up to 31 December 2025. All the INEDs are of the view that Mr. Sieh, Mr. Ho and Good Hill have been in compliance with the Non-competition Undertaking in favour of the Company.

## WHISTLEBLOWING POLICY

In compliance with code provision D.2.3 of the CG Code, the Board adopted a whistleblowing policy. It provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

The chairman of the Audit Committee is designated to receive the relevant complaints for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board and the Audit Committee will periodically review the whistleblowing policy and mechanism to improve its effectiveness.

## ANTI-CORRUPTION POLICY

In compliance with code provision D.2.4 of the CG Code, the Board adopted an anti-corruption policy. It outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group does not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will constantly review the anti-corruption policy and mechanism to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

## DIVIDEND POLICY

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors including the Group’s operation and financial performance, profitability, business development, prospects, capital requirements and economic outlook. It is also subject to the approval of the shareholders as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. The Group does not have any predetermined dividend payment ratio.

# CORPORATE GOVERNANCE REPORT (continued)

## SHAREHOLDERS' RIGHTS

The general meetings of the Company provide a forum for the shareholders to exchange views directly with the Board. Subject to provisions of the applicable laws in the Cayman Islands and the Listing Rules, an AGM of the Company should be held each year and at the venue as determined by the Board. Each general meeting, other than an AGM, is called Extraordinary General Meeting (the “EGM”). To safeguard shareholders’ interests and rights, separate resolutions will be proposed for each substantially separate issue at general meetings. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, and poll results will be published on the websites of the Main Board and the Company after each general meeting.

### Rights to Convene EGMs and Procedures by Shareholders

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an the EGM. Any one or more shareholders, at the date of deposit of the requisition, holding not less than one-tenth of the paid up capital of the Company and having the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transactions of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. The requisition must be deposited at the registered office or the head office of the Company.

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

### Rights to Put Forward Proposals at General Meetings

The Board is not aware of any provisions allowing shareholders to propose new resolutions at the general meetings under the Articles and the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Act”). Subject to the provisions of the Articles, eligible Shareholders who wish to move a resolution may by means of requisition to convene the EGM following the procedures set out above.

### Putting Forward Enquiries to the Board

To put forward any enquiries to the Board, shareholders may send written enquiries to the Company with sufficient contact details. The Company will not normally deal with verbal or anonymous enquiries.

# CORPORATE GOVERNANCE REPORT (continued)

## **Contact Details**

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 302, 3/F, Tower 1, Magnet Place, 77–81 Container Port Road, Kwai Fong, Hong Kong

Attention: Board of Directors

Tel: +852 3598 2926

Fax: +852 3598 2925

Email: [info@maxicity.com.hk](mailto:info@maxicity.com.hk)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identifications in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

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 has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

The Company maintains a website at [www.maxicity.com.hk](http://www.maxicity.com.hk) as a communication platform with the shareholders and potential investors, where the latest business development, financial information and other relevant information of the Company are available for public access. The information on the Company's website is updated on a regular basis in order to maintain a high level of transparency. Information released by the Company, including but not limited to, the publication of interim and annual reports, the publication and posting of notices, announcements and circulars will also be posted to the Stock Exchange's website at the same time.

The Company endeavours to maintain an on-going dialogue with shareholders through AGMs and other general meetings. At the AGM, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The Group considered that it establishes effective communication channels with its shareholders through its website and AGM.

## **COMPLIANCE OFFICER**

Mr. Ho, an executive Director, has been designated as the compliance officer of the Group to oversee all compliance matters.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

Maxicity Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are committed to sustainable development and responsible Environmental, Social and Governance (“**ESG**”) management. This ESG Report (the “**ESG Report**”) presents the Group’s ESG initiatives and performance for the year ended 31 December 2025 (the “**Reporting Year**”). Prepared based on the best available information and the Group’s knowledge, the report reflects its ongoing efforts to integrate ESG principles into its business strategy and operations, recognising their importance to long-term value creation.

During the Reporting Year, the Group continued to strengthen its ESG governance framework and enhance its approach to climate-related management. This includes identifying and assessing climate-related risks and opportunities, such as potential physical risks arising from extreme weather events and transition risks associated with evolving regulatory requirements and market expectations, as well as opportunities in improving operational efficiency and adopting more sustainable practices. By incorporating climate considerations into its ESG management processes, the Group aims to enhance its resilience to environmental and operational challenges.

Through continuous improvement and responsible business practices, the Group remains committed to minimising its environmental footprint, upholding high standards of corporate governance, and contributing positively to the communities in which it operates.

## BOARD STATEMENT

The Board of Directors (the “**Board**”) reaffirms its commitment to sustainable development and responsible corporate governance. Recognising the growing importance of environmental stewardship, climate resilience, community engagement and long-term stakeholder value creation, the Board places sustainability at the core of the Group’s strategic direction. This commitment forms the foundation for integrating ESG considerations, including climate-related management, into the Group’s overall business strategy, governance structure and policy framework.

The Board maintains overall responsibility for overseeing the Group’s ESG strategy and performance and climate-related matters. The Board supervises the Group’s approach to ESG and climate-related matters, including setting ESG objectives and priorities, reviewing sustainability strategies and monitoring the implementation and effectiveness of ESG initiatives. It also oversees the identification and management of climate-related risks and opportunities that may affect the Group’s operations, financial performance and long-term development. ESG considerations are embedded across different levels of the organisation to promote accountability, transparency and informed decision-making.

To provide clear direction for sustainable operations, the senior management establish internal policies and management practices covering key areas such as environmental protection, climate-related risk management, resource efficiency, human capital development, service quality, business ethics and workplace safety. These policies support the Group’s efforts to manage environmental impacts and maintain responsible business practices. The Board also reviews the Group’s ESG performance and progress against relevant environmental and climate-related targets on a regular basis, and approves ESG-related policies, frameworks and disclosures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

To ensure effective governance and implementation, the Group maintains a clear division of responsibilities between the Senior management and operational teams. While the Senior management provides strategic oversight and direction, operational responsibilities are delegated to business operation teams and supporting departments. These teams are responsible for implementing ESG strategies and initiatives in accordance with the senior management and the Board's guidance. Their responsibilities include collecting and analysing ESG-related data, monitoring the progress of sustainability initiatives, and managing programmes related to energy efficiency, emissions management, waste reduction and resource conservation. The operational teams also assist in assessing climate-related risks and opportunities and evaluating their potential impacts on the Group's operations.

Annual meetings and communications are conducted between the Board, the senior management, business operation teams and supporting departments to review ESG performance, discuss climate-related matters, including climate-related risks and opportunities, target setting and performance and refine sustainability strategies. These teams report periodically to the Board on the progress, challenges and outcomes of ESG initiatives, enabling the Board to evaluate the effectiveness of ESG management measures and make informed decisions to strengthen the Group's sustainability performance. To ensure the Board remains informed of the latest trends in climate-related risks and opportunities, the Group provides the Board with updated climate-related materials and, when necessary, may invite external experts to share insights on relevant climate-related topics.

To further strengthen climate-related governance, the Group has established a structured process for the monitoring and reporting of climate-related matters, including climate-related risks and opportunities. Senior management is responsible for setting climate-related targets, consolidating relevant ESG and climate-related information, including key performance indicators and emerging risks and opportunities, for review by the Board on a periodic basis. The Board evaluates the Group's climate-related performance against its objectives and considers the effectiveness of existing measures, ensuring that climate-related considerations are continuously integrated into strategic planning and decision-making processes.

## OBJECTIVES OF THE REPORT

This ESG Report aims to provide a clear and balanced overview of the Group's sustainability performance during the Reporting Year. It highlights key initiatives, progress and challenges, and demonstrates the Group's commitment to integrating environmental and social considerations into its operations and long-term development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## REPORTING SCOPE AND STANDARDS

This ESG Report has been prepared in accordance with the ESG Reporting Code set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited, with the aim of meeting applicable regulatory requirements. The reporting boundary encompasses the Group's operations in Hong Kong, including its construction sites and head office, and has been determined with reference to their respective contributions to the Group's revenue during the Reporting Year. Key performance indicators ("KPIs") have been presented in accordance with the requirements of the ESG Reporting Code. In preparing this report, the Group has adhered to the reporting principles of materiality, quantitative measurement and consistency, to ensure that the information disclosed is relevant, reliable and comparable over time.

Reporting principles	Descriptions
Materiality	Stakeholders engagement and materiality assessment were conducted to identify the material ESG issues that most relevant and material to our business operations and stakeholders.
Quantitative	KPIs disclosed in a measurable manner with sufficient description and explanation on those changes.
Consistency	Information presented in this ESG Report are prepared using consistent methodologies throughout the Reporting Year.

## STAKEHOLDERS ENGAGEMENT

The Group places strong emphasis on maintaining open, transparent and constructive engagement with its stakeholders, recognising their importance to its sustainable development. Through ongoing communication and collaboration with a diverse range of stakeholder groups, the Group seeks to understand their expectations and concerns. Feedback received is systematically considered in the formulation of the Group's ESG strategies and decision-making processes, enabling the identification and prioritisation of key ESG issues.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

By actively engaging with stakeholders, the Group is able to identify areas for improvement, align its business practices with stakeholder expectations, and enhance its overall ESG performance. This approach supports the Group in ensuring that its sustainability initiatives remain relevant and responsive to evolving regulatory requirements, market developments and community needs, thereby contributing to its long-term resilience and sustainable growth.

<b>Stakeholders Groups</b>	<b>Specific Stakeholders</b>	<b>Expectations and Concerns</b>	<b>Communication Channel</b>
Investors	Shareholders	Corporate governance Business compliance Investment return	Corporate website Financial reports Conference calls
Employees	Senior Management Staff Potential recruiters	Career development Safe working environment Staff compensation and welfare	Training Face-to-face meetings Regular performance reviews and interviews
Customers	Construction contractors	High-quality services Project quality	Customers satisfaction surveys Company hotline
Suppliers/ subcontractors	Material suppliers/ vendors/ subcontractors	Sustainable relationship	Suppliers assessment Daily work review Sites inspection/meetings with contractors
Government	Governments Regulators	Compliance with relevant laws and regulations	Written or electronic correspondence

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## MATERIALITY ASSESSMENT

The Group is committed to conducting comprehensive materiality assessments to identify and prioritise ESG issues that are most relevant to its operations and stakeholders. This process enables the Group to focus on areas that have the greatest impact on its long-term sustainability and value creation.

During the Reporting Year, the Group adopted a structured materiality assessment process. This began with the identification of relevant ESG aspects with reference to the ESG Reporting Code, industry practices and emerging market trends. A preliminary list of ESG issues was then compiled and reviewed internally. Subsequently, the Group engaged key stakeholders through appropriate communication channels, such as surveys and/or interviews, to understand their views on the importance of various ESG topics.

The identified ESG issues were then evaluated and prioritised based on their materiality, taking into account (i) their significance to the Group's business operations, (ii) their potential environmental and social impacts, and (iii) their importance to investors and other stakeholders. The assessment results were consolidated and reviewed by management to ensure alignment with the Group's strategic priorities.

Based on the assessment results, a total of 16 key ESG issues were identified and are presented below. This approach reflects the Group's commitment to addressing material ESG concerns and aligning its strategies with both its business objectives and broader stakeholder expectations. The Group will continue to review and update its materiality assessment through ongoing stakeholder engagement, ensuring its ESG priorities remain relevant and responsive to evolving business and external environments.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

ESG aspects		Number	ESG issues
A. Environmental	Aspect A1: Emission	1	Greenhouse gas emissions
		2	Hazardous and non-hazardous wastes
	Aspect A2: Use of Resource	3	Energy saving
		4	Water consumption
	Aspect A3: The Environment and Natural Resources	5	Significant impacts of activities on environment and natural resources
B. Social	Aspect B1: Employment	6	Employee policy
	Aspect B2: Health and Safety	7	Safe working environment and protecting employees from occupational hazards
	Aspect B3: Development and Training	8	Staff training
	Aspect B4: Labour Standards	9	Prohibition of child labour and forced labour
	Aspect B5: Supply Chain Management	10	Tendering suppliers and subcontractors based on their awareness of environmental and social responsibility
	Aspect B6: Services Responsibility	11	Health and safety
		12	Protecting customers' privacy
	Aspect B7: Anti-corruption	13	Anti-corruption
	Aspect B8: Community Investment	14	Community investment
C. Climate-related management		15	Physical and transition risk
		16	Climate resilience

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A. ENVIRONMENTAL

The Company is dedicated to promoting environmental sustainability and has implemented a comprehensive set of environmental policies to reduce its ecological footprint. These policies provide a structured framework for responsible operations, ensuring compliance with relevant environmental regulations and alignment with industry best practices. Reinforcing this commitment, the Company has achieved ISO 14001:2015 certification for its Environmental Management System, reflecting adherence to internationally recognised standards. By continuously monitoring, evaluating, and enhancing our environmental performance, the Company integrates sustainable practices into daily operations, mitigates environmental risks, and advances long-term ecological stewardship.

### A1. Emissions

#### *Greenhouse Gas Emission (the "GHG Emission")*

The Group recognises that air pollutants and GHG emissions have a significant impact on the environment and society. The Group's GHG emissions mainly arise from direct emissions (Scope 1) associated with fuel consumption in motor vehicles and construction equipment, including air compressors and generators, as well as indirect emissions (Scope 2) from electricity consumption in offices and construction sites. To address these impacts, the Group has implemented comprehensive internal policies and operational measures to reduce emissions, while ensuring full compliance with applicable environmental laws and regulations.

As part of our commitment to sustainability, the Group has implemented several key measures. Through the implementation of these policies in day-to-day operations, the Group is dedicated to minimising its carbon footprint and fostering a culture of environmental responsibility throughout the organisation.

- A dedicated environmental team oversees and manages environmental issues for each construction project.
- Management team frequently monitors the integrity of compliance with all relevant environmental laws and regulations in every aspect of our operations.
- Green guidelines are enforced to minimise pollution, reduce waste, and prevent unnecessary resource consumption.
- The Environmental Policy is distributed across all employees, suppliers, vendors, and subcontractors to promote awareness and accountability.
- Regular training programs are regularly provided, equipping our employee with the knowledge and motivation to adopt environmentally responsible practices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The Group strongly recommends its suppliers, vendors, and subcontractors to participate in environmental protection initiatives, fostering a culture of sustainability throughout our supply chain.

The following table sets forth a breakdown of the Group’s GHG emissions during the Reporting Year:

## *A1.1 Emissions from use of motor vehicle*

	Unit	2025	2024
Nitrogen oxides	gram	146,111.99	171,699.46
Sulphur oxides	gram	682.46	955.32
Respiratory suspended particles	gram	12,970.67	15,288.74

The decrease in emissions from motor vehicles during the Reporting Year is mainly attributable to the increased use of electric vehicles. Although the Group travelled to multiple project sites during the Reporting Year, it prioritised the use of electric vehicles and public transportation whenever practicable to reduce the use of fuel-powered vehicles.

*A1.2 For the scope 1 and scope 2 GHG emission, please refer to the section “Climate-change – GHG emission performance summary”*

## **Waste Management and Sewage Discharge**

As a construction contractor, the waste generated by the Group mainly comprises inert construction materials, with no hazardous waste produced. The Group has established policies and procedures for the handling of waste generated and regularly reminds staff to minimise waste generation.

## *A1.3 Hazardous wastes produced*

	Unit	2025	2024
Hazardous wastes disposal	tonnes	N/A	N/A
Hazardous wastes intensity	tonnes/construction contract*	N/A	N/A

\* including works that would generate hazardous wastes

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A1.4 Non-hazardous wastes produced

	Unit	2025	2024
Inert construction materials	tonnes	2,174.64	2,143.50
Inert construction materials usage intensity	tonnes/construction contract*	271.83	238.17
Paper	tonnes	1.16	1.79
Paper usage intensity	tonnes/construction contract*	0.17	0.26

\* including works that would generate inert construction materials/paper

During the Reporting Year, the commencement of a new project led to increased construction activities, resulting in a higher volume of non-hazardous waste generated. This was mainly due to the scale and nature of the project. The Group will continue to implement waste management measures and promote efficient use of resources to minimise waste generation where practicable.

## A1.5 Measures to mitigate GHG emissions

The Group acknowledges the adverse environmental impact of GHG emissions and has therefore established a comprehensive set of policies governing the use of vehicles to minimise emissions across its operations.

For vehicle usage, the Group conducts regular maintenance to ensure that vehicles are kept in good condition, thereby avoiding unnecessary emissions resulting from poor performance. Regular maintenance also helps maintain optimal operating efficiency. Where practicable, the Group replaces older vehicles with hybrid, electric or other energy-efficient and low-emission alternatives.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

In addition, the Group promotes environmentally responsible practices by encouraging staff to share transportation and reduce the frequency of travel. Route planning is also optimised to minimise travel distance and improve overall efficiency.

For emission target, please refer to the section “Climate Change – Climate-related Target”. The Group will continue to work towards this target by strengthening the above measures, enhancing energy efficiency across its operations, promoting the use of low-emission transportation, and reinforcing staff awareness on emission reduction practices. The Group will also continue to monitor its performance regularly and identify further opportunities to improve its environmental performance.

## *A1.6 Waste Management*

### Hazardous Wastes

To the best of the Directors’ knowledge, the Group did not generate any hazardous waste during the Reporting Period. Notwithstanding this, the Group has established relevant policies and procedures to provide guidance on the proper handling of hazardous waste, should it arise. In such cases, hazardous waste would be stored in designated areas with appropriate labelling for clear identification. The Group or the main contractor would engage qualified waste collectors for proper handling and disposal to ensure that no adverse impact is caused to the environment.

### Non-hazardous Wastes

Non-hazardous waste generated by the Group mainly comprises inert construction waste arising from its operations. The Group prioritises the use of reusable materials, such as concrete, metal and wood, where practicable. Materials from demolition or renovation works are sorted, cleaned and reused in other construction projects, thereby reducing the demand for new raw materials and minimising waste generation.

The Group also emphasises efficient project planning and design to optimise material usage and minimise unnecessary consumption. This includes careful procurement planning to avoid over-ordering and reduce disposal.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

All construction waste is handled in accordance with the requirements of the Environmental Protection Department's guidelines. Project managers are responsible for overseeing waste management practices to ensure proper handling and disposal. In addition, regular training and awareness initiatives are provided to employees and contractors to promote best practices in reducing material wastage during operations.

As construction waste generation is closely linked to the scale and stage of construction activities, the volume and intensity of waste generated may vary from year to year. Looking ahead, the Group aims to minimise construction waste as far as practicable by increasing the use of reusable materials and strengthening project planning prior to the commencement of works, thereby reducing its environmental impact and supporting long-term environmental sustainability.

## Sewage Discharge

Despite the minimal consumption of water during Reporting Year, the Group implements certain water discharge procedures to reduce the water wastage such as:

- i. engagement of a service provider to collect the sewage on site; and
- ii. installation of a recycling system to collect and filter sediment and store the discharge from drilling operation.

The Group strictly monitors the operation of its business to ensure the compliance with the laws and regulations. The Group evaluates the effectiveness of these guidelines from time to time, and new guidelines will be introduced when necessary.

There was no case of non-compliance on applicable environmental laws and regulations related to air and GHG emissions, sewage discharge and waste for the Reporting Year.

## A2. Use of Resources

The Group primarily consumes electricity and water in the course of its construction operations. Recognising the importance of conserving natural resources, the Group is committed to minimising resource consumption and reducing its environmental impact.

### *Energy Efficiency*

The Group implements energy-efficient measures across its operations, including construction sites and office premises. These measures include maximising the use of natural lighting and ventilation to reduce reliance on artificial lighting and air conditioning, using energy-efficient equipment, switching off idle machinery and electrical appliances when not in use, and conducting regular maintenance to ensure optimal energy performance. The Group also promotes energy conservation among staff and workers through internal guidelines, reminders, and awareness initiatives. Through these measures, the Group strives to enhance energy efficiency and reduce its overall environmental footprint.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## *Water Consumption*

The Group's operations do not involve significant water consumption. Water used at construction sites is primarily for cleaning and sanitation purposes. To encourage responsible water use, the Group has displayed reminder notices for staff and established procedures for promptly reporting leaks. Where feasible, recycled water is utilised to minimise wastage. Water consumption at office premises is managed by the building management office and is therefore not included in the Group's reported consumption data.

The following tables set forth a breakdown of the Group's energy and water consumption for the Reporting Year:

### *A2.1 Energy consumption in total and intensity*

	Unit	2025	2024
Electricity usage	kWh	146,174.00	151,301.00
Electricity usage intensity	kWh/office*	12,181.17	12,608.42

\* including head office and construction site offices

During the Reporting Year, we achieved a lower usage in electricity by consolidating our offices and the implementation of energy-efficient practices for construction activities.

### *A2.2 Water consumption in total and intensity*

	Unit	2025	2024
Water consumption	cu.m.	25,161.00	17,333.00
Water consumption intensity	cu.m./office*	546.98	597.69

\* including construction site offices

During the Reporting Year, electricity and water consumption intensity remained stable, compared to the previous year. This usage was primarily attributed to improved resource management practices. The Group continues to strengthen and expand these measures across its operations to further optimise resource efficiency and reduce its environmental impact.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## *A2.3 Energy and water use efficiency and targets*

The Group is committed to being a responsible organisation and has implemented a variety of measures to promote energy and water efficiency. We aim to continuously reduce resource consumption wherever possible. However, as electricity and water usage can fluctuate depending on the scope, stage, and nature of construction activities, setting fixed targets may not be meaningful. Nevertheless, the Group remains focused on fostering a culture of resource conservation among employees and contractors. This will be achieved through ongoing awareness initiatives, staff training, careful planning and scheduling of construction activities, and the adoption of energy and water-efficient practices and technologies across all operations.

## *A2.4 Sourcing water*

During the Reporting Year, the Group did not encounter any issue in sourcing water. The Group targets to reduce the water consumption by the following ways:

- Install water meters for each water storage tank in construction sites to regularly monitor water consumption;
- Spray roads and loose-soil surface to suppress dust by utilising the recycled water;
- Check and inspect water taps and fix dripping taps immediately once any leakage is found;
- Install some eye-catching signs near taps to remind staff to reduce water consumption; and
- Arrange regular the use of toolbox talks and training programs for the frontline workers to raise their water conservation awareness.

## *A2.5 Packaging Material Used*

The KPI for packaging materials is not relevant to the Group since the Group did not utilise any packaging materials during its operations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A3. The Environment and Natural Resources

The Group is committed to minimising the environmental impact associated with its construction activities, recognising that operations have the potential to affect natural resources and surrounding communities. Key environmental concerns include noise pollution, dust emissions, and potential disruption to local ecosystems. Noise generated by heavy machinery and construction activities can disturb nearby residents, affect wildlife habitats, and pose health risks to on-site workers. To address this, the Group conducts regular noise assessments tailored to each work activity, prioritises the use of low-noise machinery such as electric-powered equipment, and implements noise protection zones where high-noise operations are unavoidable. Workers are provided with appropriate hearing protection, and high-noise activities are scheduled during less sensitive hours to reduce community disturbance.

Dust emissions, particularly from excavation, demolition, and material handling, represent another concern. To mitigate this, the Group employs dust suppression measures such as regular water spraying, covered storage and transport of dusty materials, and the use of wind barriers or temporary enclosures around high-dust activities. Continuous air quality monitoring ensures compliance with environmental regulations and occupational health standards, safeguarding both workers and nearby residents.

Beyond managing noise and dust, the Group also implements broader environmental measures to reduce its overall footprint. Construction materials are carefully planned and optimised to minimise waste. Through these comprehensive measures, the Group strives to carry out construction activities responsibly, preserve natural resources, and maintain a high standard of environmental stewardship throughout all operations.

## A4. Climate Change

The Group recognises that climate change may pose both physical and transition risks to its construction operations, while also creating opportunities to improve resilience and efficiency. In response, the Group incorporates climate considerations into its project planning and operational processes. It continues to enhance its environmental management practices and promote resource efficiency where practicable, while addressing evolving regulatory requirements and stakeholder expectations. The Group also seeks to strengthen its competitiveness by adopting sustainable construction practices, improving energy efficiency and optimising the use of resources. Through these efforts, the Group aims to manage climate-related risks effectively and support its long-term sustainable development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The climate-related risks and opportunities currently identified by us are set out below:

Type of risk	Description	Time Horizon	Potential impact and financial effects	Response
Acute physical risk	Extreme weather events such as storms, floods, heavy rainfall and strong winds	Short and medium term	<p>Extreme weather events may pose safety risks to workers and disrupt construction activities and supply chains.</p> <p>Additional operating costs may be incurred for the procurement of protective equipment and implementation of mitigation measures.</p> <p>The Group may also face increased repair and maintenance costs for asset upgrades to enhance resilience against extreme weather conditions.</p> <p>Prolonged disruption to construction activities may adversely affect project progress and reduce gross profit.</p>	<p>The Group implements a robust disaster preparedness plan, which includes conducting site-specific climate risk assessments, establishing contingency measures for extreme weather events, and enforcing safety protocols to protect workers.</p> <p>In addition, the Group enhances the resilience of its infrastructure and construction sites by adopting materials and construction methods designed to withstand extreme weather conditions.</p>
Chronic physical risk	Long-term changes in climate patterns, such as rising temperatures	Medium and long term	<p>May pose health and safety risks to construction workers, including heat stress, dehydration and heatstroke.</p> <p>May result in work stoppages or adjustments to working hours to avoid peak heat periods, potentially slowing project progress, affecting gross profit and increasing operating costs.</p>	<p>The Group implements heat management measures, including providing regular water breaks, designated shaded rest areas, and adjusting working hours to cooler periods of the day to safeguard workers' health and maintain operational efficiency.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Type of risk	Description	Time Horizon	Potential impact and financial effects	Response
Transition risk (policy risk)	Increasingly stringent environmental laws and regulations, including carbon reduction requirements and construction-related environmental compliance obligations	Medium to long term	<p>Increased compliance requirements may affect project planning and operational processes.</p> <p>May lead to higher compliance and administrative costs, potential penalties for non-compliance, and increased capital expenditure for upgrading equipment and adopting environmentally friendly technologies.</p>	<p>The Group closely monitors regulatory developments and ensures compliance with applicable laws and regulations.</p> <p>It strengthens its environmental management practices and provides relevant training to staff.</p>
Transition risk (market risk)	Changing market expectations and increasing demand for sustainable construction practices from clients, investors and other stakeholders	Medium to long term	<p>Failure to meet stakeholder expectations may affect the Group's reputation and competitiveness in the market.</p> <p>May result in reduced business opportunities or increased costs to meet client sustainability requirements and tender specifications</p>	<p>The Group integrates sustainable construction practices into its operations, improves resource efficiency and enhances ESG performance.</p> <p>It also monitors market trends and stakeholder expectations to strengthen its competitiveness and capture opportunities arising from the transition to a low-carbon economy.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Type of opportunities	Description	Time Horizon	Potential impact	Response
Market and operational opportunity	Increasing demand for sustainable and resilient construction practices, including low-emission construction methods and climate-resilient infrastructure	Medium to long term	Enhances the Group's reputation and strengthens relationships with clients and stakeholders by demonstrating commitment to sustainability.  Creates potential for additional business opportunities, improves competitiveness in tendering processes, and may lead to cost savings through improved resource and energy efficiency.	The Group adopts sustainable construction practices, promotes energy and resource efficiency, and incorporates climate resilience considerations into project planning and execution.

\* short term: within 3 years, medium term: within 3-10 years, long term: over 10 years

At the current stage, based on the best available information provided by the management, there are no investment and disposal plan and no significant changes anticipated in the Group's business model in the near term. The Group continues to monitor climate-related risks and opportunities to inform strategic decision-making.

To support the mitigation and adaptation of climate-related risks, the Group allocates both financial and operational resources to ensure preparedness and resilience. A portion of capital is maintained for the timely replacement or upgrade of plant, machinery, and equipment to withstand extreme weather events. Budget are dedicated to monitoring environmental performance, and training staff to ensure compliance with climate resilience measures. At current stage, above identified climate-related risks and opportunities are primarily covering its headquarters, operating offices and construction sites in Hong Kong, being its principal area of operation.

Based on the Group's current assessment, it is not expected that climate-related risks will result in any significant adjustment to the carrying amounts of assets and liabilities reported in the Reporting Year for the next annual reporting period. The Group will continue to monitor relevant climate-related developments and review the potential financial impacts to ensure that any necessary adjustments are identified and disclosed in a timely manner.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

At the current stage, the Group has not disclosed quantitative information on the potential financial effects of climate-related risks and opportunities. This is due to limitations in the Group's current capacity to collect and analyse such data, as well as the high level of measurement uncertainty involved in estimating these effects. Consequently, any quantitative information produced at this time is unlikely to provide meaningful or decision-useful insights. The Group will continue to enhance its data collection and analytical capabilities to enable more robust quantitative disclosure in future reporting periods.

The Group is currently at an initial stage in assessing the impact of identified climate-related risks and opportunities across its value chain. As such, the assessment is still evolving, and the Group will continue to review, refine and disclose relevant information as it becomes available. At present, the Group has not established a formal climate-related transition plan and has yet to implement an internal carbon pricing mechanism. The Group will consider developing an appropriate transition approach and introducing an internal carbon pricing mechanism in due course, together with relevant governance processes and disclosure arrangements, with a view to enhancing capital allocation efficiency.

## **Climate-related Risk Management**

The Group has established a process to identify, assess, prioritise and monitor climate-related risks and opportunities. Through its daily operations and regular review of operational data, such as repair and maintenance records, the Group identifies areas of potential vulnerability, taking into account the likelihood and potential impact of such risks.

Climate-related risks and opportunities that are expected to have a significant impact on the Group's operations, safety or financial performance are identified and prioritised by the senior management and reported to Board. Identified risks and opportunities are documented in the Group's risk register for ongoing monitoring, and their potential impacts are further evaluated through scenario analysis.

Climate-related risks and opportunities are integrated into the Group's overall risk management framework, which includes established guidelines to ensure that such risks are appropriately identified, assessed and monitored.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## GHG Emission Performance Summary

	Unit	2025	2024
Scope 1 – direct emissions from mobile combustion sources			
– Carbon dioxide	kg	109,565.10	153,709.80
– Methane	kg	261.44	296.22
– Nitrous oxide	kg	17,413.61	19,743.10
Scope 2 – indirect emissions from purchased electricity			
– Carbon dioxide	kg	92,089.62	95,319.63
Total GHG emission for scope 1 and scope 2	kg	219,329.77	269,068.75
Total GHG emission for scope 1 and scope 2 intensity	kg/nos. of employee	1,858.73	1,793.79
Scope 3 – indirect emissions			
Cat 1 – Purchased goods and services	tonnes	4,968.73	N/A
Cat 5 – Waste generated in operations	tonnes	2.75	N/A
Cat 7 – Employee commuting	tonnes	23.86	N/A

### Decrease in scope 1 and scope 2 GHG emissions:

During the Reporting Year, both Scope 1 and Scope 2 GHG emissions recorded a decrease. This reduction was primarily attributable to the collective efforts of our staff in adopting more environmentally responsible practices across operations.

To minimise direct emissions, the Group has reduced unnecessary fuel consumption by optimising travel arrangements and prioritising the use of public transportation where practicable. In terms of energy consumption, the Group has implemented various energy efficiency measures at project sites and offices. These include maximising the use of natural lighting and ventilation, and ensuring that idle or non-essential lighting, computers, and electrical appliances are switched off or set to energy-saving mode when not in use.

In addition, the Group has promoted staff awareness on energy conservation, encouraged the adoption of low-carbon working habits, and regularly monitored energy usage to identify opportunities for further efficiency improvements.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Note:

1. For Scope 3 emissions, based on a screening assessment, the Group reviewed all Scope 3 emission categories as defined under the GHG Protocol. Having considered the nature of its business activities, the potential magnitude of emissions, and data availability, the Group identified certain categories as material and included them in the disclosure.
2. Scope 3 categories that are not disclosed are considered either not applicable to the Group's operations or lacking sufficient and reliable data as of the reporting date. The Group will continue to review and enhance its data collection processes with a view to improving disclosure in future reporting periods.
3. Methane and nitrous oxide emissions were converted into carbon dioxide emissions based on global warming potential ("GWP"). Therefore, the total amount of greenhouse gas emissions is the total amount of carbon dioxide emissions equivalent.
4. Scope 3 calculation methodology and reporting estimates

### ***Category 1 – Purchased Goods and Services:***

This category includes upstream emissions arising from goods and services purchased or acquired by the Group. Emissions are calculated based on the quantity of materials purchased multiplied by the emission factors from the UK Government GHG Conversion Factors for Company Reporting (DEFRA, 2025) ("DEFRA"), as well as financial spend multiplied by the emission factors derived from the US Environmentally-Extended Input-Output (USEEIO) Models.

### ***Category 5 – Waste Generated in Operations:***

This category includes emissions from the disposal and treatment of waste generated from construction projects. Emissions are calculated based on the quantity of waste generated multiplied by the relevant emission factors from DEFRA, taking into account the waste type and treatment method.

### ***Category 7 - Employee Commuting:***

This category includes emissions from employees commuting between their homes and work sites. Emissions are calculated based on the number of working days, mode of transportation, travel distance and the corresponding emission factors, which are referenced from DEFRA and, where applicable, local transport operators.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Climate Resilience

The Group has identified potential climate-related risks and opportunities with reference to its business nature and industry characteristics. To better understand the potential impacts of climate change on its operations, strategy and asset portfolio, the Group has adopted a scenario-based approach as at 31 December 2025. The scenarios applied encompass both physical and transition risks. The Shared Socioeconomic Pathways (the “SSPs”) under the Intergovernmental Panel on Climate Change Sixth Assessment Report (the “IPCC AR6”) are primarily used to assess physical climate risks, including SSP2-4.5 (a moderate emissions scenario assuming a gradual transition) and SSP2-8.5 (a high emissions scenario assuming limited climate mitigation).

For transition risks, the Group has referenced scenarios developed by the Network for Greening the Financial System, including the Current Policies scenario (the “NGFS Current Policies”), which assumes the continuation of existing policies with limited additional climate action, and the Net Zero 2050 scenario (the “NGFS Net Zero 2050”), which assumes the implementation of stringent policies to achieve net zero greenhouse gas emissions by 2050. These scenarios are used to assess potential impacts arising from factors such as changes in the regulatory environment and exposure to climate-related risks.

The Group has assessed these scenarios over the short term (up to 2030) and long term (up to 2050) which included a diverse range of climate scenarios, with the scope primarily covering its headquarters, operating offices and construction sites in Hong Kong, being its principal area of operation.

In conducting the analysis, the Group has considered key areas of uncertainty, including differences in climate projections, evolving regulatory and policy developments and market and technological changes. Given the current stage of development, the Group adopts a qualitative approach in assessing the resilience of its strategy under different climate scenarios. The selected climate scenarios are considered relevant as they reflect possible future climate development.

Based on this assessment, the Group recognises the importance of strengthening its ability to adapt to climate change over the short, medium and long term. This includes enhancing operational resilience, integrating climate considerations into decision-making and aligning with evolving regulatory and market expectations. The Group will continue to monitor climate-related developments and progressively enhance its assessment methodologies and disclosures as more reliable data becomes available.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Physical risk	Descriptions	IPCC AR6 SSP2-4.5		IPCC AR6 SSP2-8.5	
		2030	2050	2030	2050
Storms, floods, heavy rainfall and strong winds	We assessed the exposure of our operation and asset to extreme weather events	Low risk	Low risk	Low risk	Medium risk

  

Transition risk	Descriptions	NGFS Current Policies		NGFS Net Zero 2050	
		2030	2050	2030	2050
Increased regulatory compliance costs	The Group anticipates higher costs associated with meeting evolving environmental regulations and enhanced ESG reporting requirements.	Low risk	Low risk	Low risk	Medium risk
Rising costs to maintain client competitiveness	The Group expects an increase in sustainability-related expenditures to meet clients' expectations and remain competitive, including investments in environmentally responsible practices and solutions.	Low risk	Medium risk	Low risk	Medium risk

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Climate-related Targets

The Group has established a climate-related target to reduce its total Scope 1 and Scope 2 GHG emission intensity by 5–8% over five years, using 2025 as the base year. The target is measured based on GHG emission intensity, reflecting emissions relative to the Group's operational scale, and applies to its core operations, including headquarters, offices, and project sites. The target covers the short- to medium-term and aims to support climate change mitigation by enhancing energy efficiency and reducing carbon emissions across the Group's operations.

In setting this target, the Group has taken into account the general direction of international climate goals. The target and its underlying methodology are developed with reference to the Group's historical performance, operational characteristics, and industry practices. The target and methodology have not been validated by a third party, were not derived using a sectoral decarbonisation approach, and currently do not include the use of carbon credits. Progress against the target will be monitored on an ongoing basis, and the Group will periodically review and refine the target and its methodology, taking into account evolving best practices, data availability, and regulatory expectations.

## Climate Vulnerability, Investment and Remuneration Alignment

The Group has not disclosed the amount and percentage of assets or business activities vulnerable to physical risk and transition risk as such information cannot be prepared without undue cost or effort at this stage.

The Group is currently in the initial phase of assessing the potential exposure of its assets and business activities to climate-related risks and opportunities. At this stage, the Group does not possess sufficient information or analytical capability to quantify the proportion of assets or business activities that may be affected. Also, the Group is at an early stage in evaluating the capital expenditure, financing, or investments that may be allocated to mitigate or adapt to climate-related risks and leverage associated opportunities. As the assessment framework and data collection processes are still under development, such quantitative information is not yet available for disclosure.

The Group remains committed to continuously improving its data collection and analytical capabilities. As more robust methodologies and reliable data become available, the Group intends to enhance its climate-related disclosures, providing stakeholders with greater transparency regarding the potential impacts on its business and financial planning. Climate and ESG-related performance is considered in the overall performance appraisal process but does not directly influence employee remuneration.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## B. SOCIAL

We have implemented a robust management system, associated with well-established manuals, policies, and procedures to effectively address key social aspects such as employment practices, training and development, occupational health and safety, supply chain management, service responsibility, anti-corruption measures, and community investment initiatives.

### B1. Employment

#### *Human Resources Policies*

The Group recognises the importance of fostering a supportive and inclusive working environment, where employees are empowered to contribute to the Group's success. A comprehensive human resources framework has been established to ensure that all employees are well-equipped to perform their roles effectively and feel supported in their professional development. The Group's staff handbook outlines key areas, including recruitment processes, promotion and appraisal procedures, compensation, dismissal policies, working hours, as well as its commitment to diversity and equal opportunities. Through these structured policies and procedures, the Group aims to ensure fair and consistent treatment, equal opportunities and transparency for all employees. These policies are subject to regular review to maintain their effectiveness and alignment with the Group's overall strategic objectives.

The Group's human resources framework is underpinned by principles that promote a productive, equitable and supportive workplace. Where appropriate, the Group provides necessary resources and training to support employees in meeting evolving industry requirements and enhancing their capabilities. The Group offers fair and competitive remuneration packages that are aligned with market standards and individual performance. In addition, the Group promotes open and two-way communication between employees and management to foster transparency, collaboration and mutual understanding.

The Group did not have any non-compliance on applicable laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Reporting Year and the year ended 31 December 2024.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## B1.1 Total workforce

As at 31 December 2025 and 2024, all staff are located in Hong Kong and the staff composition of the Group is as follow:

By Gender	2025	2024
Male	119	126
Female	16	24
By Age Group	2025	2024
30 years old or below	20	15
31–64 years old	91	104
65 years old or above	24	31
By Employment category	2025	2024
Monthly-rated	47	51
Daily-rated	88	99

According to statistics published by the Construction Industry Council in February 2026, the construction industry in Hong Kong remains predominantly male-dominated, with 600,681 registered workers, of which 484,634 are male and 116,047 are female, reflecting the labour-intensive nature of the industry. Against this backdrop, female employees represented approximately 13% of the Group's total workforce during the Reporting Year, which remained stable compared to the previous year. The Group is committed to promoting gender diversity and will continue to identify opportunities to enhance female representation by recruiting suitable female candidates for both office and site-based roles where appropriate. The Group has set a target to maintain female representation at no less than 10% of its workforce over the next three years. As at 31 December 2025, the gender composition of the Board and senior management was seven males and one female.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## B1.2 Turnover rate

During the Reporting Year, the Group experienced an increase in staff turnover, rising from 33.3% to 42.9%. This turnover is attributable to Hong Kong, the Group's primary operational region. The increase was primarily due to retirements, with approximately half of the departing employees aged 65 or above, as well as natural attrition. Additionally, the competitive construction job market contributed to higher workforce mobility, with younger employees seeking alternative opportunities. To address this, the Group regularly reviews its compensation and retention policies to ensure the retention of skilled and experienced personnel, thereby maintaining a stable, capable, and sustainable workforce.

The turnover rate of the Group is as follow:

By Gender	2025	2024
Male	44.4%	36.1%
Female	38.5%	26.7%
By Age Group	2025	2024
30 years old or below	–	50.0%
31–64 years old	27.1%	40.0%
65 years old or above	86.7%	17.6%

\* The above turnover rate of the Group excluded daily-rated workers as certain numbers of daily-rated workers left and re-joined the Group during the Reporting Year.

## Recruitment

The Group's recruitment process is designed to ensure that candidates possess the required experience, skills, and abilities to meet the Group's operational and strategic needs. The human resources department conducts comprehensive background checks and interviews to evaluate candidates' suitability. The recruitment process is strictly merit-based, with no consideration given to age, gender, religion, or race, thereby upholding principles of fairness and equal opportunity throughout hiring process.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***Promotion and Staff Welfare***

The Group is committed to recognising and rewarding outstanding performance. We offer equitable and competitive compensation packages, with rewards and incentives for employees who consistently exceed expectations. Our promotion and appraisal processes are designed to acknowledge and reward employees based on their contributions and dedication, ensuring that all employees are treated fairly and equitably.

Internal promotion is prioritised whenever possible, especially during the period of business expansion, to provide career advancement opportunities to existing employees. Additionally, the Group provides various paid leaves options, including annual leave, maternity leave, and occasional leave, in addition to statutory and public holidays. The Group's dismissal policy, working hours, and rest periods are fully complied with relevant labor laws and regulations to ensure fair treatment of all employees. Regular reviews and feedback mechanisms are in place to ensure that employees' contributions are acknowledged and rewarded, and that compensation aligns with market standards and employee performance.

## ***Equal Opportunity and Diversity***

The Group is committed to fostering an inclusive and collaborative work environment where all employees feel valued and supported. We provide career development and growth opportunities to staff regardless of gender, age, ethnicity, religion, or disability. Our dedication to equal opportunity ensures that every candidate and employee, regardless of background, has a fair chance for recruitment, promotion, and professional advancement.

The Group encourages open communication between employees and supervisors, creating channels for staff to raise work-related challenges, provide suggestions, and receive constructive feedback and guidance from managers. Performance evaluations are conducted based on individual skills, competencies, and contributions, ensuring that all employees are assessed fairly and equitably. By embedding these practices into our human resources framework, the Group aims to promote a culture of fairness, collaboration, and continuous improvement.

## ***Anti-discrimination***

The Group is firmly committed to preventing discrimination in all aspects of employment and recruitment. Every employee and candidate is treated fairly, without bias related to gender, age, ethnicity, religion, disability, or any other personal characteristic. We foster a workplace culture rooted in respect, inclusion, and appreciation of diversity, where all staff are valued and treated with dignity. This commitment is embedded across our daily operations, recruitment practices, and ongoing employee engagement initiatives. Unfair or improper dismissal is strictly prohibited, and all termination processes are conducted in full compliance with our internal policies and regulatory requirements, ensuring fairness and transparency throughout.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## **B2. Health and Safety**

Workplace health and safety is a key priority and a critical aspect of the Group's operations, particularly given the high-risk nature of construction work where even minor errors can have significant consequences. To safeguard the well-being of all employees, the Group has implemented a comprehensive health and safety management system that aims to prevent workplace injuries and mitigate health risks. Our policies and procedures are aligned with ISO 45001:2018 Occupational Health and Safety Management System standard, providing a structured framework to maintain a safe and secure working environment across all construction sites and office operations. Regular training, risk assessments, safety audits, and continuous monitoring are conducted to ensure that safety measures are effectively implemented and that employees are empowered to work confidently in a safe and protected environment.

### ***B2.1 Number and rate of work-related fatalities***

During each of past three years, there were no reported cases of work-related fatalities.

### ***B2.2 Lost days due to work injury***

During the Reporting Year, there are 430 days lost due to work injury (2024: 320 days).

### ***B2.3 Occupational health and safety measures adopted***

#### *Ensuring a safe and secure working environment*

The Group places the highest priority on workplace health and safety, recognising that construction activities inherently involve significant risks. Before commencing any project, comprehensive risk assessments are conducted to identify potential hazards specific to each site. Based on these assessments, tailored safety protocols and preventive measures are established, regularly reviewed, and updated to maintain a secure working environment. Dedicated safety officers perform frequent on-site inspections to monitor conditions, detect hazards, and implement improvements promptly. Any unsafe practices or breaches of safety regulations are addressed immediately to ensure full compliance and protect all on-site personnel. Also, only qualified machinery is approved for use, and all sites are equipped with appropriate tools and equipment to meet operational needs safely.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## *Strengthening protection against occupational hazards*

To further enhance workplace safety, the Group enforces strict occupational hazard prevention measures. All workers are required to complete thorough induction programs and participate in regular toolbox training sessions prior to entering construction sites. These programs provide essential knowledge on site-specific risks, safe working practices, and effective risk mitigation strategies. Clear communication of potential hazards, combined with ongoing supervision, ensures that employees are fully prepared to manage risks responsibly. The use of personal protective equipment is mandatory, and emergency response and first-aid procedures are reinforced through routine drills to ensure rapid and effective action in case of accidents. Work-related injuries are systematically documented and reported in accordance with internal safety guidelines and aligned with the Labour Department's regulatory requirements.

By fostering a proactive safety culture, underpinned by the ISO 45001:2018 Occupational Health and Safety Management System, the Group demonstrates its unwavering commitment to minimising occupational risks and safeguarding the well-being of all employees across its operations.

The Group did not have any non-compliance on the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and applicable occupational health and safety laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards for the Reporting Year.

### **B3. Development and Training**

The Group places strong emphasis on employee training and development, recognising it as a key driver for personal growth, operational excellence, and long-term organisational success. Employees across all roles are encouraged to continuously enhance their knowledge and skills, enabling them to advance their careers while contributing effectively to the Group's objectives. Training opportunities, including sponsorship for job-related courses, are provided on a discretionary basis to support professional development.

During the Reporting Year, 13.3% of employees (2024: 17.3%) participated in training programs, with an average of 27.75 training hours per participant (2024: 18.15 hours), reflecting the Group's ongoing commitment to skills enhancement. All new employees undergo an induction briefing led by their immediate supervisor and receive a comprehensive staff handbook to familiarise themselves with the Group's culture, values, and job responsibilities.

In addition, the Group prioritises safety training as a core component of employee development. Compulsory safety induction programs are conducted for all staff, with supplementary training provided for high-risk activities and site-specific hazards. Through these initiatives, the Group ensures that employees are well-prepared, competent, and equipped to perform their roles safely and efficiently, while fostering a culture of continuous learning and professional growth.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## *B3.1 Breakdown of workforce trained during the Reporting Year*

By Gender	2025	2024
Male	83.3%	76.9%
Female	16.7%	23.1%

  

By Employment category	2025	2024
Senior level	44.4%	26.9%
Middle level	33.3%	15.4%
Entry level	22.3%	57.7%

## *B3.2 The average training hours completed by the employee during the Reporting Year*

By Gender	2025	2024
Male	31.3 hours	18.5 hours
Female	10.0 hours	17.0 hours

  

By Employment category	2025	2024
Senior level	23.4 hours	10.5 hours
Middle level	46.8 hours	49.0 hours
Entry level	8.0 hours	13.5 hours

## **B4. Labour Standards**

### *B4.1 Measures to avoid child and forced labour*

The Group strictly prohibits child and forced labour in all operations and construction projects. To prevent such unethical practices, a rigorous recruitment process has been implemented, including thorough identity verification and background checks to ensure all employees meet the legal working age and employment criteria. Contractors and subcontractors are required to comply with the Group's labour policies, which are fully aligned with local labour laws. Regular site inspections are conducted to monitor compliance, and strict contractual obligations are enforced to eliminate any form of involuntary or underage labour.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***B4.2 Steps to eliminate such practices when discovered***

If any case of child or forced labour is discovered, immediate corrective actions are taken to rectify the situation. The Group conducts a thorough investigation to determine the root cause of the violation and imposes disciplinary actions against responsible parties, including termination of contracts with non-compliant subcontractors or suppliers. Policies and monitoring procedures are subsequently reinforced to prevent any recurrence of such practices.

The Group did not have any non-compliance on applicable laws and regulations relating to preventing child and forced labour for the Reporting Year.

## **B5. Supply Chain Management**

The Group recognises its suppliers and subcontractors as integral contributors to its value chain and is dedicated to fostering long-term, mutually beneficial partnerships. To uphold robust standards across procurement activities, the Group implements ongoing evaluation and monitoring mechanisms, assessing suppliers' performance in terms of quality, reliability, and regulatory compliance.

Also, the Group places increasing focus on the environmental and social performance of its supply chain. Suppliers are subject to periodic reviews of their sustainability practices, ensuring alignment with the Group's ESG commitments and broader corporate responsibility objectives.

### ***B5.1 Number of suppliers***

During the Reporting Year, the Group had 119 suppliers (2024: 117), including material suppliers and subcontractors which are all based in Hong Kong (2024: all based in Hong Kong) to save the transportation costs.

### ***B5.2 Procedure for engaging suppliers and subcontractors***

The Group adopts a structured, transparent, and risk-based approach in the engagement of all suppliers and subcontractors for construction services and office supplies, with the objective of ensuring quality delivery while upholding its ESG commitments across the value chain.

The selection process commences with a comprehensive pre-qualification assessment. Potential suppliers and subcontractors are evaluated against a set of established criteria, including product and service quality, technical capabilities, financial stability, track record, and compliance with applicable laws and industry regulations. In addition, the Group incorporates ESG considerations into its screening process, requiring potential partners to demonstrate adherence to the Group's standards on quality management, occupational health and safety, environmental protection, and business ethics, such as anti-corruption and responsible sourcing practices.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

To further strengthen supply chain governance, the Group maintains an approved supplier list, and formal agreements are established to clearly define expectations on service scope, performance standards, and ESG-related requirements. Where appropriate, specific contractual clauses are included to address areas such as environmental compliance, workplace safety, and ethical conduct.

Following engagement, the Group conducts ongoing performance monitoring of its suppliers and subcontractors. Feedback mechanisms are also in place to facilitate continuous communication and improvement. In cases of non-compliance or underperformance, corrective actions are required, and repeated or material breaches may result in suspension or removal from the approved supplier list. Through these measures, the Group aims to enhance supply chain resilience, promote responsible business practices, and ensure alignment with its broader sustainability and corporate governance objectives.

### ***B5.3 Practices used to identify environmental and social risks***

The Group adopts a comprehensive approach to identifying, assessing, and managing environmental and social risks across its supply chain by integrating ESG considerations into its procurement and project management processes, ensuring that all suppliers and subcontractors operate in alignment with its sustainability standards and corporate responsibility objectives.

#### ***Environmental and Social Responsibility of the Suppliers***

The Group exercises due diligence in the selection of suppliers, particularly those providing construction materials, through a rigorous pre-qualification and screening process. Suppliers are evaluated based on multiple criteria, including product quality, technical qualifications, pricing competitiveness, and compliance with applicable environmental and social regulations.

To strengthen environmental stewardship, the Group may engage independent laboratories or qualified testing organisations to conduct periodic testing and analysis of raw materials, ensuring compliance with relevant quality and environmental standards. In addition, the Group assesses suppliers' social performance, including adherence to fair labour practices, occupational health and safety requirements, and human rights principles. Such assessments are conducted through documentation reviews and, where appropriate, on-site evaluations. These measures enable the Group to promote responsible sourcing practices, mitigate potential ESG risks, and maintain a sustainable and resilient supply chain.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## *Environmental and Social Responsibility of the Subcontractors*

The Group implements a robust management framework to oversee the environmental, social, and safety performance of its subcontractors. Regular site inspections and environmental monitoring activities are conducted to evaluate key aspects such as air and water pollution control, waste management practices, and compliance with relevant environmental regulations. Environmental inspections are carried out on both scheduled and ad hoc bases, typically at least once a week, with findings documented and communicated to subcontractors for timely corrective action.

To enhance awareness and ensure consistent compliance, the Group's safety and environmental officers provide ongoing training and guidance to subcontractor personnel, covering topics such as environmental protection, site safety, and regulatory requirements. A risk-based approach is adopted to identify and manage potential hazards, including unsafe working conditions and environmentally harmful practices. Continuous performance monitoring, supported by regular site visits, reporting mechanisms, and incident tracking, ensures that subcontractors adhere to the Group's sustainability and ethical standards. All workers and subcontractors are required to promptly report any significant incidents, safety concerns, or environmental risks to designated site representatives. Where activities are identified as posing immediate safety or environmental risks, work will be suspended until appropriate mitigation measures are implemented.

In cases of non-compliance or performance deficiencies, the Group enforces corrective actions proportionate to the severity of the issue. These may include rectification requirements, reduction in work allocation, suspension of contracts, or termination and replacement of subcontractors in cases involving material breaches, significant environmental pollution, or serious safety incidents.

Through these practices, the Group seeks to strengthen oversight of project execution, minimise environmental and social risks, and uphold high standards of safety, ethics, and sustainability across its operations.

### ***B5.4 Practices used to promote environmental preferable products and service when selecting supplier and subcontractors***

The Group prefers to engage those suppliers or subcontractors who have certain environmental and social responsibility accreditation or have no previous record of violation on any environmental and social issue. The selection process is regularly reviewed to ensure its proper execution and alignment with the Group's standards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## **B6. Services Responsibility**

The Group is committed to maintaining high standards of quality in the delivery of its works and services through strict adherence to client requirements, as well as all applicable laws and regulations. To support regulatory compliance and enhance service excellence, the Group has established a structured management framework accredited under the ISO 9001:2015 Quality Management System, which governs and monitors its operational processes.

The effectiveness of this system is reviewed annually to ensure its continued suitability and performance. This review process enables the identification of improvement opportunities and reinforces the Group's commitment to continuous improvement, operational efficiency, and alignment with evolving industry standards.

### ***B6.1 Percentage of products sold subject to recalls for safety and health reasons***

Due to the Group's business nature, recalls for safety and health reasons is not applicable.

### ***B6.2 Number of products and services related complaints***

The Group values feedback from its stakeholders, including customers, employees, suppliers and subcontractors, as an important driver for continuous improvement. Feedback received is reviewed and addressed in a timely manner, with appropriate follow-up actions taken to enhance operational effectiveness and service quality. The Group maintains open communication channels to encourage stakeholders to share their views and concerns, thereby fostering a culture of transparency and continuous improvement.

During the Reporting Year, the Group did not receive any complaints or claims from customers in relation to the quality of work performed. This reflects the Group's commitment to maintaining high standards of service delivery and quality management.

### ***B6.3 Protecting Intellectual Property Right***

The Group is committed to protecting its intellectual property rights while respecting those of third parties. With the registration of "A-City Workshop" as a company trademark, the Group has implemented measures to safeguard its brand identity and ensure the proper use of the trademark across its business operations. In addition, the Group strictly complies with applicable laws and regulations relating to copyrights, patents and trademarks to prevent infringement of third-party intellectual property rights. Through these practices, the Group upholds a fair, ethical and legally compliant business environment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***B6.4 Health and Safety and Quality Assurance***

The Group places the highest priority on the safety and well-being of its workers and all on-site personnel through the implementation of a comprehensive risk management framework. Before the commencement of work at each site, a risk assessment is conducted to identify potential safety hazards, which are communicated to all staff. These risk areas are periodically reviewed, updated as necessary, and workers are informed of any changes to maintain awareness.

To strengthen safety awareness, all workers undergo mandatory training at the commencement of each contract, complemented by periodic refresher courses to reinforce best practices and regulatory compliance. Regular safety inspections are conducted to identify gaps in safety controls, with immediate corrective actions taken to mitigate potential risks.

Beyond internal safety measures, the Group maintains open and transparent communication with clients, inviting them to review work progress at each stage and raise any safety or health concerns. The Group's ISO 9001:2015-aligned quality management system ensures that all work is executed to high standards through a structured control process. Employees, equipped with extensive industry experience, participate in ongoing training programs to stay abreast of the latest industry developments, client requirements, and best practices, enabling the delivery of high-quality work.

Site officers conduct routine inspections, while continuous engagement with clients ensures alignment on work methods, procedures, project timelines, and resource allocation. Any deviations from expected standards are promptly addressed to maintain safety, quality, and regulatory compliance. Through these proactive measures, the Group fosters a secure, well-managed, and responsibly operated construction environment.

## ***B6.5 Protecting Customers' Privacy***

The Group ensures information security and protecting personal data by regularly updating the corresponding policies and guidelines. Firewall, anti-virus and anti-spam solutions are integrated in the Group's information technology infrastructure to help protect customers' information. The staff handbook outlines describes the specific requirements for protecting client data and the confidentiality management. Customer's information is prohibited to use without prior, explicit and implicit consent from the client.

The Group did not have any non-compliance with applicable laws and regulations regarding health and safety, advertising, labelling and privacy matters related to services offered for the Reporting Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## **B7. Anti-corruption**

Throughout all procurement processes, the Group enforces its anti-corruption policies. Over the years, there have been no instances of suspected or actual bribery, extortion, fraud, or money laundering activities. The acceptance of kickbacks, commissions, or any form of bribery is strictly prohibited.

**B7.1** No legal case regarding corrupt practices was brought against the Group during the Reporting Year and the year ended 31 December 2024.

### ***B7.2 Preventive measures and whistle blowing procedure***

The Group's internal manuals provide clear guidance on ethical conduct and compliance. They help employees manage conflicts of interest and avoid situations where personal interests may conflict with the Group's goals. The gift policy outlined in the manuals sets clear rules for accepting and handling gifts, ensuring these exchanges do not compromise ethics or create conflicts.

To prevent corruption, the Group enforces stringent anti-corruption measures at all levels. Employees are strictly prohibited from offering, soliciting, or accepting bribes, kickbacks, or any other forms of illegal payments, either directly or indirectly. To support this, the Group regularly conducts training programs to raise awareness of anti-corruption laws, regulations, and the severe consequences of non-compliance. These measures ensure that employees are well-informed and understand the importance of maintaining ethical conduct in all business dealings.

The Group also fosters a culture of transparency and accountability through robust whistleblower measures. Employees and relevant personnel are encouraged to report any instances of corruption, unethical behavior, or violations of company policies using a confidential reporting channel, such as a dedicated mailbox. This system ensures that all reports are handled with the utmost confidentiality, protecting the anonymity of whistleblowers and encouraging honest communication. Each case is carefully investigated, ensuring that appropriate actions are taken while safeguarding the trust and confidence of all involved.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***B7.3 Anti-corruption training***

The Company is committed to upholding the highest ethical standards and provides anti-corruption training to both directors and staff. During the Reporting Year and the year ended 31 December 2024, the directors participated in anti-corruption and regulatory training to stay updated on relevant laws and best practices. When updates to anti-corruption regulations occur, directors are promptly informed, and the latest information is disseminated across the organisation to ensure continued compliance with the Company's anti-corruption policies.

The Group did not have any non-compliance on applicable laws and regulations regarding bribery, extortion, fraud and money laundering and commit any fraud or corruption for the Reporting Year and the year ended 31 December 2024.

## **B8. Community Investment**

The Group is committed to making a positive contribution to the community through various initiatives, including charitable donations and participation in volunteer activities. These efforts reflect the Group's dedication to fostering social responsibility and encouraging active employee involvement in community service.

### ***B8.1 Focus areas of contribution***

The Group does not limit its community contributions to specific areas but remains committed to identifying and supporting organisations and groups with genuine needs. The Group actively seeks opportunities to create meaningful impact, focusing on causes that align with its values and the broader needs of the community.

### ***B8.2 Resources contributed***

The Group continues to support the community through the active engagement of its employees. Staff are encouraged to participate in volunteer activities and community initiatives, promoting a culture of social responsibility across the organisation. During the Reporting Year, the Group's subsidiary donated HK\$10,000 to the Tung Wah Group of Hospitals to support its wide range of community and healthcare services. Established in 1870, Tung Wah Group of Hospitals is one of the largest charitable organisations in Hong Kong, providing medical, educational and community services to those in need.

# DIRECTORS' REPORT

The Directors are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with members' limited liability on 30 January 2019.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in the undertaking of slope works in Hong Kong.

Details of the principal activities of the principal subsidiaries are set out in note 14 to the consolidated financial statements.

## RESULTS AND DIVIDENDS

Profit of the Group for the year ended 31 December 2025 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 97 to 151.

The Group has distributed one-off special dividend of HK\$0.175 per ordinary share, totalling HK\$70.0 million on 16 February 2024.

The Board does not recommend the payment of final dividend for both year ended 31 December 2025 and 2024.

## FINANCIAL SUMMARY

A summary of the results, and assets and liabilities of the Group announced in the past five years are set out on page 152 of this annual report.

## BUSINESS REVIEW

### Overview

A review of the business of the Group for the year ended 31 December 2025 and a discussion on the Group's future business development are provided in the "Management's Discussion and Analysis" on pages 6 to 15. The discussion constitutes a part of this Directors' Report.

The Group's policies and performance in ESG aspects, and compliance with relevant laws and regulations have been disclosed in "Environmental, Social and Governance Report" on pages 39 to 75.

### Principal Risks and Uncertainties

The principal risks faced by the Group are set out in pages 11 to 12 of this annual report. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosures. Besides, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgements or consult professionals before making any investment in the securities of the Company. The discussion constitutes a part of this Directors' Report.

### Important Events

The Board has not identified any important events affecting the Group that have occurred since the end of this financial year.

### Key Performance Indicators

The key performance indicators are detailed in the financial review set out in the Management's Discussion and Analysis on pages 6 to 15 of this annual report. This discussion constitutes a part of this Directors' Report.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the five largest customers accounted for approximately 92.5% (2024: 93.1%) of the Group's total revenue. The five largest suppliers accounted for approximately 43.1% (2024: 40.1%) of the Group's total purchases. In addition, the largest customer accounted for approximately 40.0% (2024: 31.2%) of the Group's total revenue while the largest supplier accounted for approximately 17.4% (2024: 14.4%) of the Group's total purchases.

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

# DIRECTORS' REPORT (continued)

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains a sound relationship with its employees, and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains sound relationships with its customers and suppliers, without whom success in the Group's operation would be at risk.

## DONATION

During the year ended 31 December 2025, the Group made a charitable and other donations of approximately HK\$10,000 (2024: HK\$Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 135 employees in Hong Kong (31 December 2024: 150 employees in Hong Kong) excluding the Directors. The remuneration package the Group offered to its employees includes salary, bonuses and other cash subsidies. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group reviews the performance of the employees annually which will be taken into account in annual salary review and promotion appraisal.

## DIVIDEND POLICY

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors including the operation and financial performance profitability, business development, prospects, capital requirements and economic outlook. It is also subject to the approval of the shareholders as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. The Group does not have any predetermined dividend payment ratio.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

## BANK OVERDRAFTS AND BORROWING

The Group did not have any bank overdrafts and borrowing as at 31 December 2025.

## INTEREST CAPITALISED

The Group has not capitalised any interest during the year ended 31 December 2025.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2025 is set out in note 22 to the consolidated financial statements.

## RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 100 and in note 24 to the consolidated financial statements, respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had distributable reserve of approximately HK\$49.1 million, calculated under the Companies Act. Such amount includes share premium which may be distributable provided that immediately following the date on which the dividend is proposed, the Company will be in a position to pay off its debts or when they fall due in the ordinary course of business.

## PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive right under the Articles or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

## TAX RELIEF

The Directors are not aware of any tax relief available to the shareholders by reason of their holding of the Company's securities.

## EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 31 December 2025.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of the sole shareholder passed on 25 November 2019. The condition of which has been fulfilled. The Share Option Scheme shall be valid and effective for the period of ten years commencing on 13 December 2019, being the date on which the Share Option Scheme was adopted upon fulfillment of the condition.

As at the date of this report, there is remaining life of over three years of the Share Option Scheme.

## DIRECTORS' REPORT (continued)

### The purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the Group.

### The participants of the Share Option Scheme

Under the Share Option Scheme, the Board may, at its discretion, make an offer to any person belonging to the following classes of participants (the "**Eligible Participants**") share options to subscribe for shares of the Company:

- (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**");
- (ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

## **The total number of Shares available for issue under the Share Option Scheme**

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (i.e. 10% of the total shares in issue at the date of this annual report).

## **The maximum entitlement of each participant under the Share Option Scheme**

Subject to certain circumstances relating to the grant of options to a substantial shareholder, an independent non-executive director or any of their respective associates, the total number of Shares issued which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person (as defined in the Listing Rules)) abstaining from voting.

## **The period within which the Shares must be taken up under an option**

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme.

## **The minimum period for which an option must be held before it can be exercised**

Unless otherwise determined by the 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.

## **The amount, if any, payable on application or acceptance of option and the period within which payments or calls must or may be made or loans for such purposes must be repaid**

An offer shall have been accepted by an Eligible Participant with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

## DIRECTORS' REPORT (continued)

### The basis of determining the exercise price

The subscription price in respect of any option shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (c) the nominal value of the Share.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at the date of this annual report, there was no share option outstanding under the Share Option Scheme.

### DIRECTORS

The members of the Board during the year ended 31 December 2025 and up to the date of this annual report are:

#### EDs

Mr. Sieh Shing Kee (*Chairman*)

Mr. Ho Ka Ki (*Chief Executive Officer*)

#### INEDs

Ms. Chiao Siu Ling

Mr. Kwong Che Sing

Mr. Ling Siu Tsang

Mr. Tso Ping Cheong Brian

In accordance with article 84 of the Articles, at each AGM, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. Accordingly, Mr. Sieh and Mr. Ho will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

### BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out under the section headed "Biographical Details of Directors and Senior Management" as set out on pages 16 to 20 of this annual report.

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the EDs has entered into a service agreement with the Company on 25 November 2019 for an initial term of three years commencing from the GEM Listing, which shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

Each of the INEDs has entered into a letter of appointment with the Company on 25 November 2019 and subsequently renewed for a term of three years commencing from the GEM Listing, except Ms Chiao who has entered into a letter of appointment with the Company on the Appointment Date and subsequently renewed for a term of three years commencing from the same Appointment Date, which all of them shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

Save as disclosed above, none of the Directors, including those to be re-elected at the forthcoming AGM, has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' REMUNERATION

In compliance with the CG Code, the Company has established the Remuneration Committee to make recommendations to the Board on the Company's policy and structure for all the Directors' remuneration. The Directors' remuneration and their discretionary bonus is determined by the Board with reference to the Directors' duties and responsibilities, the recommendation of the Remuneration Committee and the performance and results of the Group. Details of Directors' remuneration are set out in note 12 to the consolidated financial statements of this annual report.

## FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year ended 31 December 2025 include 2 Directors (2024: 2 Directors). Details of the five highest paid individuals are set out in note 12 to the consolidated financial statements.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs and considers that all the INEDs, namely Ms. Chiao, Mr. Kwong, Mr. Ling and Mr. Tso are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules.

## DIRECTORS' REPORT (continued)

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save as disclosed in note 25 to the consolidated financial statements of this annual report, there was no transaction, arrangement or contract of significance connected to the business of the Group to which the Company, its subsidiaries, or its holding company or any of its fellow subsidiaries was a party and in which any Director or a connected entity of a Director had a direct or indirect material interest, subsisting at the end of the year or at any time during the year.

As of 31 December 2025, save as disclosed in note 25 to the consolidated financial statements of this annual report, no contract of significance had been entered into between the Company, or any of its subsidiaries and the Controlling Shareholders of the Company or any of its subsidiaries.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025 and up to the date of this report, none of the Directors, the Controlling Shareholders and the substantial shareholders of the Company or their respective close associates (as defined under the Listing Rules) had any business or interests in a business that competes or may compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group. The INEDs confirmed that the internal control measures in relation to managing actual or potential conflict of interest of the Group have been properly implemented.

### NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

In order to protect the Group's interest in its business activities, on 25 November 2019, the Controlling Shareholders as covenantors executed the Non-competition Undertaking in favour of the Company.

Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders jointly and severally undertakes that he or it shall not, and shall procure that none of their respective close associates (other than members of the Group) shall, during the period which (i) the shares of the Company remain listed on the Stock Exchange; and (ii) the Controlling Shareholders and their respective close associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company; or (iii) any of the Controlling Shareholders or their respective close associates remains as a director of any member of the Group (the "**Restricted Period**"), directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business that is similar to or in competition directly or indirectly with or is likely to be in competition with any business currently and from time to time engaged by the Group in Hong Kong and any other new business which the Group may undertake from time to time after the GEM Listing (the "**Restricted Business**").

## DIRECTORS' REPORT (continued)

Each of the Controlling Shareholders further jointly and severally undertakes to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the **"New Opportunity"**) identified by or offered to the Controlling Shareholders and/or any of their respective close associates (other than members of the Group) (the **"Offeror"**) shall be first referred to the Group in the following manner:

- (a) the Controlling Shareholders are required to, and shall procure their respective close associates (other than members of the Group) to, promptly refer, or procure the referral of, the New Opportunity to the Group, and shall promptly give written notice to the Company of any New Opportunity containing all information reasonably necessary for the Group to consider whether (i) the New Opportunity would constitute competition with the business of the Group and/or any other new business which the Group may undertake at the relevant time; and (ii) it is in the interest of the Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the **"Offer Notice"**); and
- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from the Company declining the New Opportunity and confirming that the New Opportunity would not constitute competition with the business of the Group; or (ii) the Offeror has not received the notice from the Company within 10 business days from the Company's receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror shall refer the New Opportunity as so revised to the Group in the manner as set out above.

The Company confirms that the Non-competition Undertaking of each of Mr. Sieh, Mr. Ho and Good Hill (collectively constituting the Controlling Shareholders), details of which were set out in the Prospectus and the Listing Documents, has been fully complied and enforced since the GEM Listing and up to the date of this report. The Company has obtained an annual written confirmation from each of the Controlling Shareholders in relation to their compliance with the terms of the Deed. The INEDs confirmed that they have reviewed the compliance with the terms of the Non-competition Undertaking by the Controlling Shareholders and the enforcement of the Non-competition Undertaking given by the Controlling Shareholders and are satisfied that the Controlling Shareholders have complied with the terms of the Non-competition Undertaking. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the shareholders and the potential investors of the Group.

# DIRECTORS' REPORT (continued)

## COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the year ended 31 December 2025 and up to the date of this annual report.

## PERMITTED INDEMNITY PROVISION

Upon the GEM Listing, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefits of the Directors. The permitted indemnity provisions are provided for in the Company's Articles in respect of potential losses and liability associated with legal proceedings that may be brought against such Directors and the payment of any sum primarily due from the Company that may be liable by the Directors.

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force.

## MANAGEMENT CONTRACTS

There was no contracts concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the year ended 31 December 2025.

## RELATED PARTY TRANSACTIONS

To the best knowledge of the Directors, save as disclosed under note 25 to the consolidated financial statements of this annual report, the Group did not incur any related party transactions during the year ended 31 December 2025.

During the year ended 31 December 2025, the Group did not enter into any connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules which require disclosure in this annual report.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Report, at no time during the year ended 31 December 2025 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined in the Listing Rules) had any interests in, or had been granted, or exercised any rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company and/or its associated corporations (within the meaning of SFO).

## DIRECTORS' REPORT (continued)

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2025, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (b) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) would be required, pursuant to the Model Code relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

#### Long positions in shares and underlying shares of the Company and its associated corporation

Name of Director	Company concerned	Nature of interest/ holding capacity	Number of ordinary shares held	Percentage of interests in the issued share capital of the Company/ associated corporation
Mr. Sieh	Company	Interest in a controlled corporation/Interests held jointly with another person	300,000,000 (L) <small>(Notes 2 and 3)</small>	75% <sup>(Note 1)</sup>
	Good Hill	Beneficial owner	2 (L) <small>(Note 3)</small>	50%
Mr. Ho	Company	Interest in a controlled corporation/Interests held jointly with another person	300,000,000 (L) <small>(Notes 2 and 3)</small>	75% <sup>(Note 1)</sup>
	Good Hill	Beneficial owner	2 (L) <small>(Note 3)</small>	50%

#### Notes:

- As at 31 December 2025, the Company's issued ordinary share capital was HK\$4.0 million divided into 400,000,000 shares of HK\$0.01 each.
- These 300,000,000 Shares are held by Good Hill, which in turn is directly owned in equal share by each of Mr. Sieh and Mr. Ho. As such, Mr. Sieh and Mr. Ho are deemed under the SFO to be interested in the 300,000,000 Shares collectively held through Good Hill.
- The letter "L" denotes the person's long position in the shares.

## DIRECTORS' REPORT (continued)

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to the Model Code relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

### INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares of the Company which (i) were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules; or (iii) who will be, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of shareholders	Nature of Interest/ holding capacity	Number of ordinary shares held	Percentage of Interests in the issued share capital of the Company <sup>(Note 1)</sup>
Good Hill	Beneficial owner	300,000,000 (L) <sup>(Notes 2 and 5)</sup>	75%
Ms. Cao Hongmei	Interest of spouse	300,000,000 (L) <sup>(Notes 3 and 5)</sup>	75%
Ms. Lee Kim Kum	Interest of spouse	300,000,000 (L) <sup>(Notes 4 and 5)</sup>	75%

Notes:

- As at 31 December 2025, the Company's issued ordinary share capital was HK\$4.0 million divided into 400,000,000 shares of HK\$0.01 each.
- These 300,000,000 Shares are held by Good Hill, which in turn is directly owned in equal share by each of Mr. Sieh and Mr. Ho. As such, Mr. Sieh and Mr. Ho are deemed under the SFO to be interested in the 300,000,000 Shares collectively held through Good Hill.
- Ms. Cao Hongmei is the spouse of Mr. Sieh. As such, she is deemed to be interested in the shares of the Company in which Mr. Sieh Shing Kee is interested under Part XV of the SFO.
- Ms. Lee Kim Kum is the spouse of Mr. Ho. As such, she is deemed to be interested in the shares of the Company in which Mr. Ho Ka Ki is interested under Part XV of the SFO.
- The letter "L" denotes the person's long position in the shares of the Company.

## DIRECTORS' REPORT (continued)

Save as disclosed above, as at the 31 December 2025, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2025 (including sale of treasury shares of the Company).

### **CORPORATE GOVERNANCE**

The Company has applied the principles of the CG Code and has complied with the applicable code provisions during the financial year ended 31 December 2025. Details of the principal corporate governance practices as adopted by the Company and the Company's compliance with the applicable code provisions are set out in the section headed "Corporate Governance Report" on pages 21 to 38 of this report.

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the Model Code regarding securities transactions during the year ended 31 December 2025.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees was identified during the year ended 31 December 2025 after making reasonable enquiry.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

The Group has adopted risk management and internal control policies to monitor the on-going compliance with the relevant laws and regulations. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2025.

# **DIRECTORS' REPORT** (continued)

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is committed to enhancing environmental protection to minimise the impact of its activities on the environment. It is the policy of the Group to promote clean operation and strives to making the most efficient use of resources in its operations and minimizing wastes and emission. Details are set out in Environmental, Social and Governance Report on pages 39 to 75 of this annual report.

## **SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

During the year ended 31 December 2025, the Group did not have any significant investment and any other plan for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2025 and up to the date of this report, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

## **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

There were no significant event affecting the Group have occurred after the reporting period.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on 29 May 2026, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

## CLOSURE OF THE REGISTER OF MEMBERS OF SHARES

To be eligible to attend and vote in the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 22 May 2026 to Friday, 29 May 2026 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for attending and voting at the forthcoming annual general meeting, all Share transfer documents must be lodged with Boardroom Share Registrars (HK) Limited, the Company's share registrar in Hong Kong, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 21 May 2026.

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Grant Thornton, who will retire at the forthcoming the AGM and offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint Grant Thornton as the auditor of the Company.

By order of the Board  
**Maxicity Holdings Limited**  
**Sieh Shing Kee**  
*Chairman*

Hong Kong, 26 March 2026

# INDEPENDENT AUDITOR'S REPORT



To the members of Maxicity Holdings Limited  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Maxicity Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 97 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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 (continued)

## KEY AUDIT MATTERS (Continued)

### Recognition of contract revenue and contract assets for construction contracts

Refer to notes 2.9, 2.13, 4, 5 and 16 to the consolidated financial statements.

#### Key Audit Matter

#### How the Matter was Addressed in our Audit

We identified construction contract revenue and contract assets as a key audit matter as they are quantitatively significant to the consolidated financial statements as a whole.

As disclosed in notes 5 and 16 to the consolidated financial statements, the construction contracts revenue amounted to approximately HK\$238,557,000 for the year ended 31 December 2025 and the contract assets amounted to approximately HK\$29,130,000 as at 31 December 2025. As set out in note 5 to the consolidated financial statements, the Group recognised contract revenue by reference to the progress of satisfying the performance obligation at the reporting date.

Our audit procedures in relation to the contract revenue and contract assets for construction contracts included the following:

- Understood the Group's internal controls over the recognition of contract revenue for construction contracts;
- Inspected the key terms and conditions of construction contracts and verified the total contract revenue;
- Discussed with management of the Group and checking on a sample basis, the supporting documents such as contracts and variation orders to evaluate the reasonableness of the revenue recognised;
- Assessed the revenue from construction contracts by comparing, on a sample basis, with the latest certificates issued by the customers or their agents before and after year end; and
- Checked the revenue to underlying construction contracts entered into with customers and other relevant correspondences and supporting documents in respect of variations in construction works or price adjustments on a sample basis.

# INDEPENDENT AUDITOR'S REPORT (continued)

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2025 annual report of the Company, 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## INDEPENDENT AUDITOR'S REPORT (continued)

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT (continued)

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor

Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

26 March 2026

**Lau Kwong Kei**

Practising Certificate No.: P07578

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	5	238,557	205,780
Cost of services		(210,431)	(188,092)
<b>Gross profit</b>		28,126	17,688
Other income and other gains, net	6	1,599	1,412
Administrative expenses		(14,759)	(8,954)
Finance costs	7	(67)	(102)
<b>Profit before income tax</b>	8	14,899	10,044
Income tax expense	9	(2,286)	(1,299)
<b>Profit and total comprehensive income for the year</b>		12,613	8,745
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	11	HK3.15 cents	HK2.19 cents

The notes on pages 102 to 151 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current asset</b>			
Property, plant and equipment	13	6,741	8,256
<b>Current assets</b>			
Trade and other receivables	15	5,801	25,341
Contract assets	16	29,130	13,860
Current tax recoverable		–	1,095
Cash and bank balances	17	81,731	63,365
		116,662	103,661
<b>Current liabilities</b>			
Trade and other payables	18	23,196	24,753
Contract liabilities	16	2,706	3,136
Lease liabilities	19	529	843
Current tax payable		1,223	–
		27,654	28,732
<b>Net current assets</b>		89,008	74,929
<b>Total assets less current liabilities</b>		95,749	83,185
<b>Non-current liabilities</b>			
Lease liabilities	19	110	272
Long service payment obligations	20	531	293
Deferred tax liabilities	21	670	795
		1,311	1,360
<b>Net assets</b>		94,438	81,825

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

as at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>EQUITY</b>			
Share capital	22	4,000	4,000
Reserves	23	90,438	77,825
<b>Equity attributable to equity holders of the Company</b>		<b>94,438</b>	<b>81,825</b>

**Mr. Sieh Shing Kee**  
*Director*

**Mr. Ho Ka Ki**  
*Director*

The notes on pages 102 to 151 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Share capital HK\$'000 (note 22)	Share premium* HK\$'000 (note 23)	Capital reserve* HK\$'000 (note 23)	Retained earnings* HK\$'000 (note 23)	Total HK\$'000
As at 1 January 2024	4,000	50,084	1	88,995	143,080
Profit and total comprehensive income for the year	–	–	–	8,745	8,745
Special dividend for the year ended 31 December 2024 (Note 10)	–	–	–	(70,000)	(70,000)
<b>As at 31 December 2024 and 1 January 2025</b>	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>27,740</b>	<b>81,825</b>
Profit and total comprehensive income for the year	–	–	–	12,613	12,613
<b>As at 31 December 2025</b>	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>40,353</b>	<b>94,438</b>

\* These reserve accounts comprise the consolidated reserves of HK\$90,438,000 (2024: HK\$77,825,000) in the consolidated statement of financial position.

The notes on pages 102 to 151 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

Notes	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	14,899	10,044
Adjustments for:		
Depreciation	4,251	4,318
(Gain)/Loss on early termination of lease	(18)	20
(Gain)/Loss on disposal of property, plant and equipment	(459)	34
Gain on disposal of a subsidiary	(121)	–
Long service payment obligations: expenses recognised in profit or loss	225	266
Finance costs	67	102
Bank interest income	(999)	(1,466)
Written off of amount due from a former subsidiary	56	–
Operating profit before working capital changes	17,901	13,318
(Increase)/Decrease in contract assets	(15,270)	19,755
(Decrease)/Increase in contract liabilities	(430)	2,742
Decrease/(Increase) in trade and other receivables	19,540	(13,733)
(Decrease)/Increase in trade and other payables	(1,557)	3,515
Cash generated from operations	20,184	25,597
Income taxes paid	(93)	(3,176)
<i>Net cash generated from operating activities</i>	<b>20,091</b>	<b>22,421</b>
<b>Cash flows from investing activities</b>		
Interest received	999	1,887
Purchase of property, plant and equipment	(2,365)	(4,720)
Proceeds from disposal of property, plant and equipment	459	4
Proceeds from disposal of a subsidiary	65	–
<i>Net cash used in investing activities</i>	<b>(842)</b>	<b>(2,829)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	26	(829)
Bond issuance	31	40,000
Bond redemption	31	(40,000)
Interest paid	10	(54)
Dividends paid	10	–
<i>Net cash used in financing activities</i>	<b>(883)</b>	<b>(70,782)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,366</b>	<b>(51,190)</b>
Cash and cash equivalents at the beginning of year	63,365	114,555
<b>Cash and cash equivalents at the end of year</b>	<b>81,731</b>	<b>63,365</b>

The notes on pages 102 to 151 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2025

## 1. GENERAL INFORMATION

Maxicity Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands on 30 January 2019. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 302, 3/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in undertaking slope works in Hong Kong.

The Company’s immediate and ultimate holding company is Good Hill Investment Limited (“**Good Hill**”), a company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling shareholders of the Group are Mr. Sieh Shing Kee and Mr. Ho Ka Ki.

The consolidated financial statements were approved for issue by the board of directors on 26 March 2026.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“**HKFRS Accounting Standards**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The material accounting policies that have been used in the preparation of this consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRS Accounting Standards and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

The consolidated financial statements have been prepared under the historical cost basis. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (HK\$’000), except where otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial information of the Company and all its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre- or post-acquisition profits are recognised in the Company’s profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

### 2.4 Property, plant and equipment

Property, plant and equipment (including right-of-use assets) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset (other than cost of right-of-use assets described in note 2.10). Depreciation commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost less their residual values (if any) over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the term of lease or 20%, whichever is shorter
Furniture and fixtures	20%
Plant and machinery	20%
Motor vehicles	33.33%

Accounting policy for depreciation of right-of-use assets is set out in note 2.10.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.5 Financial instruments

#### *Recognition and derecognition*

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. Financial liabilities are derecognised when it is extinguished, discharged, cancelled or expires.

#### *Financial assets*

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**"), all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("**FVTPL**"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

All financial assets are measured at amortised costs.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Expected credit losses ("**ECL**") of trade receivables, contract assets and other financial assets measured at amortised cost is presented as a separate item in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.5 Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Subsequent measurement of financial assets*

##### Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in “Other income, gains and losses, net” in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s trade and other receivables and cash and bank balances fall into this category of financial instruments.

#### *Financial liabilities*

##### *Classification and measurement of financial liabilities*

The Group’s financial liabilities include trade and other payables and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.10.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.6 Impairment of financial assets and contract assets

HKFRS 9 “Financial Instruments” (“HKFRS 9”) impairment requirements use forward-looking information to recognise ECL – the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and contract assets recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### ***Trade receivables and contract assets***

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables and contract assets have been assessed collectively and grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.6 Impairment of financial assets and contract assets (Continued)

#### *Other financial assets measured at amortised cost*

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.6 Impairment of financial assets and contract assets (Continued)

#### *Other financial assets measured at amortised cost (Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs (i) 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 collateral held by the Group) or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables, contract assets and other financial assets measured at amortised cost are set out in note 28.3.

### 2.7 Impairment of non-financial assets

The Group's property, plant and equipment (including right-of-use assets) and the Company's investment in a subsidiary are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is charged pro rata to the assets in the cash generating unit, except that the carrying amount of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.7 Impairment of non-financial assets (Continued)

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### 2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.9 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.6 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.10 Leases

#### *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

For contracts 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 and non-lease component on the basis of their relative stand-alone prices.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.10 Leases (Continued)

#### *Definition of a lease and the Group as a lessee (Continued)*

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedient instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.10 Leases (Continued)

#### *Definition of a lease and the Group as a lessee (Continued)*

#### *Measurement and recognition of leases as a lessee (Continued)*

On the consolidated statement of financial position, right-of-use assets have been included in "Property, plant and equipment", the same line as it presents the underlying assets of the same nature that it owns.

The payments of refundable rental deposits are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

### 2.11 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

### 2.12 Share capital

Ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value and any related transaction costs are deducted from the share premium.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.13 Revenue recognition

Revenue arises mainly from the contracts for the undertaking slope works services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.13 Revenue recognition (Continued)

#### *Revenue from undertaking slope works contracts*

The Group undertakes slope works contracts with customers. Such contracts are entered into before the services begin. Revenue from slope works is recognised over time using output method, i.e. based on surveys of undertaking slope works completed by the Group to date as certified by the customers or their agents. In cases where the payment certificates do not take place as at the Group's reporting period-end dates or do not exactly cover periods up to the reporting period-end dates, the revenue for the period from the last payment certificates up to the reporting period-end dates is estimated based on the actual amounts of works performed by the Group during such period as indicated by the internal progress reports, the payment applications prepared by the Group and the next payment certificates, if any, issued by the Group's customers or other representatives appointed by the Group's customers that takes place subsequent to the reporting period-end dates. The management of the Group considers that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligation under HKFRS 15.

The Group generally provides warranties for repairs to any construction defects and does not provide any extended warranties in its construction contract with customers. As such, all existing warranties are considered as assurance-type warranties under HKFRS 15, which are accounted for under HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.14 Employee benefits

#### *Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("LSP") if the eligibility criteria are met. The LSP are defined benefits plans.

#### *(a) Defined contribution plans*

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

#### *(b) Defined benefit plans*

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remain with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.14 Employee benefits (Continued)

#### *Retirement benefits (Continued)*

##### *(b) Defined benefit plans (Continued)*

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in "finance costs".

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, if any, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.14 Employee benefits (Continued)

#### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 2.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.15 Accounting for income taxes (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the 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 is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable profit, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.15 Accounting for income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2.16 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### 2.17 Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group.
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) the entity and the Group are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

### 3.1 Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments do not have a material impact on the financial statements of the Group.

### 3.2 Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group’s consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS (Continued)

### 3.2 Issued but not yet effective HKFRS Accounting Standards (Continued)

#### *HKFRS 18 “Presentation and Disclosure in Financial Statements” and related amendments to Hong Kong Interpretation 5*

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### **Estimation of impairment of trade and other receivables and contract assets within the scope of ECL under HKFRS 9**

The Group makes allowances on items subjects to ECL (including trade and other receivables and contract assets) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 2.6. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and other receivables and contract assets and credit losses in the periods in which such estimate has been changed. No ECL in respect of trade and other receivables and contract assets was recognised during the years. Carrying amounts of trade and other receivables and contract assets are set out in notes 15 and 16, respectively.

### **Estimation of LSP obligations**

Management's estimate of the LSP obligations is based on a number of critical underlying assumptions such as the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Variation in these assumptions may significantly impact the LSP obligations amount and the annual defined benefit expenses amount.

Any changes in these assumptions will impact the carrying amount of LSP obligations.

As at 31 December 2025, the carrying amounts of LSP obligations are HK\$531,000 (2024: HK\$293,000). Details of key assumptions and impact of possible changes in key assumptions are disclosed in Note 20.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION

### 5.1 Revenue

The Group's principal activities are disclosed in note 1 of the consolidated financial statements. Revenue represents income arising on the provision of slope works to external customers. The Group's revenue is recognised over time.

	2025 HK\$'000	2024 HK\$'000
<b>Provision of slope works</b>		
– Public sector projects	224,407	193,598
– Private sector projects	14,150	12,182
	<b>238,557</b>	<b>205,780</b>

#### *Remaining performance obligations*

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
<b>Remaining performance obligations expected to be satisfied during the year ending</b>		
31 December 2025	–	338,651
31 December 2026	293,921	36,349
31 December 2027	100,283	–
31 December 2028	50,930	–
31 December 2029	50,930	–
	<b>496,064</b>	<b>375,000</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### 5.2 Segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The directors regard the Group's business of undertaking slope works as a single operating segment and review the overall results of the Group as a whole to make decision about resources allocation and performance assessment. Accordingly, no segment analysis information is presented.

#### *Geographical information*

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

#### *Information about major customers*

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

	2025 HK\$'000	2024 HK\$'000
Customer A	42,531	21,826
Customer B	48,919	64,102
Customer C	25,598	42,738
Customer D	95,221	53,916

## 6. OTHER INCOME AND OTHER GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	999	1,466
Gain/(Loss) on disposal of property, plant and equipment	459	(34)
Gain/(Loss) on early termination of lease	18	(20)
Gain on disposal of a subsidiary (Note 30)	121	–
Sundry income	2	–
	1,599	1,412

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Finance charges on lease liabilities	54	75
Net interest expense on LSP obligations (note 20)	13	27
	67	102

## 8. PROFIT BEFORE INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Profit before income tax is arrived at after charging:		
<b>(a) Employee benefit expenses (including directors' emoluments)</b> (note 12(a))		
– Salaries, wages and other benefits	74,667	58,726
– Contributions to defined contribution retirement plans (note b)	2,177	1,880
– Expenses arising from LSP obligations (note 20)	225	266
Staff costs (including director's remuneration) (note a)	77,069	60,872
<b>(b) Other items</b>		
Depreciation, included in:		
– Cost of services		
– Owned assets	3,124	3,345
– Right-of-use assets	872	847
– Administrative expenses		
– Owned assets	200	17
– Right-of-use assets	55	109
	4,251	4,318
Auditor's remuneration	900	830
Subcontracting charges (included in "Cost of services")	106,767	88,963
Short-term lease with lease term less than 12 months in respect of machinery (included in "Cost of services")	435	356
Short-term lease with lease term less than 12 months in respect of a carpark (included in "Administrative expenses")	–	60

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 8. PROFIT BEFORE INCOME TAX (Continued)

Notes:

(a) Presenting in consolidated statement of profit or loss and other comprehensive income as:

	2025 HK\$'000	2024 HK\$'000
Cost of services	66,396	55,566
Administrative expenses	10,673	5,306
	77,069	60,872

(b) During the years ended 31 December 2025 and 2024, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2025 and 2024, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

## 9. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Hong Kong Profits Tax		
– Current tax	2,411	1,188
– Over-provision in respect of prior years	–	(29)
	2,411	1,159
Deferred tax (note 21)	(125)	140
	2,286	1,299

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

For the years ended 31 December 2025 and 2024, Hong Kong Profits Tax of A-City Workshop Limited, a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime. Profits tax of other group entities continue to be taxed at the flat rate of 16.5%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2025 HK\$'000	2024 HK\$'000
Profit before income tax	14,899	10,044
Tax at Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	2,458	1,657
Tax effect of non-taxable revenue	(165)	(242)
Tax effect of non-deductible expenses	30	118
Effect of two-tiered profits tax rates regime	(165)	(165)
Over-provision in respect of prior years	–	(29)
Utilisation of tax losses previously not recognised	–	(40)
Others	128	–
Income tax expense	2,286	1,299

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of the tax losses as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilised in the foreseeable future.

As at 31 December 2025, the Group had unused tax losses of approximately HK\$2,060,000 (2024: HK\$1,139,000), which are available for offset against future profits that may be carried forward indefinitely and are subject to approval from the Hong Kong Inland Revenue Department.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 10. DIVIDENDS

### (a) Dividends attributable to the year

	2025 HK\$'000	2024 HK\$'000
Special dividend of HK17.5 cents per ordinary share for the year ended 31 December 2024	–	70,000

### (b) Dividends approved and paid during the year

	2025 HK\$'000	2024 HK\$'000
Special dividend of HK17.5 cents per ordinary share for the year ended 31 December 2024	–	70,000

In the meeting of the board of directors held on 19 January 2024, the board proposed a special dividend of HK17.5 cents per ordinary share, totalling HK\$70,000,000. The proposal was approved by shareholders of the Company in the extraordinary general meeting held on 2 February 2024 and the special dividend was paid on 16 February 2024.

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: nil).

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earning attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Earnings for the purpose of calculating basic earnings per share (profit for the year) (HK\$'000)	12,613	8,745
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	400,000	400,000

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' and chief executives' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
<i>Executive directors:</i>					
Mr. Sieh Shing Kee ( <i>Chairman</i> ) (note (i))	–	1,760	2,500	18	4,278
Mr. Ho Ka Ki ( <i>Chief Executive Officer</i> ) (note (ii))	–	1,760	2,500	18	4,278
<i>Independent non-executive directors:</i>					
Mr. Kwong Che Sing	168	–	–	–	168
Mr. Ling Siu Tsang	168	–	–	–	168
Mr. Tso Ping Cheong Brian	168	–	–	–	168
Ms. Chiao Siu Ling	150	–	–	–	150
	654	3,520	5,000	36	9,210
<b>Year ended 31 December 2024</b>					
<i>Executive directors:</i>					
Mr. Sieh Shing Kee ( <i>Chairman</i> ) (note (i))	–	1,520	–	18	1,538
Mr. Ho Ka Ki ( <i>Chief Executive Officer</i> ) (note (ii))	–	1,520	–	18	1,538
<i>Independent non-executive directors:</i>					
Mr. Kwong Che Sing	168	–	–	–	168
Mr. Ling Siu Tsang	168	–	–	–	168
Mr. Tso Ping Cheong Brian	168	–	–	–	168
Ms. Chiao Siu Ling	150	–	–	–	150
	654	3,040	–	36	3,730

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (a) Directors' and chief executives' emoluments (Continued)

Notes:

- (i) Mr. Sieh Shing Kee is also the Chairman of the Company and a director of the Company's subsidiaries. The emoluments above included his services in connection with these capacities.
- (ii) Mr. Ho Ka Ki is also the Chief Executive Officer of the Company and a director of the Company's subsidiaries. The emoluments above included his services in connection with these capacities.
- (iii) The emoluments shown above were for the services in connection with the management of the affairs of the Group.
- (iv) No emoluments were paid by the Group to a director as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group.
- (v) There was no arrangement under which a director has waived or agreed to waive any emolument.

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included two (2024: two) directors whose emoluments are disclosed in note 12(a). The aggregate of the emoluments in respect of the remaining three (2024: three) individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, fee and allowances	3,061	2,769
Retirement scheme contributions	54	54
	<b>3,115</b>	<b>2,823</b>

The emoluments fell within the following bands:

	2025	2024
Nil – HK\$1,000,000	1	2
HK\$1,000,001 – HK\$1,500,000	2	1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT

	Building premises HK\$'000 (note)	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000 (note)	Total HK\$'000
<b>At 1 January 2024</b>						
Cost	1,555	1,059	3,619	5,116	4,721	16,070
Accumulated depreciation	(816)	(261)	(1,587)	(3,572)	(2,975)	(9,211)
<b>Net book amount</b>	<b>739</b>	<b>798</b>	<b>2,032</b>	<b>1,544</b>	<b>1,746</b>	<b>6,859</b>
<b>Year ended 31 December 2024</b>						
Opening net book amount	739	798	2,032	1,544	1,746	6,859
Additions	1,099	416	987	461	2,856	5,819
Disposals	-	-	-	-	(38)	(38)
Early termination of lease	(66)	-	-	-	-	(66)
Depreciation	(757)	(253)	(734)	(820)	(1,754)	(4,318)
<b>Closing net book amount</b>	<b>1,015</b>	<b>961</b>	<b>2,285</b>	<b>1,185</b>	<b>2,810</b>	<b>8,256</b>
<b>At 31 December 2024 and 1 January 2025</b>						
Cost	2,132	1,475	4,606	5,577	7,518	21,308
Accumulated depreciation	(1,117)	(514)	(2,321)	(4,392)	(4,708)	(13,052)
<b>Net book amount</b>	<b>1,015</b>	<b>961</b>	<b>2,285</b>	<b>1,185</b>	<b>2,810</b>	<b>8,256</b>
<b>Year ended 31 December 2025</b>						
Opening net book amount	1,015	961	2,285	1,185	2,810	8,256
Additions	470	-	417	97	1,851	2,835
Early termination of lease	(99)	-	-	-	-	(99)
Depreciation	(811)	(291)	(827)	(542)	(1,780)	(4,251)
<b>Closing net book amount</b>	<b>575</b>	<b>670</b>	<b>1,875</b>	<b>740</b>	<b>2,881</b>	<b>6,741</b>
<b>At 31 December 2025</b>						
Cost	1,569	1,475	5,023	5,374	7,693	21,134
Accumulated depreciation	(994)	(805)	(3,148)	(4,634)	(4,812)	(14,393)
<b>Net book amount</b>	<b>575</b>	<b>670</b>	<b>1,875</b>	<b>740</b>	<b>2,881</b>	<b>6,741</b>

Note: The Group has obtained the right to use building premises and motor vehicles through the lease agreements. The leases typically run on an initial period of 2 to 3.5 years. The Group makes fixed payments during the contract period. As at 31 December 2025, the carrying amounts of the Group's right-of-use assets in relation to building premises and motor vehicles are HK\$575,000 (2024: HK\$1,015,000) and Nil (2024: HK\$116,000) respectively. The depreciation charge for the year ended 31 December 2025 of the Group's right-of-use assets in relation to building premises and motor vehicles are HK\$811,000 (2024: HK\$757,000) and HK\$116,000 (2024: HK\$199,000) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 14. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries at 31 December 2025 and 2024 are as follows:

Name of company	Kind of legal entity	Place of incorporation and operation	Issued and paid-up capital	Equity interest attributable to the Group		Principal activities
				2025	2024	
<b>Directly held by the Company</b>						
Kanic International Limited	Limited liability company	The BVI	US\$11 (2024: US\$11)	100%	100%	Investment holding
<b>Indirectly held by the Company</b>						
A-City Workshop Limited	Limited liability company	Hong Kong	HK\$23,800,000 (2024: HK\$13,900,000)	100%	100%	Undertaking slope works in Hong Kong
Rankine Resources Limited (note)	Limited liability company	Hong Kong	HK\$10,000 (2024: nil)	100%	N/A	Undertaking slope works in Hong Kong

None of the subsidiaries had issued any debt securities at the end of the reporting period.

Note: Rankine Resources Limited was incorporated on 16 September 2025 in Hong Kong with issued and paid-up capital amounting to HK\$10,000.

## 15. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables (note (i))	1,404	19,872
Prepayments (note (ii))	2,698	3,262
Other receivables and deposits (note (iii))	1,699	2,207
	<b>5,801</b>	<b>25,341</b>

The directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 15. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

### (i) Trade receivables

The Group grants credit terms to customers for a period of 30 to 60 days from the invoice date for trade receivables. For settlement of trade receivables from provision of undertaking slope works, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgement and experience of the management.

Based on the invoice date, the ageing analysis of the trade receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	1,140	17,164
31 to 90 days	–	1,130
Over 90 days	264	1,578
	1,404	19,872

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9 which permits the use of lifetime ECL provision for all trade receivables. As at 31 December 2025 and 2024, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were insignificant.

### (ii) Prepayments

As at 31 December 2025, prepayments mainly comprised of: (1) prepaid expenses for insurance covered in sites operation and machinery rentals expenses which amounted to HK\$2,524,000 (2024: HK\$3,262,000); and (2) prepaid materials which amounted to HK\$174,000 (2024: HK\$nil).

### (iii) Other receivables and deposits

As at 31 December 2025, other receivables and deposits mainly comprised of: (1) utility and security deposits which amounted to HK\$1,449,000 (2024: HK\$2,045,000) and (2) interest receivables from bank fixed deposits which amounted to HK\$190,000 (2024: HK\$139,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 16. CONTRACT ASSETS AND CONTRACT LIABILITIES

### 16.1 Contract assets

	2025 HK\$'000	2024 HK\$'000
Unbilled revenue	26,407	7,708
Retention receivables	2,723	6,152
	29,130	13,860

Contract assets represent the Group's right to considerations from customers for the provision of undertaking slope work, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by the customers or their appointed architects, surveyors or their agents; and (ii) the customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts after the expiry of the defect liability period of construction projects. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. As at 31 December 2025 and 2024, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were insignificant.

Changes of contract assets during the year ended 31 December 2025 were mainly due to:

- (i) Changes in unbilled revenue as a result of number of contract works that the relevant services were completed and certified during the year; and
- (ii) Changes in retention receivables as a result of an decrease of number of ongoing and completed contracts under the defect liability period during the year.

Movements in the contract assets balances during the years are as follows:

	2025 HK\$'000	2024 HK\$'000
Transfers from contract assets recognised at the beginning of the year to trade receivables	11,138	29,501

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 16. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

### 16.2 Contract liabilities

	2025 HK\$'000	2024 HK\$'000
Contract liabilities arising from construction contracts from billings in advance of performance	2,706	3,136

All of the contract liabilities are expected to be recovered/settled within one year.

### *Revenue recognised in relation to contract liabilities*

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,442	394

## 17. CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Cash at banks and in hand	22,023	16,340
Short-term fixed deposits	59,708	47,025
	<b>81,731</b>	<b>63,365</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The short-term fixed deposits earn interest rates at 2.0% to 2.5% (2024: 3.0% to 4.64%) per annum with an original maturity of one to three months (2024: three months).

The directors consider that the fair values of the short-term bank deposits are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 18. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (note (i))	21,452	23,021
Accruals and other payables (note (ii))	1,744	1,732
	<b>23,196</b>	<b>24,753</b>

Notes:

### (i) Trade payables

The Group is granted by its suppliers a credit period ranging from 0 to 45 days. The ageing analysis of trade payables based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	21,228	22,398
31 to 60 days	–	–
61 to 90 days	–	–
91 to 365 days	–	399
Over 365 days	224	224
	<b>21,452</b>	<b>23,021</b>

### (ii) Accruals and other payables

As at 31 December 2025, accruals and other payables mainly comprised of: (1) other payable to subcontractor which amounted to HK\$340,000 (2024: HK\$340,000); and (2) accrued professional fees which amounted to HK\$1,400,000 (2024: HK\$1,330,000).

All amounts are short-term and hence, the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 19. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025 HK\$'000	2024 HK\$'000
<b>Total minimum lease payments:</b>		
Within one year	545	890
After one year but within two years	111	278
	656	1,168
Less: Future finance charges on lease liabilities	(17)	(53)
Present value of lease liabilities	639	1,115
<b>Present value of minimum lease payments:</b>		
Within one year	529	843
After one year but within two years	110	272
	639	1,115
Less: Portion due within one year included under current liabilities	(529)	(843)
Portion due after one year included under non-current liabilities	110	272

During the year ended 31 December 2025, the total cash outflows for the leases are approximately HK\$1,318,000 (2024: HK\$1,198,000).

## 20. LONG SERVICE PAYMENT OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to long service payment ("LSP") under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 20. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP. The Amendment Ordinance took effect on 1 May 2025 (the “**Transition Date**”). Separately, the Government implemented a scheme to subsidise a portion of the post-transition LSP payable by an employer up to a certain amount per employee per year for a period of 25 years after the Transition Date (the “**LSP Subsidy**”).

Among other things, upon the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee’s total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.14 to the consolidated financial statements and other comprehensive income.

The Group has determined that the Amendment Ordinance primarily impacts the Group’s LSP obligations with respect to Hong Kong employees.

The Group was not entitled to any LSP Subsidy during the year ended 31 December 2025.

The present value of unfunded LSP obligations and its movements are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	293	–
Expenses recognised in profit or loss:		
– Current service cost	225	266
– Interest cost	13	27
At end of the year	531	293

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 20. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

The current service cost is included in “employee benefits expenses” and interest cost is included in “finance costs”. They are recognised in the following line items in the consolidated statement of profit or loss:

	2025 HK\$'000	2024 HK\$'000
Cost of services	171	154
Administrative expenses	54	112
Finance costs	13	27
	238	293

### Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2025	2024
Discount rate	3.7%	4.1%
Salary growth rate	3.8%	3.1%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management’s historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 19 years (2024: 18 years).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 20. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

Expected maturity analysis of undiscounted LSP obligations in the coming years as at 31 December 2025 and 31 December 2024 is disclosed as follows:

	Within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000
<b>As at 31 December 2025</b>				
LSP obligations	–	26	84	421
<b>As at 31 December 2024</b>				
LSP obligations	–	–	22	271

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

## 21. DEFERRED TAX LIABILITIES

During the years ended 31 December 2025 and 2024, deferred taxation is calculated in full on temporary differences under the liability method using the average tax rates that are expected to apply to the taxable profit of the year in which the temporary differences are expected to be utilised.

The movement in deferred tax liabilities during the years are as follows:

	Accelerated tax depreciation	
	2025 HK\$'000	2024 HK\$'000
At beginning of the year	795	655
(Credited)/Charged to profit or loss (note 9)	(125)	140
At end of the year	670	795

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 22. SHARE CAPITAL

The authorised and issued share capital of the Company for the years ended 31 December 2025 and 2024 are as follows:

Ordinary shares of HK\$0.01 each	Number of shares	HK\$'000
<b>Authorised:</b>		
As at 31 December 2025 and 2024	1,000,000,000	10,000
<b>Issued and fully paid:</b>		
As at 31 December 2025 and 2024	400,000,000	4,000

## 23. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

### Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Act of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

### Capital reserve

The capital reserve of the Group represents the aggregate of the paid-up share capital of the subsidiaries comprising the Group.

### Retained earnings

Retained earnings represent accumulated net profit or losses less dividends paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Notes	2025 HK\$'000	2024 HK\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current asset</b>		
Investment in a subsidiary	26,780	26,780
<b>Current assets</b>		
Amounts due from subsidiaries (note (i))	53,348	55,203
Cash and bank balances	1,193	360
	54,541	55,563
<b>Current liabilities</b>		
Other payables	1,400	1,344
<b>Net current assets</b>	<b>53,141</b>	<b>54,219</b>
<b>Net assets</b>	<b>79,921</b>	<b>80,999</b>
<b>EQUITY</b>		
Share capital	4,000	4,000
Reserves (note (ii))	75,921	76,999
<b>Total equity</b>	<b>79,921</b>	<b>80,999</b>

Approved and authorised for issue by the board of directors on 26 March 2026.

**Mr. Sieh Shing Kee**  
Director

**Mr. Ho Ka Ki**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- (i) The amount due is non-trade nature, unsecured, interest-free and repayable on demand. The Group considers the ECL rate to be closed to zero (2024: close to zero) based on historical settlement records, forward-looking information and past experience. The Group has assessed that the ECL for these receivables are not material under the 12-month ECL.
- (ii) The movements of the Company's reserves are as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
As at 1 January 2024	50,084	26,780	70,000	146,864
Profit and total comprehensive income for the year	–	–	135	135
Special dividend for the year ended 31 December 2024 (Note 10)	–	–	(70,000)	(70,000)
As at 31 December 2024 and 1 January 2025	50,084	26,780	135	76,999
Loss and total comprehensive expense for the year	–	–	(1,078)	(1,078)
As at 31 December 2025	50,084	26,780	(943)	75,921

## 25. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years:

### Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, fee and allowances	10,609	4,968
Retirement benefit scheme contributions	72	72
	10,681	5,040

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Bond	Lease liabilities	
	2025 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>At beginning of the year</b>	–	1,115	769
<b>Cash-flows:</b>			
– Payment of lease liabilities	–	(829)	(707)
– Interest paid	–	(54)	(75)
– Bond issuance	40,000	–	–
– Bond redemption	(40,000)	–	–
<b>Non-cash:</b>			
– Enter into new leases	–	470	1,099
– Early termination of lease	–	(117)	(46)
– Finance charges on lease liabilities	–	54	75
<b>At end of the year</b>	–	639	1,115

## 27. POTENTIAL LITIGATION

As at 31 December 2025 and 2024, the Group has been involved in certain potential litigations and claims against the Group regarding the employees' compensation and common law personal injury claim. The directors are of the opinion that the potential litigations and claims are not expected to have a material impact on the Group's consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### 28.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
<i>Financial assets at amortised cost</i>		
– Trade and other receivables	3,103	22,079
– Cash and bank balances	81,731	63,365
	84,834	85,444
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost</i>		
– Trade and other payables	23,196	24,753
– Lease liabilities	639	1,115
	23,835	25,868

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 28.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure to interest rate risk for the Group's bank balances is considered immaterial.

### 28.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The Group's maximum exposure to credit risk on recognised financial assets and contract assets is limited to their respective carrying amount at the end of each reporting period.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract asset balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 31 December 2025, the Group has concentration of credit risk as 81.2% and 100.0% (2024: 53.0% and 97.6%) of the total trade receivables (note 15) were due from the Group's largest customer, amounting to approximately HK\$1,140,000 (2024: HK\$10,530,000) and five largest customers, amounting to approximately HK\$1,404,000 (2024: HK\$19,390,000), respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Internal credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, actual or expected significant changes in the operating results of the borrower and significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower are indicators to be incorporated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 28.3 Credit risk (Continued)

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical elements and forward-looking elements.

#### *(i) Trade receivables and contract assets*

The Group applies the simplified approach to providing for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables and contract assets.

As at 31 December 2025 and 2024, assessed lifetime ECL rates of contract assets and trade receivables are close to be zero as there are no recent history of default and continuous payment received based on historical credit loss experience and forward-looking elements, it was determined that no loss allowance provision is necessary in respect of these balances as there has not been a significant change in credit quality of the customers.

#### *(ii) Other financial assets at amortised cost*

Other financial assets at amortised cost include other receivables and deposits and cash and bank balances. In order to minimise the credit risk of other receivables and deposits, the management makes periodic collective and individual assessment on their recoverability based on historical settlement records and past experience as well as available forward-looking information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables and deposits are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables and deposits since initial recognition as the risk of default is low after considering the factors as set out in note 2.6 and, thus, ECL is assessed based on 12-month ECL.

The credit risks on cash and bank balances are considered to be insignificant because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 28.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and lease liabilities, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Management monitors the cash flow forecasts of the Group in meeting its liabilities.

Analysed below is the Group's remaining contractual maturities for its financial liabilities at the end of the reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Within one year or on demand HK\$'000	Over one year but within two years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 31 December 2025</b>				
Trade and other payables	23,196	–	23,196	23,196
Lease liabilities	545	111	656	639
	<b>23,741</b>	<b>111</b>	<b>23,852</b>	<b>23,835</b>
<b>At 31 December 2024</b>				
Trade and other payables	24,753	–	24,753	24,753
Lease liabilities	890	278	1,168	1,115
	<b>25,643</b>	<b>278</b>	<b>25,921</b>	<b>25,868</b>

### 28.5 Fair value measurement

The carrying amounts of the financial instruments of the Group carried at cost or amortised cost are not materially different from their fair values at the end of the reporting date due to their short-term maturities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

## 29. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain capital structure in order to minimise the costs of capital, support its business and maximise shareholders' value.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as lease liabilities net of cash and bank balance. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, share buyback, issue new shares and raise new debts.

The Group's net debt to equity ratio at each reporting date was as follows:

	2025 HK\$'000	2024 HK\$'000
Lease liabilities	639	1,115
Less: Cash and bank balances	(81,731)	(63,365)
Net debt	(81,092)	(62,250)
Total equity	94,438	81,825
Net debt to equity ratio	N/A – net cash	N/A – net cash

## 30. BOND ISSUANCE AND REDEMPTION

The Group incorporated Kinglink Capital Holdings Company Limited (“**Kinglink Capital**”) in Hong Kong on 2 June 2025 and held 100% equity interests in Kinglink Capital.

On 25 June 2025, Kinglink Capital issued a one-year bond to two independent private investors (the “**Subscribers**”) with an aggregate principal amount of HK\$40,000,000 and a fixed coupon rate of 8% annually.

Following the change in business plan, a further agreement was reached between the Group and the Subscribers and the bond was fully redeemed without any accrued interest on 25 July 2025.

On 17 September 2025, the Group disposed of 100% equity interests in Kinglink Capital to an independent third party at a cash consideration of HK\$65,000. The Group recognised a gain on disposal of subsidiary of HK\$121,000 (Note 6).

# FINANCIAL SUMMARY

The following table summarises the consolidated results of our Group for the five years ended 31 December:

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>CONSOLIDATED RESULTS</b>					
Revenue	238,557	205,780	168,202	192,258	293,907
Gross profit	28,126	17,688	20,659	20,871	53,745
Profit before income tax	14,899	10,044	15,944	16,280	35,256
Income tax expense	(2,286)	(1,299)	(2,002)	(1,805)	(7,455)
Profit and total comprehensive income for the year	12,613	8,745	13,942	14,475	27,801

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>CONSOLIDATED ASSETS AND LIABILITIES</b>					
Total assets	123,403	111,917	167,058	206,953	187,081
Total liabilities	(28,965)	(30,092)	(23,978)	(37,815)	(32,418)
Equity attributable to equity holders of the Company	94,438	81,825	143,080	169,138	154,663