



建聯集團有限公司*

Chinney Alliance Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 385

ANNUAL REPORT
2025



* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

James Sing-Wai WONG (*Chairman*)

Yuen-Keung CHAN (*Vice Chairman and
Managing Director*)

Philip Bing-Lun LAM

Non-Executive Directors

Emily Yen WONG

Chi-Chiu WU

Independent Non-Executive Directors

Ronald James BLAKE

Anthony King-Yan TONG

Dee-Dee CHAN

AUDIT COMMITTEE

Anthony King-Yan TONG (*Chairman*)

Chi-Chiu WU

Ronald James BLAKE

REMUNERATION COMMITTEE

Dee-Dee CHAN (*Chairman*)

Anthony King-Yan TONG

Yuen-Keung CHAN

James Sing-Wai WONG

Ronald James BLAKE

NOMINATION COMMITTEE

Dee-Dee CHAN (*Chairman*)

Ronald James BLAKE

Anthony King-Yan TONG

James Sing-Wai WONG

Philip Bing-Lun LAM

COMPANY SECRETARY

Yun-Sang LO

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

The Bank of East Asia, Limited

Hang Seng Bank Limited

Bank of China (Hong Kong) Limited

Shanghai Commercial Bank Limited

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor under
the Accounting and Financial Reporting Council
Ordinance

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

STOCK CODE

SEHK 00385

BUSINESS ADDRESSES AND CONTACTS

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23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Tel : (852) 2877-3307
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Website : <http://chinneyalliancegroup.etnet.com.hk>
E-mail : general@chinneyhonkwok.com

Kin Wing Engineering Company Limited Kin Wing Foundations Limited

Block A&B, 9th Floor
Hong Kong Spinners Industrial Building, Phase VI
481-483 Castle Peak Road
Kowloon
Hong Kong

Tel : (852) 2415-6509
Fax : (852) 2490-0173
Website : <http://www.kinwing.com.hk>
E-mail : kwecoltd@kinwing.com.hk

Shun Cheong Electrical Engineering Company Limited Westco Airconditioning Limited

Block C, 9th Floor
Hong Kong Spinners Industrial Building, Phase VI
481-483 Castle Peak Road
Kowloon
Hong Kong

Tel : (852) 2426-3123
Fax : (852) 2481-3463
Website : <http://www.shuncheonggroup.com>
E-mail : general@scee.com.hk

Westco Chinney Limited

Block C, 9th Floor
Hong Kong Spinners Industrial Building, Phase VI
481-483 Castle Peak Road
Kowloon
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Tel : (852) 2362-4301
Fax : (852) 2412-1706
E-mail : general@scee.com.hk

Chinney Construction Company, Limited

Block A&B, 9th Floor
Hong Kong Spinners Industrial Building, Phase VI
481-483 Castle Peak Road
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Hong Kong

Tel : (852) 2371-0100
Fax : (852) 2411-1402
Website : <http://www.chinneyconstruction.com.hk>
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DrilTech Ground Engineering Limited DrilTech Geotechnical Engineering Limited

Block A&B, 8th Floor
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Jacobson van den Berg (Hong Kong) Limited

Flat A, 7th Floor
Cheung Lung Industrial Building
10 Cheung Yee Street
Kowloon
Hong Kong

Tel : (852) 2828-9328
Fax : (852) 2828-9408
Website : <http://www.jvdb.com>
E-mail : info@jvdb.com

Chinney Alliance Engineering Limited

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Tower 2, Cheung Sha Wan Plaza
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Kowloon
Hong Kong

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E-mail : focal@chinney-eng.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Chinney Alliance Group Limited (the “Company”, collectively with its subsidiaries, the “Group”) will be held on Wednesday, 3 June 2026 at 11:30 a.m. at Artyzen Club, 401A, 4/F Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements of the Company for the year ended 31 December 2025 together with the reports of the directors and the independent auditor thereon.
2. To declare a final dividend for the year ended 31 December 2025.
3. To re-elect directors and to authorise the board of directors of the Company (the “Board”) to fix the directors’ remuneration.
4. To re-appoint auditor and to authorise the Board to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, a general mandate be and is hereby unconditionally granted to the directors of the Company to exercise during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the mandate in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted and approved by the shareholders of the Company for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or (iv) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed twenty per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution, and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the date of the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution.

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to the holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company, after making enquiry, may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place).”

By Order of the Board
Yun-Sang Lo
Company Secretary

Hong Kong, 29 April 2026

Notes:

- (1) A shareholder entitled to attend and vote at the AGM (and at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy in the prescribed form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or other authority must be completed, signed and deposited with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 48 hours before the time appointed for holding the AGM (and at any adjournment thereof).
- (3) Where there are joint registered holders of any shares, any one of such joint holders may vote at the AGM (and at any adjournment thereof), either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

NOTICE OF ANNUAL GENERAL MEETING

Notes: (continued)

(4) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), any vote of shareholders at a general meeting must be taken by poll and the Company must announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules. The chairman of the meeting will therefore put each of the resolutions to be proposed at the AGM to be voted by way of a poll pursuant to the Bye-laws of the Company (the "Bye-laws"). An announcement will be made by the Company following the conclusion of the AGM to inform the results of the AGM.

(5) With regard to resolution 3 in this notice, Dr. Emily Yen Wong ("Dr. Emily Wong"), who was appointed subsequent to the last annual general meeting of the Company, will hold office until the AGM and, being eligible, offer herself for re-election in accordance with bye-law 84 of the Bye-laws at the AGM.

Mr. Philip Bing-Lun Lam ("Mr. Lam") will retire by rotation at the AGM in accordance with bye-law 85 of the Bye-laws. Mr. Lam, being eligible, will offer himself for re-election at the AGM.

(6) Details of the directors who stand for re-election at the AGM are set out below:–

Emily Yen Wong

Aged 60, was appointed as a non-executive director of the Company in August 2025. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Li Ka Shing Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong is a non-executive director of Chinney Investments, Limited (stock code: 216, "Chinney Investments"), a director of Chinney Holdings Limited, Lucky Year Finance Limited and Enhancement Investments Limited, all being substantial shareholders of the Company, and a director of Chinney Capital Limited which is a shareholder of the Company. She is also a non-executive director of Hon Kwok Land Investment Company, Limited (stock code: 160, "Hon Kwok"). Chinney Investments and Hon Kwok are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She is the daughter of late Dr. James Sai-Wing Wong, the Founding Chairman who was a substantial shareholder of the Company, and Madam Madeline May-Lung Wong Cha who is a substantial shareholder of the Company, and is the sister of Mr. James Sing-Wai Wong, the Chairman and an executive director of the Company.

Dr. Emily Wong does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO"). Save as disclosed above, Dr. Emily Wong does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. She does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Dr. Emily Wong has entered into a letter of appointment with the Company for an initial term of three years commencing 14 August 2025, which is terminable by either party by serving to another party one month's advance written notice. Her directorship is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws. She is entitled to a director's fee of HK\$380,000 per annum which is based on the Company's remuneration policy adopted for non-executive directors of the Company.

Save as disclosed above, there is no information to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, nor any other matters and information need to be brought to the attention of the shareholders of the Company or required to be disclosed pursuant to any of the requirements of the Listing Rules in respect of Dr. Emily Wong.

NOTICE OF ANNUAL GENERAL MEETING

Notes: (continued)

(6) (continued)

Philip Bing-Lun Lam

Aged 83, was appointed as an executive director of the Company in August 2012. He is a director of Shun Cheong Electrical Engineering Company Limited and Chinney Construction Company, Limited, both being major subsidiaries of the Company. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined The University of Hong Kong (“HKU”) in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In December 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012, and had been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research until end of 2019.

Mr. Lam is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute (UK) (formerly The Institute of Chartered Secretaries and Administrators (UK)) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and is a member of the Board of Governors of the Canadian International School of Hong Kong.

Mr. Lam is an executive director of Chinney Kin Wing Holdings Limited (stock code: 1556, “Chinney Kin Wing”). He was an executive director of Hon Kwok (stock code: 160) in April 2019 and subsequently re-designated to a non-executive director of Hon Kwok in July 2025. Chinney Kin Wing and Hon Kwok are listed on the Main Board of the Stock Exchange.

Mr. Lam does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Lam does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

There is no service contract of fixed term entered into between the Company and Mr. Lam. His directorship is subject to retirement by rotation and re-election at the Company’s annual general meeting in accordance with the Bye-laws. Mr. Lam has an employment contract with the Company which is terminable by either party by serving to another party six months’ advance written notice. He is entitled to an annual salary and allowances of HK\$2,600,000 which has been fixed by reference to his position, his level of responsibilities and the remuneration policy of the Group. In addition, he is also entitled to a discretionary bonus to be determined by the board of directors of the Company (the “Board”) and other employment benefits provided by the Group to all eligible staff.

Save as disclosed above, there is no information to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, nor any other matters and information need to be brought to the attention of the shareholders of the Company or required to be disclosed pursuant to any of the requirements of the Listing Rules in respect of Mr. Lam.

(7) As at the date hereof, the Board comprises of eight directors, of which three are executive directors, namely Mr. James Sing-Wai Wong, Mr. Yuen-Keung Chan and Mr. Philip Bing-Lun Lam; and two are non-executive directors, namely Dr. Emily Yen Wong and Mr. Chi-Chiu Wu; and three are independent non-executive directors, namely Mr. Ronald James Blake, Mr. Anthony King-Yan Tong and Ms. Dee-Dee Chan.

LETTER TO OUR SHAREHOLDERS

To our Shareholders and stakeholders:

2025 was a challenging year – not just for our Group, but for markets across the world. Yet tough environments do not weaken strong companies; they reveal them. We have never been a business which measures itself on a yearly basis. We measure ourselves by our ability to navigate cycles, strengthen our foundation, and position the Group to create sustainable long term value.

Chinney Alliance Group Limited (the “Company” together with its subsidiaries, the “Group”) delivered HK\$6,498 million in revenue (compared to HK\$7,692 million in FY2024) and HK\$31.0 million in net profit (compared to HK\$82.5 million) respectively. As such, there is a HK\$3.0 million loss attributable to owners of the Company mainly due to revaluation write downs for property held by the Group, alongside weaker performances in Building Services and Plastic Trading. These results reflect the reality of operating in a world that has become more volatile, more competitive, and more demanding. But volatility also creates opportunity. And the companies, like the Group, that prepare, invest, and execute are the ones that win.

I would like to provide a clear view of where the Group stands – and where the Group’s direction is.

Chinney Kin Wing Group – A High Performing Engine of Value

Again, Chinney Kin Wing delivered another strong year in the sector of foundation piling and ground investigations:

- Revenue: HK\$2,271 million, compared to HK\$2,486 million in FY2024
- Operating profit: HK\$163.1 million, higher than HK\$149.5 million in FY2024

This performance came in a market where private contracts were nearly non-existent and pricing pressure was intense. Yet, the Chinney Kin Wing improved margins through disciplined cost control, expanded depot facilities to over 200,000 sq. ft., and invested in AI enabled monitoring systems. These are the kinds of strategic moves that widen competitive moats.

DrilTech continues to scale its technical capabilities for example specialised testing services, including Koden Testing while expanding its service scope with marine ground investigation that is launching in 2026. DrilTech also included a major NEC4 Framework Contract which reinforces its credibility. This is a business that executes in any environment.

Chinney Alliance Engineering – A Growth Platform with a Long Runway

Our aviation systems business which focuses on the low-altitude economy related services, delivered HK\$273 million in revenue (versus HK\$490 million in FY2024) and HK\$19.4 million in operating profit (versus HK\$24.2 million in FY2024). With Hong Kong’s airport operating at record levels and Macau’s expansion underway, demand for aviation systems, weather monitoring, radar, and anti-drone technologies will continue to grow.

We are the leader in this niche and we see huge potential in this business segment particularly in the new China directive for the next five years.

General Contracting and Building Construction – Back to Profitability

Our mainstay business returned to profitability with HK\$1,107 million in revenue (HK\$718 million in FY2024) and HK\$1.2 million in operating profit (loss of HK\$13.2 million in FY2024). The real estate downturn kept tender prices unsustainably low, but our team executed with discipline and controlled costs. Projects completing in 2026, including the New Airport District Police Operational Base, should sustain this positive momentum.

The Greater Bay Area including Macau remains a standout long term opportunity. Airport expansion, infrastructure upgrades, and urban renewal point toward meaningful growth from 2027 onward.

Shun Cheong – A Difficult Year, but a Strong Pipeline

Shun Cheong reported HK\$2,474 million in revenue (HK\$3,485 million in FY2024) and an operating loss of HK\$1.4 million (profit of HK\$8.8 million in FY2024). Delays in project handover, upstream bottlenecks, and financial stress among main contractors created pressure on cash flow and profitability.

To meet with the challenging conditions, the team in Shun Cheong is responding the right way with a disciplined project selection, tighter cost control, and greater operational flexibility.

The outlook for medium term pipeline is solid. Public and private housing demand remains meaningful, with over 200,000 units expected in the next 3–5 years. As an approved specialist contractor, Shun Cheong is well positioned.

More importantly, the business is leaning into robotics, EV charging infrastructure, data centres, and solar energy. By pivoting to include technology into their processes, Shun Cheong is able to be more competitive than its peers and help with the profitability through timely deliveries.

Jacobson van den Berg – Reinventing for the Future

Our plastics trading division reported an operating loss of HK\$1.2 million (profit of HK\$10.3 million in FY2024) on sharply lower revenues of HK\$371 million (HK\$513 million in FY2024). Customers continue to face geopolitical uncertainty and tariff volatility. The pivot toward disinfectant, hygiene, and wellness products is strategically sound, but consumer brand building takes time.

This is what reinvention looks like, and we are committed to seeing it through.

Our Property Portfolio – A Necessary Reset

The fall in property values across the region meant that our Group's portfolio was also subject to write downs. The Fanling development project's value declined again due to rising construction costs and a weak property market. Our properties held for own use and investment properties also faced downward revaluations. We believe that this is being prudent, so that we can better manage market expectations. We will continue to monitor opportunities to recover value.

LETTER TO OUR SHAREHOLDERS

THE OUTLOOK – CHALLENGING, BUT FULL OF OPPORTUNITY

The global political environment is chaotic. Conflicts in Iran and Ukraine, instability in Pakistan, and the risk of sharply rising oil prices all contribute to uncertainty. Yet East Asia remains an oasis of stability. Our home, Hong Kong, in particular, stands out.

Taking everyone by surprise, Hong Kong grew 3.5% in 2025, supported by stronger exports and improving domestic demand. The property market has shown early signs of stabilisation, with home prices rising 3.3% after years of decline.

But the real story – the one that will define the next decade – is technology.

Across AI, robotics, drones, aviation systems, data centres, new energy, and advanced hygiene products, our Group is investing in the capabilities that will shape the future. These investments are not optional. They are essential.

Our ambition remains unchanged: to build a stronger, more competitive, more future ready Group for the next decade and beyond. We will continue to operate with discipline, allocate capital prudently, and adapt strategically. That is how companies endure. That is how they grow. And that is how they deliver long term value for shareholders.

APPRECIATION

I want to thank our directors, management team, and employees for their commitment and attentiveness. And I want to thank our shareholders, partners, and stakeholders for their continued confidence. Your support is how we build a stronger, more resilient Group.

We have a solid foundation, a clear strategy, and a long term mindset. We will continue to build tomorrow with discipline, ambition, and an unwavering commitment to excellence.

Thank you.

James Sing-Wai Wong
Chairman

Hong Kong, 26 March 2026

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

James Sing-Wai Wong

Aged 62, was appointed as an executive director of the Company in August 2010 and the chairman of the Company in June 2023. He graduated from the University of Washington with a Bachelor's degree with honors in Economics. He also holds a Juris Doctorate degree from the University of California College of the Law, San Francisco (formerly known as University of California San Francisco, Hastings College of Law), and a Master's degree in Systems Engineering and Information Systems from the Florida Institute of Technology. He is a member of the California Bar as well as a licensed California Real Estate Broker. He has accumulated over thirty years of experience in economics, law, management and information systems in Hong Kong, United States, Canada, the United Kingdom and the Mainland China.

Mr. Wong is the chairman and a director of Chinney Alliance Engineering Limited ("CAE") and Jacobson van den Berg (Hong Kong) Limited and its fellow subsidiaries ("Jacobson") and a director of Maphinia International Group Limited, Chinney Construction Company, Limited ("Chinney Construction"), Kin Wing Engineering Company Limited ("KWE") and Shun Cheong Electrical Engineering Company Limited ("SCEE"), all being major subsidiaries of the Company.

Mr. Wong is the chairman and an executive director of Chinney Investments, Limited (stock code: 216, "Chinney Investments"), a director of Chinney Holdings Limited, Lucky Year Finance Limited and Enhancement Investments Limited, all being substantial shareholders of the Company, and a director of Chinney Capital Limited which is a shareholder of the Company. He is also an executive director of Chinney Kin Wing Holdings Limited (stock code: 1556, "Chinney Kin Wing") and the chairman and an executive director of Hon Kwok Land Investment Company, Limited (stock code: 160, "Hon Kwok"). Chinney Investments, Hon Kwok and Chinney Kin Wing are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is the son of late Dr. James Sai-Wing Wong, the Founding Chairman who was a substantial shareholder of the Company, and Madam Madeline May-Lung Wong Cha who is a substantial shareholder of the Company.

Yuen-Keung Chan

Aged 71, was appointed as an executive director of the Company in 2007. He was then appointed the vice chairman of the Company in March 2011 and the managing director of the Company in March 2012. He has over forty-five years of experience in the construction industry. He is a member of the Chartered Institute of Building. Mr. Chan is the vice chairman and an executive director of Chinney Investments (stock code: 216), being substantial shareholders of the Company, and a director of KWE, SCEE and Chinney Construction, all being major subsidiaries of the Company. He is also the chairman and an executive director of Chinney Kin Wing (stock code: 1556). Chinney Investments and Chinney Kin Wing are both listed on the Main Board of the Stock Exchange.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(continued)*

Philip Bing-Lun Lam

Aged 83, was appointed as an executive director of the Company in August 2012. He is a director of SCEE and Chinney Construction, both being major subsidiaries of the Company. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined The University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In December 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012, and had been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research until end of 2019.

Mr. Lam is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute (UK) (formerly The Institute of Chartered Secretaries and Administrators (UK)) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and is a member of the Board of Governors of the Canadian International School of Hong Kong.

Mr. Lam is an executive director of Chinney Kin Wing (stock code: 1556). He was an executive director of Hon Kwok (stock code: 160) in April 2019 and subsequently re-designated to a non-executive director of Hon Kwok in July 2025. Chinney Kin Wing and Hon Kwok are listed on the Main Board of the Stock Exchange.

NON-EXECUTIVE DIRECTORS

Emily Yen Wong

Aged 60, was appointed as a non-executive director of the Company in August 2025. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Li Ka Shing Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong is a non-executive director of Chinney Investments (stock code: 216), a director of Chinney Holdings Limited, Lucky Year Finance Limited and Enhancement Investments Limited, all being substantial shareholders of the Company, and a director of Chinney Capital Limited which is a shareholder of the Company. She is also a non-executive director of Hon Kwok (stock code: 160). Chinney Investments and Hon Kwok are listed on the Main Board of the Stock Exchange. She is the daughter of late Dr. James Sai-Wing Wong, the Founding Chairman who was a substantial shareholder of the Company, and Madam Madeline May-Lung Wong Cha who is a substantial shareholder of the Company, and is the sister of Mr. James Sing-Wai Wong, the Chairman and an executive director of the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS *(continued)*

Chi-Chiu Wu

Aged 62, was appointed as an independent non-executive director of the Company in March 2012 and re-designated to a non-executive director of the Company in January 2024. Mr. Wu had been a director and the chief executive officer of Golden Glory Group Pte. Ltd. since 12 September 2013, until he resigned on 15 February 2019, a company incorporated in Singapore as the holding company to develop and operate mixed-use properties in Myanmar, comprising residential, commercial, retail, hotel, and industrial township. He had been an executive director of China Motion Telecom International Limited (stock code: 989, now known as China Changbaishan International Holdings Limited), a company listed on the Main Board of the Stock Exchange, since 9 February 2006 and the vice chairman and the chief executive officer of that company since 6 March 2006, until he resigned on 31 March 2013. Mr. Wu holds a Bachelor of Science degree from the University of Toronto, Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ronald James Blake

Aged 91, was appointed as an independent non-executive director of the Company in 2013. He retired from the Chief Officer of Kowloon-Canton Railway Corporation ("KCRC") in 2012, previously Chief Executive Officer. After retirement in 2013, he was appointed a Project Reviewer to Hong Kong Government for Kai Tak Sports Park inclusive 50,000-seat retractable roof stadium and to Ocean Park Corporation for new Water World project. He was a Senior Director of KCRC since 1997 responsible for KCRC's HK\$70 billion expansion programme of railway and stations in tunnel, on viaduct and at grade. Before joining KCRC in 1997, he was Secretary for Works in the Hong Kong Government between 1991 and 1995, overseeing the implementation of the Airport Core Programme and the harbour wing extension of the Hong Kong Conference and Exhibition Centre. Before that, he served with Paul Y. Construction Company, Limited and was engaged in civil engineering and building contracting from 1972 onwards. Mr. Blake began his career in the United Kingdom as a civil/structural engineer with Boulton and Paul, and following service with the Corps of Royal Engineers joined Scott Wilson Kirkpatrick & Partners to return to Hong Kong in 1965.

Mr. Blake was qualified as a Chartered Engineer in 1960 and was awarded the Institution of Civil Engineers Gold Medal in 1997. He was the President of the Hong Kong Institution of Engineers between 1991 and 1992 and later became President of the Federation of Engineering Institutions of South East Asia and the Pacific (FEISEAP), having served as a member of the Executive for three years. He is a fellow member of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, The Institution of Structural Engineers, The Chartered Institution of Highways and Transportation and Hong Kong Academy of Engineering Science.

He was a member of Construction Industry Council from 2001 to 2008 and also a member of the Hong Kong Special Administrative Region Election Committee (Engineer Sub-sector) from 1998 to 2011. In January 2013, he was appointed a member to the Commission on Strategic Development of the Government of Hong Kong Special Administrative Region.

In recognition of his public services, he was awarded OBE and appointed a Justice of Peace by the Hong Kong Government in 1996. He was also awarded the Gold Bauhinia Star by the Government of Hong Kong Special Administrative Region in 2012.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Anthony King-Yan Tong

Aged 69, was appointed as an independent non-executive director of the Company in July 2021. Mr. Tong had served 40 years with PricewaterhouseCoopers (the “Firm”) in Hong Kong and San Francisco with closed to 30 years as a partner and served many years on the Hong Kong and China Firm’s board of partners. He also founded the US Tax Consulting Group of the Firm in Greater China and led the US Tax practice in Asia Pacific until his retirement as partner in 2017. He has strong experience advising on tax issues relating to cross-border mergers and acquisitions, tax efficient financing structures and profit repatriation, structuring of private equity and venture capital funds and investments. Mr. Tong holds a Bachelor of Business Administration degree (major in Accounting) from the University of California, Berkeley and is a US Certified Public Accountant (inactive).

Dee-Dee Chan

Aged 43, Ms. Chan was appointed as an independent non-executive director of the Company in December 2021. Ms. Chan is a chief investment officer of Park Lane Capital Holdings Limited, responsible for overall asset allocation, external manager due diligence and selection, and all investment related activities for a single family office portfolio. She has been a director of Hotel ICON Limited since January 2022. She is also a director of Seal of Love Charitable Foundation, responsible for the overall strategic planning and execution for philanthropic activities in Hong Kong, Cambodia, Thailand and Vietnam. She was a vice president of BNP Paribas Wealth Management, specialist in structured equity derivatives. Ms. Chan graduated from Claremont McKenna College with a Bachelor of Arts degree with Honours in French and Politics, Philosophy and Economics, and a Master of Education with Distinction from HKU.

Ms. Chan is currently a Court member and an Institutional Advancement and Outreach Committee member of The Hong Kong University of Science and Technology, as well as a trustee and Grant Allocation Committee member of Fu Tak Lam Foundation Limited. She has been a member of the Council of the Hong Kong Polytechnic University since April 2023 and a member of the Hong Kong Polytechnic University Council’s Investment Committee since February 2025.

SENIOR MANAGEMENT

Kwok-Ming Lam

Aged 62, is the managing director of Jacobson which is a major subsidiary of the Company engaged in trading of plastics and chemicals. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. He holds a Master of Science degree in Electronic Commerce from the Hong Kong Polytechnic University. Mr. Lam is an independent non-executive director of Cosmos Machinery Enterprises Limited (stock code: 118) which is listed on the Main Board of the Stock Exchange.

Wing-Sang Yu

Aged 65, is an executive director and concurrently serves as the managing director of Chinney Kin Wing (stock code: 1556) which is listed on the Main Board of the Stock Exchange and a major subsidiary of the Company engaged in foundation piling and site investigation. He has over twenty-five years of experience in the foundation industry and is responsible for formulating corporate development and business strategies, the establishment and ensuring compliance with Chinney Kin Wing Group’s core value and leading and training the core management team of Chinney Kin Wing. He holds a Bachelor’s degree in Engineering from HKU and a Master’s degree in Arts (Christian Studies) from The Chinese University of Hong Kong. He is a corporate member of The Hong Kong Institution of Engineers.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT *(continued)*

Kwok-Leung Fung

Aged 66, is the director and general manager of Westco Chinney Limited which is a major subsidiary of the Company engaged in installation of air-conditioning systems. He has over thirty years of experience in the field of mechanical engineering. He is a member of American Society of Heating, Refrigerating and Air-conditioning Engineers and Australian Institute of Refrigeration, Air-conditioning and Heating.

Kwok-Keung Wong

Aged 67, is the managing director of CAE, a major subsidiary of the Company engaged in the distribution of aviation system and other hi-tech products. He has over thirty years of experience in marketing of communication and electronic equipment, especially aviation equipment. He holds a Higher Diploma in Marine Electronics from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and a Master's degree in Business from The University of Newcastle, Australia. He is a member of The Hong Kong Management Association.

Chi-Kin Chan

Aged 69, is a director of Shun Cheong Engineering Group Limited and its major subsidiaries, and a director and general manager of SCEE, which are engaged in building related contracting services businesses of the Group. He has over forty years of experience in building services industry. Mr. Chan holds a Higher Diploma in Mechanical Engineering from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a council member of the Association of Registered Fire Service Installation Contractors of Hong Kong Limited.

Hon-Man Wai

Aged 52, is an executive director of Chinney Kin Wing (stock code: 1556) which is listed on the Main Board of the Stock Exchange and the director of certain major subsidiaries of Chinney Kin Wing engaged in foundation piling and site investigation. Mr. Wai is the Head of Execution Panel of Chinney Kin Wing and responsible for the overall management and supervision of operations of Chinney Kin Wing. Mr. Wai has over twenty-nine years of experience in supervising and managing various foundation piling projects. He obtained a Bachelor's degree in Environmental Engineering from The Hong Kong Polytechnic University in 1996. After graduation, he joined the Chinney Kin Wing Group as an assistant engineer in September 1996.

Hoi-Fan Lam

Aged 52, is an executive director of Chinney Kin Wing (stock code: 1556) which is listed on the Main Board of the Stock Exchange and the director of certain major subsidiaries of Chinney Kin Wing engaged in drilling and site investigation. Mr. Lam is the head of the Chinney Kin Wing Group's Safety Department and DrilTech. He is responsible for the overall management and operations of drilling and site investigation business of Chinney Kin Wing. Mr. Lam has over thirty-two years of experience in performing and supervising various site investigation works. He joined DrilTech Ground Engineering Limited in February 1997 as a senior technician. He obtained a Bachelor's degree in Civil Engineering from Chu Hai College of Higher Education in 2009.

Yun-Sang Lo

Aged 60, is the company secretary and financial controller of the Company. He has thirty-seven years of experience in the accounting field. He holds a Bachelor's degree in Business Administration from The Chinese University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving the standards of corporate conduct and to place importance on its corporate governance systems so as to ensure greater transparency, accountability and protection of shareholders' interests.

This report describes the Company's corporate governance practices and structures that were in place during the financial year, with specific reference to the principles and guidelines of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). In developing and reviewing its corporate governance policies and practices, the Company has sought to adopt a balanced approach.

Throughout the year ended 31 December 2025, in the opinion of the directors of the Company (the "Directors"), the Company has complied with the applicable code provisions of the CG Code, except B.2.2 and C.5.1, which are explained in this report.

CORPORATE CULTURE

A positive and progressive corporate culture across the Group is vital for the Company to achieve its purpose towards the sustainable growth. It is the role of the Board to foster the Group's corporate culture with the core principles of integrity and accountability to guide the behaviours of its employees and ensure that the Company's purpose, values and business strategies are aligned to it.

CORPORATE GOVERNANCE STRUCTURE

The Board believes that a well-balanced corporate governance structure will enable the Company to better manage its business risks and thereby ensure the Company is run in the best interests of its shareholders and other stakeholders. The Board is primarily responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. At the same time, it is also charged with the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are currently three board committees, namely Audit Committee, Remuneration Committee and Nomination Committee. All the committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

BOARD OF DIRECTORS

Members of the Board are collectively responsible for overseeing the business and affairs of the Group that aims to enhancing the Company's value for stakeholders. Roles of the Board include reviewing and guiding corporate strategies and policies; monitoring financial and operating performance; ensuring the integrity of the Group's accounting and financial reporting systems; and setting appropriate policies in managing risks of the Group while the day-to-day management is delegated to the executive Directors. The biographical details of the Directors are set out in the "Biographies of Directors and Senior Management" on pages 11 to 15 of this Annual Report.

BOARD OF DIRECTORS *(continued)*

The Board currently comprises of three executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors during the financial year and up to the date of the report are set out on page 36 of this Annual Report and are currently as follows:

Name of Director

Executive Directors

Mr. James Sing-Wai Wong (*Chairman*)
Mr. Yuen-Keung Chan (*Vice Chairman and Managing Director*)
Mr. Philip Bing-Lun Lam

Non-Executive Directors

Dr. Emily Yen Wong (*appointed on 14 August 2025*)
Mr. Chi-Chiu Wu

Independent Non-Executive Directors

Mr. Ronald James Blake
Mr. Anthony King-Yan Tong
Ms. Dee-Dee Chan

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

- (i) Mr. Philip Bing-Lun Lam has re-designated as a non-executive director of Hon Kwok (stock code: 160) with effect from 1 July 2025.
- (ii) Mr. Yuen-Keung Chan has ceased as the managing director of Chinney Investments (stock code: 216) with effect from 29 August 2025.

Dr. Emily Yen Wong obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 11 August 2025. Dr. Emily Yen Wong has confirmed she understood her obligations as a Director.

Independent non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each independent non-executive Director is independent in character and judgment. The Company has received from each independent non-executive Director a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules.

Board meetings of the Company were held twice during the year on a regular basis, which deviated from code provision C.5.1 of the CG Code which stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

In view of the simplicity of the Group's businesses, regular board meetings have not been held quarterly during the year. The interim and annual results together with all corporate transactions happened during the year have been reviewed and discussed amongst the Directors at the full board meetings held in the year.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(continued)*

Draft minutes of board meetings are circulated to Directors for comments and the signed minutes are kept by the Company Secretary.

In order to safeguard the interest of individual Director, the Company has also arranged directors' and officers' liability insurance for the Directors.

BOARD INDEPENDENCE

The Group has established following mechanisms to ensure independent views and input are available to the Board, which have been reviewed by the Board and considered to be effective:

- (a) As at the date of this report, three out of the eight Directors are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.
- (b) All independent non-executive Directors are appointed to board committees and continue to contribute actively in board and board committees' meetings to bring independent judgement on the development, performance and risk management of the Group.
- (c) The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

The Company has received from each independent non-executive Director a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. With the assessment conducted by the Nomination Committee, the Board still considers that each independent non-executive Director is independent in character and judgement.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. James Sing-Wai Wong, Chairman of the Company, is responsible for the management of the Board. Mr. Yuen-Keung Chan is the Vice Chairman and Managing Director. Each segment of the Group's businesses namely Jacobson, CAE, Chinney Kin Wing, Chinney Construction and Shun Cheong is managed by its divisional managing directors and/or general managers.

RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the provisions of the Bye-laws of the Company (the "Bye-laws"), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

CORPORATE GOVERNANCE REPORT

RE-ELECTION OF DIRECTORS *(continued)*

The Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

In accordance with bye-law 84 of the Bye-laws, Dr. Emily Yen Wong who was appointed subsequent to the last annual general meeting of the Company, will hold office until the forthcoming annual general meeting and, being eligible, will offer herself for re-election.

In accordance with bye-law 85 of the Bye-laws, Mr. Philip Bing-Lun Lam will retire by rotation at the forthcoming annual general meeting. Mr. Philip Bing-Lun Lam, being eligible, will offer himself for re-election.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company Secretary updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities.

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its Directors. According to the training records maintained by the Company, the training received by each of the Directors during the year ended 31 December 2025 is summarised as follows:

Name of Director	Type of trainings
Executive Directors	
Mr. James Sing-Wai Wong	A, B
Mr. Yuen-Keung Chan	A, B
Mr. Philip Bing-Lun Lam	A, B
Non-Executive Directors	
Dr. Emily Yen Wong	A, B
Mr. Chi-Chiu Wu	A, B
Independent Non-Executive Directors	
Mr. Ronald James Blake	A, B
Mr. Anthony King-Yan Tong	A, B
Ms. Dee-Dee Chan	A, B

A: attending seminars/conferences/workshops/forums

B: reading newspapers, journals and updates relating to the economy, environmental protection business or director's duties and responsibilities etc.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties including:

- (a) to develop, review and update the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and
- (e) to perform such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025. Securities interests in the Company and its associated corporations held by each of the Directors are set out in the "Report of the Directors" on pages 29 to 40 of this Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors namely Ms. Dee-Dee Chan (chairman of the Remuneration Committee), Mr. Anthony King-Yan Tong and Mr. Ronald James Blake and two executive Directors namely Mr. Yuen-Keung Chan and Mr. James Sing-Wai Wong. The role of the Remuneration Committee is to review and recommend to the Board on the remuneration packages of all executive Directors.

The Chairman of the Board determines the remuneration of all other executive Directors, taking reference to market pay, individual performance and a bonus scheme, which has been in place prior to the establishment of the Remuneration Committee. Details of remuneration packages of the executive Directors during the year are set out under heading "Directors' Remuneration" on pages 103 to 104 of this Annual Report.

A Remuneration Committee meeting was held in 2025, during which the remuneration packages of all executive Directors for the year have been reviewed individually and the proposal for year 2025 remuneration adjustment and 2024 bonus distribution were considered. Draft minutes of the Remuneration Committee meeting is circulated to members of Remuneration Committee for comments and the signed minutes is kept by the Company Secretary.

DIRECTORS' REMUNERATION POLICY

The Company has adopted a remuneration policy for its Directors, which aims to provide a fair market level of remuneration to retain and motivate high quality Directors, and attract experienced people of high calibre to oversee the business and development of the Group. Pursuant to the remuneration policy, the following key principles have been established for the remuneration for both executive Directors' and non-executive Directors' remuneration/fees (including independent non-executive Directors):

- executive Directors' remuneration packages shall comprise fixed and variable components linking to the individual and the Group's performance and comparable to peer companies, and shall be reviewed annually by the Remuneration Committee and approved by the Board.
- non-executive Directors (including independent non-executive Directors) shall receive a fixed remuneration/fee to be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group, and shall be reviewed annually by the Remuneration Committee and approved by the Board.
- authorisation is to be granted from the Company's shareholders at its annual general meeting to determine Directors' remuneration for each financial year.
- no individual is involved in determining his or her own remuneration.
- the Remuneration Committee shall inform itself of the current market landscape of remuneration practices within the industry by engaging the assistance of the Human Resources department, or if it sees fit, to engage an external advisor for this purpose.

NOMINATION COMMITTEE

The Nomination Committee was established on 31 December 2021 and it currently comprises three independent non-executive Directors namely Ms. Dee-Dee Chan (chairman of the Nomination Committee), Mr. Ronald James Blake and Mr. Anthony King-Yan Tong and two executive Directors namely Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam.

The terms of reference of the Nomination Committee are available on the Stock Exchange's website and the Company's website.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, selecting or making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession, and assessing the independence of the independent non-executive Directors.

A Nomination Committee meeting was held in 2025. The major works performed by the Nomination Committee during the year included assessing the independence of independent non-executive Directors, making recommendation to the Board on the retiring Directors' eligibility for re-election at the annual general meeting and discussing the succession planning of the Board. It also reviewed the structure, size and composition of the Board, the board diversity policy and the nomination policy, and considered that the said policies were appropriate and effective. Draft minutes of the Nomination Committee meeting is circulated to members of Nomination Committee for comments and the signed minutes is kept by the Company Secretary.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors namely Mr. Anthony King-Yan Tong (chairman of the Audit Committee) and Mr. Ronald James Blake and one non-executive Director namely Mr. Chi-Chiu Wu.

The terms of reference for the Audit Committee has been adopted in line with the CG Code. Regular meetings have been held by the Audit Committee since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management and the external auditor the financial reporting matters, to review the financial statements of the Group before their submission to the Board for approval and to review the effectiveness of the internal control and risk management system of the Group, both the half year results for the six months ended 30 June 2025 and the annual results for the year ended 31 December 2025.

The work performed by the Audit Committee during the year ended 31 December 2025 included reviews of the following:

- the directors' report and the consolidated financial statements for the year ended 31 December 2024 of the Group, with a recommendation to the Board for approval;
- the consolidated financial statements for the six months ended 30 June 2025 of the Group, with a recommendation to the Board for approval;
- the audit fees for the year ended 31 December 2024 proposed by the external auditor, with a recommendation to the Board for approval;
- the new accounting policies and practices adopted by the Group;
- the internal control and risk management system of the Group; and
- the litigation cases of the Group.

The Audit Committee met two times during the year. Draft minutes of the Audit Committee meetings are circulated to members of Audit Committee for comments and the signed minutes are kept by the Company Secretary.

CORPORATE GOVERNANCE REPORT

DIVERSITY OF THE BOARD AND OF THE WORKFORCE

The Board has adopted a board diversity policy, which set out the approach to achieve diversity on the Board. When deciding on appointments of board members and continuation of those appointments, the Board considers a number of board diversity criteria according to the policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. These measurable objectives have been set to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and will be reviewed by the Nomination Committee annually to ensure the continued effectiveness of the Board. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board, with the help of the Nomination Committee, reviewed the structure, size and composition of the Board and was satisfied, in general, with diversity of the Board in accordance with the board diversity policy. The Board considers that the current Board's composition reflects an appropriate balance of gender, skills, experience and diverse perspectives among its members that complement the Group's strategy and business developments.

To identify potential successors to the Board to maintain the board diversity, the Company would search via internal resources and may engage professional search firm as and when required.

Gender	Female	Male		
	2 directors	6 directors		
Age Group	40-55	56-70	71-85	86 or above
	1 director	4 directors	2 directors	1 director
Length of services with board	5 years or below	6 to 11 years	12 to 20 years	
	3 directors	1 director	4 directors	
Capacity	Executive Director		Non-Executive Director	Independent Non-Executive Director
	3 directors		2 directors	3 directors

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Group provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability and any other aspects of diversity. As at 31 December 2025, the workforce (including senior management) are approximately in the 1:0.25 ratio of men to women.

CORPORATE GOVERNANCE REPORT

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION, NOMINATION AND AUDIT COMMITTEES AND ANNUAL GENERAL MEETING

Attended/Eligible to attend
During the year ended 31 December 2025

Name of Director	Board Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Audit Committee Meetings	Annual General Meeting held on 6 June 2025
Executive Directors					
Mr. James Sing-Wai Wong	2/2	1/1	1/1	N/A	1/1
Mr. Yuen-Keung Chan	2/2	1/1	N/A	N/A	1/1
Mr. Philip Bing-Lun Lam	2/2	N/A	1/1	N/A	1/1
Non-Executive Directors					
Dr. Emily Yen Wong (appointed on 14 August 2025)	1/1	N/A	N/A	N/A	N/A
Mr. Chi-Chiu Wu	2/2	N/A	N/A	2/2	1/1
Independent Non-Executive Directors					
Mr. Ronald James Blake	2/2	1/1	1/1	2/2	1/1
Mr. Anthony King-Yan Tong	2/2	1/1	1/1	2/2	1/1
Ms. Dee-Dee Chan	2/2	1/1	1/1	N/A	1/1

AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the Group has engaged its external auditor, Messrs. Ernst & Young, to provide the following services and their respective fees charged are set out as follows:

Services rendered	Fees paid/payable HK\$'000
Audit services	4,361
Non-audit services (review and other services)	1,305

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining the Group's systems of internal control and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance to minimise risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. The Group has dedicated internal audit function who reviews the effectiveness of the risk management and internal control systems from time to time in order to ensure that they meet with the dynamic and ever changing business environment.

During the year, the Audit Committee has reviewed the Group's internal control system and considered the internal audit report with the executive Directors and financial controller. The review covers all material controls, including financial, operational and compliance controls and risk management of the Group and such systems have been considered reasonably effective and adequate.

The Group regularly reminds the Directors and relevant employees for the compliance of policies regarding the inside information, and provide them with update on the appropriate guidelines or policies to ensure the compliance with regulatory requirements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The statement of the independent auditor of the Company, Messrs. Ernst & Young, with regard to their reporting responsibilities on the Company's financial statements is set out in the Independent Auditor's Report on pages 41 to 47 of this Annual Report.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company has adopted a dividend policy (the “Dividend Policy”). Pursuant to which, in considering the declaration and payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and future business growth and take into account the following factors of the Group:

- a. financial results;
- b. cash flow situation;
- c. business conditions and strategies;
- d. future operations and earnings;
- e. capital requirements and expenditure plans;
- f. interests of shareholders;
- g. any restrictions on payment of dividends; and
- h. any other factors that the Board may consider relevant.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-laws and all applicable laws and regulations. The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS

1. The way in which shareholders can convene a special general meeting

Pursuant to bye-law 58 of the Bye-laws and Section 74 of the Bermuda Companies Act 1981, shareholders holding at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene a special general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The requisition must be signed by the requisitionists and deposited at the principal place of business of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong (the "Principal Place of Business") for the attention of the Company Secretary.

The requisition will then be verified with the Company's Branch Share Registrar and Transfer Office in Hong Kong and upon its confirmation that the requisition is proper and in order, the Company Secretary will forward the requisition to the Board and the Board shall convene and hold such general meeting within two months after the deposit of such requisition. Moreover, if within twenty-one days of such deposit, the Board fails to proceed to convene such general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

2. Procedures for shareholders to propose a person for election as a director of the Company

Pursuant to bye-law 86 of the Bye-laws, any shareholder (other than the person to be proposed for election as a director), who wishes to propose a person other than a retiring Director for election as a director of the Company at a general meeting, should lodge a duly signed written notice given of his intention to propose such person for election and a notice signed by the person to be proposed of his willingness to be elected at the Company's Principal Place of Business or the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, shall be at least ten business days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than ten business days prior to the date of such general meeting.

3. The procedures for sending enquiries to the Board

Shareholders and other stakeholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the Principal Place of Business and the Company Secretary shall then forward the same to the appropriate executives of the Company or members in the Board for further handling.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(continued)*

4. The procedures for putting forward proposals at shareholders' meetings

To put forward proposals at an annual general meeting or a special general meeting, the shareholders shall submit a written notice of those proposals with the detail contact information to the Company Secretary at the Principal Place of Business. The request will be verified with the Company's Branch Share Registrar and Transfer Office in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting. Moreover, the notice period to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to bye-law 59(1) of the Bye-laws:

- (a) for an annual general meeting shall be called by not less than twenty-one clear days' notice; and
- (b) for all special general meetings may be called by not less than fourteen clear days' notice.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established a shareholders communication policy and reviews it on a regular basis to ensure its effectiveness. The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which not less than twenty-one clear days' prior notice is given. The Chairman of the Board as well as the chairman of the board committees (or in their absence, other members of the committees) together with the external auditor are available to answer shareholders' questions at the meeting. At the annual general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual director, and the poll procedures will be clearly explained.

The Board has reviewed the implementation and effectiveness of the shareholders communication policy. Having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders communication policy has been properly implemented during the year under review and is effective.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries comprise the trading of plastic and chemical products, the provision of building related contracting services for both public and private sectors, including engineering contracting services in the air-conditioning industry and provision of maintenance services, superstructure construction works and foundation piling works and sub-structure works for both public and private sectors in Hong Kong and Macau, distribution and installation of aviation system and other hi-tech products, property holding and development and investment holding. Details of the principal subsidiaries and their activities are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2025 and the Group's financial position at that date are set out in the financial statements on pages 48 to 151.

The Board recommends the payment of a final dividend of HK1.00 cent per share for the year ended 31 December 2025 (2024: HK2.50 cents) to the shareholders of the Company whose names appear on the Company's register of members on 15 June 2026. Upon the shareholders' approval at the forthcoming annual general meeting, it is expected that the final dividend cheques will be despatched to the shareholders on or before 7 July 2026.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") is scheduled to be held on 3 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 29 May 2026 to 3 June 2026 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 28 May 2026.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 December 2025 is subject to the approval by the shareholders of the Company at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 10 June 2026 to 15 June 2026 (both days inclusive), during which period no share transfers will be registered. The last day for dealing in the Company's share cum entitlements to the proposed final dividend will be 5 June 2026. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 9 June 2026.

REPORT OF THE DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Board announced that the Group reported revenues of HK\$6,498 million (2024: HK\$7,692 million) and a net profit of HK\$31.0 million (2024: HK\$82.5 million) for the year ended 31 December 2025. The loss attributable to shareholders of HK\$3.0 million was mainly due to revaluation write-downs for properties held by the Group, alongside weaker performances in Building Services and Plastic Trading.

The Group's capital and financial risk management objectives and policies are set out in note 44 to the financial statements on pages 142 to 149 of this Annual Report.

The review of our Group's business and operations are set out below.

Foundation piling and ground investigation

Chinney Kin Wing and its subsidiaries (the "Chinney Kin Wing Group") contributed revenues of HK\$2,271 million (2024: HK\$2,486 million) and operating profits of HK\$163.1 million (2024: HK\$149.5 million).

While revenues reduced, the profit improved from last year with a higher gross profit margin from the decrease in material costs. On the other hand, higher staff costs for recruiting and retaining competitive personnel as well as performance bonus to Chinney Kin Wing Group's directors in reward for their contribution partially set-off the improvement in gross profit.

Chinney Kin Wing Group significantly strengthened its operational capacity in 2025 through the acquisition of a substantial fleet of bored pile equipment. Together with an enlarged depot facilities exceeding 200,000 sq. ft., these strategic investments enhance here capacities and establish Chinney Kin Wing as one of the most robust and well-equipped machinery fleets in Hong Kong and positioning itself for anticipated future requirements. DrilTech, Chinney Kin Wing's HOKLAS-accredited subsidiary, continues to strengthen its market presence through new ground investigation contract. DrilTech will further expand its service offerings in 2026 with the introduction of marine ground investigation services via a purpose-built exploration vessel. Having developed a comprehensive portfolio spanning site investigation, instrumentation, marine ground investigation and field testing, DrilTech has secured placement on a significant NEC4 Framework Contract, validating the Chinney Kin Wing Group's technical leadership and specialised capabilities.

With tremendous contribution by the CKW Academy, Chinney Kin Wing Group's priorities include workflow optimisation, enhanced cost management and strengthened cross-functional collaboration. Chinney Kin Wing is bolstering operational resilience through advanced AI-enabled monitoring systems and IT infrastructure upgrades, while its Method Statement ensures consistent delivery excellence and uncompromising safety standards.

Chinney Kin Wing Group continues to maintain a disciplined approach amid intensified competition, limited project opportunities and rising labour costs and fuel costs. The fire incident at Wang Fuk Court was a profound tragedy and Chinney Kin Wing extends its sincere condolences to the affected families and the community. It is anticipated that heightened regulatory oversight across the industry, resulting in more stringent site management protocols and increased compliance requirements. Along with subdued market conditions and raised expectations, Chinney Kin Wing will endeavor to foster its culture with central idea of rejecting mediocrity and embracing excellence in 2026.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Foundation piling and ground investigation *(continued)*

Looking ahead, Chinney Kin Wing remains cautiously optimistic about the outlook for Hong Kong's foundation and construction sectors and strategically focuses on strengthen core capabilities, pursuing measured operational growth and selectively capturing opportunities, while remaining open to partnerships that align with its long-term vision. The industry's transition toward sustainable practices represents both a responsibility and an opportunity. Chinney Kin Wing Group has implemented comprehensive Environmental, Social and Governance frameworks throughout its operations, incorporating advanced ecological construction methodologies and sophisticated waste management systems. This strategic commitment aligns with regulatory priorities while enhancing its competitive positioning for future development opportunities.

The broader construction landscape continues to transform, presenting diversified opportunities alongside operational challenges. Public housing initiatives and Northern Metropolis infrastructure developments are accelerating, while private developers recalibrate strategies in response to evolving market dynamics. These conditions favour contractors with technical versatility and proven project management expertise. Chinney Kin Wing Group's extensive industry experience, operational capabilities, and financial stability position it well to navigate market complexities while delivering consistent value to stakeholder. Its demonstrated adaptability, together with a continued commitment to operational excellence, further distinguishes Chinney Kin Wing within Hong Kong's evolving construction landscape.

As at 31 December 2025, Chinney Kin Wing Group had 12 and 50 projects in progress with contract sum of HK\$2,321 million and HK\$1,063 million in the Foundation Division and Drilling Division, respectively.

Aviation

Our Aviation segment, CAE, focuses on the low-altitude economy related services delivered revenues of HK\$274 million (2024: HK\$490 million) and an operating profit of HK\$19.4 million (2024: HK\$24.2 million).

With Hong Kong's airport operating at record levels and Macau's expansion underway, the demand for aviation systems, weather radar and anti-drone technologies will continue to grow.

Building construction

The Group's building construction segment, consisting of Chinney Construction and Chinney Builders Company Limited, which operate in Hong Kong, and Chinney Timwill Construction (Macau) Company Limited ("Chinney Timwill"), contributed improved revenues of HK\$1,107 million (2024: HK\$718 million) and recorded an operating profit of HK\$1.2 million (2024: loss of HK\$13.2 million) with our team executed with discipline and controlled costs.

The Group's building construction segment operated in a challenging environment during the year, reflecting conditions across Hong Kong's wider construction sector. Higher interest rates, geopolitical uncertainty, a soft property market and tighter public finances continued to weigh on sentiment. Although land sales resumed, activity remained cautious and scaled back, with no commercial sites included in the land sale programme due to high vacancy rates. Construction activity also softened, with the gross value of building works declining by 0.6%, 2.7% and 5.5% year on year in real terms across the first three quarters.

REPORT OF THE DIRECTORS

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Building construction *(continued)*

Tender opportunities became more limited during the year, while intensified competition drove tender prices down to unsustainably low levels and placed margins under severe pressure. In response, the segment remained focused on tighter cost control, stronger site execution and higher productivity across ongoing projects. Several projects scheduled for completion in the coming year are expected to support a return to profitability. At the same time, new construction technologies and strategic partnerships are being pursued to lower costs, improve efficiency and enhance project delivery.

The Group also sees encouraging longer-term prospects in the Greater Bay Area, with Macau standing out in particular. Although Macau's construction industry is expected to contract by 12.2% in real terms in 2025 and by 1.4% in 2026, reflecting a high base effect, fewer building permits and domestic political uncertainty, conditions are expected to improve thereafter. From 2027 to 2029, the market is forecast to grow at an average annual rate of 4.4%, supported by investment in airport expansion, transport infrastructure, urban renewal and housing projects.

As at 31 December 2025, the outstanding contract sum for Chinney Construction stood at HK\$788 million and additional HK\$217 million worth contracts were awarded subsequent to the year-end.

Building related contracting services

Shun Cheong Engineering Group ("Shun Cheong") reported a revenue of HK\$2,474 million (2024: HK\$3,485 million) and an operating loss of HK\$1.4 million (2024: profit of HK\$8.8 million) from its electrical, HVAC, fire services and pump and drainage businesses. While the segment's major contracts were substantially completed in the second half of 2025, newly awarded contracts were still in preliminary stage and contributed insignificant profit in the year under review.

Shun Cheong, as a subcontractor, is not immune to the pressures of a subdued construction market. Delays in project handover, upstream execution bottlenecks and the financial position of main contractors can all have a direct bearing on project progress, cash flow and profitability. In a slower market environment, these structural constraints become more acute. To address them, Shun Cheong is maintaining discipline in project selection, cost control and execution, while continuing to strengthen operational flexibility.

Notwithstanding these near-term challenges, the medium-term outlook remains cautiously encouraging. Public and private housing demand remains meaningful, with over 200,000 units expected in the next three to five years. The 2026–27 Hong Kong Budget projects total public housing supply of about 196,000 units over the next five years, including Light Public Housing, while private housing completions are expected to average about 17,000 units a year, with potential first-hand supply of around 104,000 units over the next three to four years. These figures should continue to support tender opportunities. Shun Cheong's established status as an approved specialist contractor across multiple trades provides a strong platform from which to compete for relevant works.

More importantly, Shun Cheong is leading the Group's push into higher-technology segments of the construction market. Robotics are being deployed in repetitive drilling and welding work to improve efficiency and release skilled labour for higher-value activities, while expansion into EV charging networks, data centre infrastructure and solar energy projects continues to gather pace.

As at 31 December 2025, Shun Cheong had outstanding contract sum of approximately HK\$2,644 million, with additional HK\$211 million worth contracts awarded subsequent to the year-end.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Trading of plastics and chemical products

Our Plastic Trading segment, Jacobson generated revenues of HK\$371 million (2024: HK\$513 million) and reported an operating loss of HK\$1.2 million (2024: profit of HK\$10.3 million).

Trade uncertainty, including shifting U.S. tariff policies, together with geopolitical tensions and energy price volatility, is expected to continue weighing on Hong Kong's manufacturing and export sectors. The outlook is particularly challenging for the Group's plastics segment. To strengthen resilience, Jacobson is stepping up its focus on higher-growth categories, particularly disinfectant and hygiene products. The fundamentals of this market remain encouraging. The global disinfectants market is projected to reach US\$10.81 billion by 2030, representing a compound annual growth rate of 11.8%, while Asia Pacific was the largest regional market in 2025.

Building on the success of its patented JcoNAT disinfectant and hygiene products, including patent for the use of hypochlorous acid in treating Onychomycosis, Jacobson is placing greater emphasis on proprietary products with clearer differentiation and stronger long-term value. The Group is also pursuing opportunities in eco-friendly plastics, wellness-related products and mainland China, with e-commerce providing an additional route to market.

Other businesses

This segment includes property held for sale under development which is located in Fanling near the railway station, which is now in the construction stage; offices and warehouses held for the Group's own use; and certain investment properties. The fall in property values across the region meant that our Group's portfolio was also subject to write-downs. The value of Fanling residential development project declined again due to the rising constructions costs and a weak property market. Our properties held for own use and investment properties also faced downward revaluations. We believe that this is being prudent, so that we can better manage market expectations. We will continue to monitor opportunities to recover value.

Environmental Policies and Performance

The Group is committed to build an environmental-friendly corporation with the aim to conserve natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies. During the year ended 31 December 2025, there were no breach of or non-compliance with applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

Relationship with employees, customers and suppliers

The Group's relationships with its employees are set out in the "Employees and remuneration policies" section below. The Group recognises the importance of maintaining good relationships with business partners, customers, suppliers and sub-contractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communications and shared business updates with them when appropriate.

REPORT OF THE DIRECTORS

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts for the Group at the end of the reporting period amounted to HK\$947.4 million (31 December 2024: HK\$1,009.7 million). These include trust receipt loans, bank loans and lease liabilities, with over 98% were current liabilities (31 December 2024: 99.9%) of all these interest-bearing debts. The current ratio stood at 1.4 (31 December 2024: 1.3). Total cash and cash equivalents, represented by unpledged cash and bank balances were HK\$973.9 million as at 31 December 2025 (31 December 2024: HK\$1,043.0 million).

The Group had a total of HK\$2,464 million undrawn facilities extended from banks and financial institutions at year-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$947.4 million over the equity attributable to the owners of the Company of HK\$2,052.3 million, was 46.2% as at 31 December 2025 (31 December 2024: 48.4%).

The Group prudently manages its financial positions and has sufficient liquidity to sustain projects and operations for the foreseeable future.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of a non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group when desirable.

Pledge of assets

As of 31 December 2025, certain properties having an aggregate book value of HK\$105.3 million and property held for sale under development of HK\$52.4 million were pledged to banks to secure bank loans and general banking facilities extended to the Group.

Contingent liability

As of 31 December 2025, the Group provided corporate guarantees and indemnities to certain banks and financial institutions to secure performance/surety bonds in the aggregate amount of HK\$651.8 million issued in favour of the Group's customers in its ordinary course of business. This amount included performance/surety bonds issued in favour of the clients of the Chinney Kin Wing Group of HK\$237.4 million to which corporate guarantees and indemnities were provided by Chinney Kin Wing Group.

Except as disclosed above, the Group had no other material contingent liabilities as of 31 December 2025.

Employees and remuneration policies

The Group employed approximately 1,840 staff in Hong Kong and other parts of the People's Republic of China ("PRC") as of 31 December 2025. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

REPORT OF THE DIRECTORS

SUMMARY OF FINANCIAL INFORMATION

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

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	6,497,744	7,692,498	5,981,640	5,898,359	6,799,821
PROFIT FOR THE YEAR	30,957	82,500	56,447	14,286	94,370
Attributable to:					
– Owners of the Company	(2,991)	50,745	25,734	(10,197)	77,379
– Non-controlling interests	33,948	31,755	30,713	24,483	16,991
	30,957	82,500	56,447	14,286	94,370

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	5,789,699	6,081,014	5,573,294	4,835,896	4,935,496
TOTAL LIABILITIES	(3,512,462)	(3,791,471)	(3,280,443)	(2,583,319)	(2,667,911)
NON-CONTROLLING INTERESTS	(224,909)	(204,964)	(187,021)	(167,381)	(146,900)
	2,052,328	2,084,579	2,105,830	2,085,196	2,120,685

The information set out above does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

REPORT OF THE DIRECTORS

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

DISTRIBUTABLE RESERVES

Under the laws of Bermuda, the Company's reserves available for distribution to shareholders amounted to HK\$362,022,000 as at 31 December 2025, of which HK\$5,949,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$60,978,000, may be distributed to shareholders of the Company in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 42% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

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

DIRECTORS

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

Executive Directors

James Sing-Wai Wong (*Chairman*)

Yuen-Keung Chan (*Vice Chairman and Managing Director*)

Philip Bing-Lun Lam

Non-Executive Directors

Emily Yen Wong (*appointed on 14 August 2025*)

Chi-Chiu Wu

Independent Non-Executive Directors

Ronald James Blake

Anthony King-Yan Tong

Dee-Dee Chan

The Company has received from each of its independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and still considers them as independent.

RE-ELECTION OF RETIRING DIRECTOR

In accordance with bye-law 84 of the Bye-laws, Dr. Emily Yen Wong who was appointed subsequent to the last annual general meeting of the Company, will hold office until the forthcoming annual general meeting and, being eligible, will offer herself for re-election.

In accordance with bye-law 85 of the Bye-laws, Mr. Philip Bing-Lun Lam will retire by rotation at the forthcoming AGM. Mr. Lam, being eligible, will offer himself for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 15 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The remuneration of the executive Directors is reviewed by the Remuneration Committee having regard to the Company's operating results, individual performance of the Directors and comparable market statistics. Details of the Directors' remuneration are set out in note 9 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 38 to the financial statements and the section "Connected transactions" below, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

CONNECTED TRANSACTIONS

The Company has the followings connected transactions during the year:

- (a) On 26 September 2022, Chinney Construction and Shun Cheong Building Services Limited ("SC Building Services"), both being indirect wholly-owned subsidiaries of the Company, entered into a framework agreement (the "Revamp Framework Agreement") with Honour Well Development Limited ("Honour Well"), an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments, pursuant to which, Chinney Construction was appointed by Honour Well as the contractor for the builder's works at the contract sum of not exceeding HK\$96,300,000 and SC Building Services was appointed by Honour Well as the contractor for the mechanical and electrical engineering works and façade works at the contract sum of not exceeding HK\$141,000,000 relating to the revamp project of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong. The entering into the Revamp Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok and the Company under Chapter 14A of the Listing Rules. The transaction was approved by independent shareholders of Chinney Investments, Hon Kwok and the Company at their respective general meetings held on 28 November 2022.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS *(continued)*

(a) *(continued)*

Details of the transactions were set out in the joint announcement of Chinney Investments, Hon Kwok and the Company dated 26 September 2022 and the Company's circular dated 8 November 2022. Revenues of HK\$22,830,000 were recognised by Chinney Construction and SC Building Services in respect of the transactions during the year ended 31 December 2025.

(b) On 25 July 2024, Chinney Kin Wing, a non wholly-owned subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with Chinney Investments where Chinney Kin Wing (as a lender) agreed to provide a loan in the principal amount of up to HK\$250,000,000 to Chinney Investments (as a borrower), at the interest rate of 6.0% per annum for 12 months from the date of drawdown, with an option for extension of further 12 months subject to the approval of Chinney Kin Wing. The entering into of the Loan Agreement and the transactions contemplated thereunder constituted a connected transaction of each of the Company and Chinney Kin Wing under Chapter 14A of the Listing Rules. The transaction was approved by the independent shareholders of each of the Company and Chinney Kin Wing at their respective general meetings held on 25 September 2024. On 7 October 2024, Chinney Kin Wing advanced HK\$250 million to Chinney Investments upon receipt of its drawdown notice. On 5 September 2025, Chinney Investments served a written request to Chinney Kin Wing for the extension of the term of the loan for further 12 months. The request for extension was approved by Chinney Kin Wing.

For details of the Loan Agreement and the transaction contemplated thereunder, please refer to the joint announcement of the Company and Chinney Kin Wing dated 25 July 2024 and the Company's circular dated 4 September 2024. Interest income recognised on the loan was HK\$15,000,000 during the year ended 31 December 2025.

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

As at 31 December 2025, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTRACT OF SIGNIFICANCE

Save as disclosed, no contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the interests and short positions of those persons in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Madeline May-Lung Wong Cha	1, 2, 3	Interest through controlled corporations	438,334,216	73.68%
Lucky Year Finance Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Holdings Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Investments	1	Interest through a controlled corporation	173,093,695	29.10%
Newsworthy Resources Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Multi-Investment Group Limited	1	Beneficial owner	173,093,695	29.10%
Enhancement Investments Limited	2	Beneficial owner	243,244,521	40.89%

Notes:

1. Madam Madeline May-Lung Wong Cha (executor of the estate of late Dr. James Sai-Wing Wong ("Dr. Wong")), Lucky Year Finance Limited, Chinney Holdings Limited, Chinney Investments, Newsworthy Resources Limited and Multi-Investment Group Limited are deemed to be interested in the same parcel of 173,093,695 shares by virtue of Section 316 of the SFO;
2. Madam Madeline May-Lung Wong Cha (executor of the estate of late Dr. Wong) has beneficial interest in Enhancement Investments Limited; and
3. 21,996,000 shares are held by Chinney Capital Limited of which Madam Madeline May-Lung Wong Cha (executor of the estate of late Dr. Wong) has beneficial interest therein.

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

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

AUDITOR

Ernst & Young retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Yuen-Keung Chan

Vice Chairman and Managing Director

Hong Kong, 26 March 2026

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Chinney Alliance Group Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Chinney Alliance Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 48 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Revenue recognition for construction contracts

For the year ended 31 December 2025, the Group recognised revenue from construction contracting businesses amounting to HK\$6,031,439,000.

The Group has recognised revenue from the provision of construction services over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

This involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, forecasting the costs to complete a contract, valuing contract variations, claims and potential liquidated damages and estimating the provision for onerous contracts.

Relevant disclosures are included in notes 3.2 and 5 to the financial statements.

We performed the following procedures in relation to revenue recognition for construction services:

- evaluating the significant judgements made by management, through an examination of project documentation, key contracts and variation orders;
- discussing the status of projects under construction, including estimated costs to completion, assessment of potential liquidated damages for major contracts and provision for onerous contracts with management, finance, and technical personnel of the Group;
- testing the controls of the Group over its processes to record/estimate contract revenue, actual costs incurred and the estimated total costs;
- checking, on a sampling basis, the payment certificates issued by the architects employed by contract customers, payment applications from subcontractors and invoices from suppliers; and
- checking the estimated total costs for satisfaction of the construction contracts to the subcontractors and suppliers' quotations, and comparing the actual costs incurred with the estimated total costs for satisfaction of the construction services to assess the status of the projects on a sampling basis.

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables and contract assets

As at 31 December 2025, the Group recorded trade receivables and contract assets of HK\$703,675,000 and HK\$1,943,134,000, respectively.

The measurement on the Group's trade receivables and contract assets under the expected credit loss ("ECL") approach was estimated by management through the application of management judgements and estimations.

The credit terms granted by the Group to the customers are generally up to two months. Management performs periodic assessments on the recoverability of trade receivables and contract assets based on information including credit profiles of different customers, ageing of trade receivables, historical settlement records, subsequent settlement or billing status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers.

Management also considers forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

Relevant disclosures are included in notes 3.2, 24 and 28 to the financial statements.

We performed the following procedures in relation to impairment assessment of trade receivables and contract assets:

- assessing and testing the Group's processes and controls relating to the monitoring of trade receivables and contract assets; and
- evaluating the expected credit loss provisioning methodology, key data inputs and assumptions, including both historical and forward-looking information, used to determine the expected credit losses by taking into account factors such as historical settlement pattern, ageing of trade receivables, subsequent settlements of trade receivables and subsequent transfers of contract assets to trade receivables, data of the gross domestic product and consumer price index used in forward-looking information, and other relevant information on a sampling basis.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Recoverability of a property held for sale under development

The Group had a property held for sale under development of HK\$52,407,000 as at 31 December 2025. The carrying amount of the property held for sale under development is stated at the lower of cost and net realisable value. During the year, a write down of a property held for sale under development to net realisable value of HK\$64,287,000 was recorded in profit or loss.

Determination of net realisable value of the property held for sale under development involved critical accounting estimates on the selling price, costs to make the sale and the costs to completion.

Given the significant balance of the property held for sale under development and the involvement of critical accounting estimates, assessment of net realisable value of the property held for sale under development is considered as a key audit matter.

Relevant disclosures are included in notes 3.2 and 23 to the financial statements.

We performed the following procedures in relation to recoverability of a property held for sale under development:

- obtaining an understanding of the management's internal control and process of the assessment of the recoverability of a property held for sale under development;
- evaluating the property construction cycle with particular focus on, but not limited to, reviewing the cost budgeting for estimated costs to completion;
- evaluating management's assessment about the estimated selling price less the estimated cost to make the sale and the estimated cost to completion by checking the recent market transaction prices of properties with comparable locations and conditions, where applicable;
- comparing the latest estimated costs to completion to the budget approved by management and examining the supporting document such as construction contracts, internal correspondences and approvals; and
- evaluating the objectivity, independence and competence of the independent professionally qualified valuer engaged by the Group and involving our internal valuation expert to assist us in evaluating the assumptions and methodologies used to determine the net realisable value.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ip Hing Lam (practising certificate number: P06562).

Ernst & Young

Certified Public Accountants

Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	6,497,744	7,692,498
Cost of sales/services provided		<u>(5,751,367)</u>	<u>(6,935,487)</u>
Gross profit		746,377	757,011
Other income	5	34,935	37,088
Selling and distribution costs		(16,341)	(18,568)
Administrative expenses		(641,183)	(585,797)
Other operating income/(expenses), net	6	7,684	(13,833)
Changes in fair value of investment properties, net	15	(7,509)	(5,370)
Deficit from revaluation of property, plant and equipment	14	(3,511)	(2,059)
Finance costs	7	(45,648)	(54,409)
Share of losses of associates		<u>(6,753)</u>	<u>(927)</u>
PROFIT BEFORE TAX	8	68,051	113,136
Income tax expense	11	<u>(37,094)</u>	<u>(30,636)</u>
PROFIT FOR THE YEAR		<u>30,957</u>	<u>82,500</u>
Attributable to:			
Owners of the Company		(2,991)	50,745
Non-controlling interests		<u>33,948</u>	<u>31,755</u>
		<u>30,957</u>	<u>82,500</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted		<u>HK(0.5) cent</u>	<u>HK8.5 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
PROFIT FOR THE YEAR		30,957	82,500
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations and net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		5,407	(5,330)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Deficit on revaluation of leasehold land and owned buildings	14	(23,627)	(61,079)
Income tax effect	34	3,998	10,086
		(19,629)	(50,993)
Change in fair value of an equity investment at fair value through other comprehensive income		1,131	687
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(18,498)	(50,306)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(13,091)	(55,636)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,866	26,864
Attributable to:			
Owners of the Company		(17,379)	(6,379)
Non-controlling interests		35,245	33,243
		17,866	26,864

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	906,274	949,011
Investment properties	15	92,521	96,443
Investments in associates	17	13,280	8,596
Investment in a joint venture	18	–	–
Equity investment at fair value through other comprehensive income	19	9,544	8,413
Goodwill	20	12,528	12,528
Financial assets at fair value through profit or loss	21	34,471	30,270
Deposits	27	9,327	11,701
Deferred tax assets	34	9,907	10,745
Total non-current assets		<u>1,087,852</u>	<u>1,127,707</u>
CURRENT ASSETS			
Inventories	22	54,585	76,237
Property held for sale under development	23	52,407	104,888
Contract assets	28	1,943,134	2,089,912
Trade receivables	24	703,675	799,025
Loan to a related company	25	250,000	250,000
Amount due from a related company	26	36,287	43,773
Prepayments, deposits and other receivables	27	685,222	530,859
Tax recoverable		2,611	15,616
Cash and cash equivalents	29	973,926	1,042,997
Total current assets		<u>4,701,847</u>	<u>4,953,307</u>
CURRENT LIABILITIES			
Trade, bills and retention monies payables	30	826,043	1,119,327
Trust receipt loans	33	297,615	488,100
Other payables and accruals	31	1,645,773	1,570,479
Tax payable		34,058	11,892
Derivative financial instruments	32	–	537
Interest-bearing bank borrowings	33	625,450	514,216
Lease liabilities	16	5,677	5,820
Total current liabilities		<u>3,434,616</u>	<u>3,710,371</u>
NET CURRENT ASSETS		<u>1,267,231</u>	<u>1,242,936</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,355,083</u>	<u>2,370,643</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	16	18,611	1,600
Deferred tax liabilities	34	59,235	79,500
Total non-current liabilities		77,846	81,100
Net assets		2,277,237	2,289,543
EQUITY			
Equity attributable to owners of the Company			
Issued capital	35	59,490	59,490
Reserves	36	1,992,838	2,025,089
Non-controlling interests		2,052,328	2,084,579
Total equity		2,277,237	2,289,543

On behalf of the Board
James Sing-Wai Wong
Director

On behalf of the Board
Yuen-Keung Chan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Fair value reserve (non-recycling) HK\$'000	Legal reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024	59,490	60,978	120,946	338,607	4,683	1,505	(12,240)	1,531,861	2,105,830	187,021	2,292,851
Profit for the year	-	-	-	-	-	-	-	50,745	50,745	31,755	82,500
Other comprehensive income/(loss) for the year:											
Surplus/(deficit) on revaluation of leasehold land and owned buildings, net of tax	-	-	-	(52,481)	-	-	-	-	(52,481)	1,488	(50,993)
Exchange differences related to foreign operations	-	-	-	-	-	-	(5,330)	-	(5,330)	-	(5,330)
Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	687	-	-	-	687	-	687
Total comprehensive income/(loss) for the year	-	-	-	(52,481)	687	-	(5,330)	50,745	(6,379)	33,243	26,864
Release of revaluation reserve on leasehold land and owned buildings to retained profits	-	-	-	(14,042)	-	-	-	14,042	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(15,300)	(15,300)
Final 2023 dividend declared	-	-	-	-	-	-	-	(14,872)	(14,872)	-	(14,872)
At 31 December 2024	59,490	60,978*	120,946*	272,084*	5,370*	1,505*	(17,570)*	1,581,776*	2,084,579	204,964	2,289,543

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Fair value		Legal reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
				Asset revaluation reserve HK\$'000	reserve (non-recycling) HK\$'000						
At 1 January 2025	59,490	60,978	120,946	272,084	5,370	1,505	(17,570)	1,581,776	2,084,579	204,964	2,289,543
Profit/(loss) for the year	-	-	-	-	-	-	-	(2,991)	(2,991)	33,948	30,957
Other comprehensive income/(loss) for the year:											
Surplus/(deficit) on revaluation of leasehold land and owned buildings, net of tax	-	-	-	(20,926)	-	-	-	-	(20,926)	1,297	(19,629)
Exchange differences related to foreign operations	-	-	-	-	-	-	5,407	-	5,407	-	5,407
Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	1,131	-	-	-	1,131	-	1,131
Total comprehensive income/(loss) for the year	-	-	-	(20,926)	1,131	-	5,407	(2,991)	(17,379)	35,245	17,866
Release of revaluation reserve on leasehold land and owned buildings to retained profits	-	-	-	(11,750)	-	-	-	11,750	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(15,300)	(15,300)
Final 2024 dividend declared (note 12)	-	-	-	-	-	-	-	(14,872)	(14,872)	-	(14,872)
At 31 December 2025	59,490	60,978*	120,946*	239,408*	6,501*	1,505*	(12,163)*	1,575,663*	2,052,328	224,909	2,277,237

* These reserve accounts comprise the consolidated reserves of HK\$1,992,838,000 (2024: HK\$2,025,089,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		68,051	113,136
Adjustments for:			
Finance costs	7	45,648	54,409
Share of losses of associates		6,753	927
Gain on deemed disposal of an associate	6	(7,692)	(6,845)
Loss on disposal of subsidiaries	6	–	4,281
Investment income from financial assets at fair value through profit of loss	5	–	(12)
Fair value loss/(gain) on derivative financial instruments	6	(11)	449
Fair value changes in financial assets at fair value through profit or loss	6	(2,578)	(773)
Changes in fair value of investment properties, net	15	7,509	5,370
Deficit from revaluation of property, plant and equipment	14	3,511	2,059
Depreciation of property, plant and equipment (excluding right-of-use assets)	8	72,565	85,660
Depreciation of right-of-use assets	8	32,659	38,872
Impairment of trade receivables	6	4,672	3,710
Impairment of contract assets	6	–	165
Write-down of a property held for sale under development to net realisable value	8	64,287	20,000
Write-back of provision for inventories	8	(154)	(2,428)
Transfer of items of property, plant and equipment to costs of construction contracts	14	20,647	2,105
Loss on disposal of items of property, plant and equipment, net	6	480	23,348
Impairment of goodwill	6	–	1,841
Gain on early termination of lease	6	–	(12,474)
Gain on lease modification	6	(101)	(46)
Interest income	5	(31,951)	(31,417)
		284,295	302,337
Decrease/(increase) in inventories		21,806	(29,163)
Increase in property held for sale under development		(9,865)	(19,874)
Decrease/(increase) in contract assets		146,778	(171,713)
Decrease/(increase) in trade receivables		90,675	(25,662)
Decrease/(increase) in an amount due from a related company		7,486	(32,734)
Increase in prepayments, deposits and other receivables		(154,974)	(172,233)
Increase/(decrease) in trade, bills and retention monies payables		(293,284)	164,910
Increase in other payables and accruals		75,294	119,747
		168,211	135,615
Cash generated from operations		168,211	135,615
Interest received		31,951	31,417
Interest paid		(47,589)	(57,041)
Dividends paid		(14,872)	(14,872)
Dividends paid to non-controlling shareholders		(15,300)	(15,300)
Hong Kong profits tax paid, net		(17,278)	(37,624)
Overseas taxes paid		(120)	(44)
		105,003	42,151
Net cash flows from operating activities		105,003	42,151

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(89,369)	(92,207)
Increase in deposits paid for acquisition of property, plant and equipment		(2,836)	(10,930)
Proceeds from disposal of items of property, plant and equipment		8,406	8,653
Advance of a loan to a related company		–	(250,000)
Purchase of financial assets at fair value through profit or loss		(1,561)	(1,053)
Distribution from financial assets at fair value through profit or loss		–	12
Disposal of subsidiaries		–	(2,330)
Settlement of derivative financial instrument		(526)	(9)
Investments in an associate		(3,896)	–
Net cash flows used in investing activities		(89,782)	(347,864)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in trust receipt loans	40(b)	(190,485)	163,757
New bank loans	40(b)	1,048,120	477,872
Repayment of bank loans	40(b)	(953,616)	(353,639)
Principal portion of lease payments	40(b)	(6,557)	(8,761)
Net cash flows from/(used in) financing activities		(102,538)	279,229
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		1,042,997	1,070,999
Effect of foreign exchange rate changes, net		1,516	(1,518)
CASH AND CASH EQUIVALENTS AT END OF YEAR		957,196	1,042,997
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	416,268	607,292
Non-pledged time deposits with original maturity of less than three months when acquired	29	557,658	435,705
Bank overdrafts	33	(16,730)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		957,196	1,042,997

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Chinney Alliance Group Limited (the “Company”, together with its subsidiaries, the “Group”) is a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the Company’s head office and principal place of business is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was engaged in the following principal activities:

- trading of plastic and chemical products
- provision of building related contracting services for both public and private sectors, including engineering contracting services in the air-conditioning industry and provision of maintenance services
- superstructure construction works for both public and private sectors in Hong Kong and Macau
- foundation piling, and drilling and site investigation for both public and private sectors in Hong Kong and Macau
- distribution and installation of aviation system and other hi-tech products
- property holding and development and investment holding

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Apex Aluminium Fabricator Company Limited	Hong Kong	HK\$9,452,000	–	100	Contracting of building aluminium works
Apex Curtain Wall and Windows Company Limited	Hong Kong	HK\$10,000	–	100	Contracting of building aluminium works
Best Treasure Limited	British Virgin Islands	US\$1	–	100	Investment holding
Chinney Alliance Corporate Treasury Limited	Hong Kong	HK\$2	–	100	Treasury function

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Chinney Alliance Engineering Limited	Hong Kong	HK\$10,000	–	100	Distribution and installation of aviation system, mechanical, electrical and building supplies, and other hi-tech products
Chinney Alliance Trading (BVI) Limited	British Virgin Islands	HK\$360,001	100	–	Investment holding
Chinney Builders Company Limited	Hong Kong	HK\$2	–	100	Building construction
Chinney Construction (BVI) Limited	British Virgin Islands	US\$10,000	–	100	Investment holding
Chinney Construction Company, Limited	Hong Kong	HK\$22,200,000	–	100	Building construction
Chinney Construction Group Limited	British Virgin Islands	US\$1	–	100	Investment holding
Chinney Electrical Supplies Limited	Hong Kong	HK\$100,000	–	100	Trading of electrical, air-conditioning and other building supplies products
Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”) [#]	Bermuda	HK\$150,000,000	74.5	–	Investment holding
Chinney Kin Wing Property Limited	Hong Kong	HK\$10,000	–	74.5	Investment holding
Chinney Shun Cheong Building Services Engineering Limited	Hong Kong	HK\$100	–	100	Installation and maintenance of air-conditioning, extra low voltage, waste water treatment, water pumps and fire prevention and fighting systems

NOTES TO THE FINANCIAL STATEMENTS

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Chinney Shun Cheong E&M (Shenzhen) Company Limited*	People's Republic of China ("PRC")/Chinese mainland	RMB25,000,000	–	100	Trading of building decoration materials and electrical and mechanical equipment
Chinney Shun Cheong Investment Co. Ltd.	Macau	MOP100,000	–	100	Trading of generators, electrical and mechanical engineering materials and equipment
Chinney Tim Wai Co., Ltd.	Macau	MOP25,000	–	100	Property holding
Chinney Timfai Construction (Macau) Company Limited	Macau	MOP1,500,000	–	100	Property holding
Chinney Timwill Construction (Macau) Company Limited	Macau	MOP1,500,000	–	100	Building construction and foundation piling
CKW Machinery Limited	Hong Kong	HK\$100	–	74.5	Equipment and machinery leasing
DMT-Jacobson Holdings Limited	British Virgin Islands	US\$2,000,000	–	100	Investment holding
DrilTech Geotechnical Engineering Limited	Hong Kong	HK\$20,000,000	–	74.5	Drilling, site investigation and related ground engineering construction
DrilTech Ground Engineering Limited	Hong Kong	HK\$20,000,000	–	74.5	Drilling, site investigation and related ground engineering construction
DrilTech Ground Engineering (Macau) Limited	Macau	MOP1,000,000	–	74.5	Drilling, site investigation and related ground engineering construction

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
DrillTech Ground Engineering (Singapore) Pte. Ltd.	Singapore	S\$25,000	–	74.5	Drilling, site investigation and related ground engineering construction
Everest Engineering Company Limited	Hong Kong	HK\$10,000	–	74.5	Basement construction work
Forever Ascent Investment Limited	Hong Kong	HK\$1	–	100	Property holding
Gina Enterprises Limited	Hong Kong	HK\$2	–	100	Property holding
Jackson Mercantile Trading Company Limited	Hong Kong	Ordinary HK\$2,000; Non-voting deferred HK\$5,000,000	–	100	Property holding
Jacobson van den Berg (China) Limited	Hong Kong	HK\$1,000,000	–	100	Trading of electrical and mechanical and other products
Jacobson van den Berg (Hong Kong) Limited	Hong Kong	Ordinary HK\$1,000; Non-voting deferred HK\$35,486,600	–	100	Investment holding and agency trading of industrial products
Jacobson van den Berg (Properties) Limited	Hong Kong	HK\$2	–	100	Property holding
Kin Wing Chinney (BVI) Limited	British Virgin Islands	US\$208	–	74.5	Investment holding
Kin Wing Engineering Company Limited	Hong Kong	HK\$20,000,000	–	74.5	Foundation piling
Kin Wing Foundations Limited	Hong Kong	HK\$8,000,000	–	74.5	Foundation piling
Kinwing Engineering (Macau) Company Limited	Macau	MOP1,000,000	–	74.5	Foundation piling

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
LabTech Testing Limited	Hong Kong	HK\$10,000	–	74.5	Construction material testing
Lei Kee Development Company Limited	Hong Kong	HK\$2	–	100	Property holding
Lindeteves Jacoberg (China) Limited	Hong Kong	HK\$170,000	–	100	Property holding
Right Able Limited	Hong Kong	HK\$1	–	100	Property holding
Shun Cheong Building Services Limited	Hong Kong	HK\$1,000,000	–	100	Multi-discipline building services
Shun Cheong Building Services (Macau) Limited	Macau	MOP100,000	–	100	Installation and maintenance of electrical, mechanical, heat ventilation and air-conditioning systems
Shun Cheong Electrical Engineering Company Limited	Hong Kong	“A” ordinary HK\$6,000,000; Non-voting deferred HK\$4,000,000	–	100	Design, installation, repair and maintenance of electrical and mechanical systems
Shun Cheong Electrical Products Factory Limited	Hong Kong	HK\$1,000,000	–	100	Trading of electrical installation products
Shun Cheong Engineering Group Limited	British Virgin Islands	US\$100	–	100	Investment holding
Shun Cheong Management Limited	Hong Kong	HK\$2	–	100	Provision of management services
Shun Cheong Real Estates Limited	Hong Kong	HK\$10,000	–	100	Property holding
Shun Cheong Trade and Development Company Limited	Hong Kong	HK\$663,000	–	100	Trading of electrical generators

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Strong Link Limited	Hong Kong	HK\$10,000	–	100	Property holding and development
Tegan Holdings Limited	Hong Kong	HK\$2	–	100	Property holding
Westco Airconditioning Limited	Hong Kong	HK\$10,000,000	–	100	Design, installation and maintenance of heating, ventilation and air-conditioning systems
Westco Chinney Limited	Hong Kong	HK\$3,000,000	–	100	Sale and installation of air-conditioning systems
Zeta International Limited	British Virgin Islands	US\$1	–	100	Property holding
東莞東寶龍燈光設備有限公司* (Dongguan Dongbaolong Light Equipment Co., Ltd., for identification only)	PRC/ Chinese mainland	HK\$55,000,000	–	100	Property holding
雅各臣(深圳)貿易有限公司* (Jacobson (Shenzhen) Trading Company Limited, for identification only)	PRC/ Chinese mainland	HK\$10,000,000	–	100	Trading of industrial products

* These subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

A company listed on the Main Board of the Stock Exchange.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings included in property, plant and equipment, investment properties, equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3.1 MATERIAL ACCOUNTING POLICIES

Investments in associates and a joint venture

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investments in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments in associates and a joint venture *(continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Interests in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

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3.1 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its leasehold land and owned buildings classified as property, plant and equipment, investment properties, an equity investment at fair value through other comprehensive income, derivative financial instruments and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, goodwill, investment properties and a property held for sale under development), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties

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 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;

or

- (b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);
 - (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); and
 - (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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms or 2%
Leasehold improvements	Over the lease terms or 10% – 33 $\frac{1}{3}$ %
Plant and machinery	6% – 25%
Furniture, fixtures and equipment	10% – 33 $\frac{1}{3}$ %
Yacht	10%
Motor vehicles	15% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO THE FINANCIAL STATEMENTS

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3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost or valuation, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased land and buildings	Over the lease terms
Leasehold land	Over the lease terms

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of leasehold land including in right-of-use assets are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investment at fair value through other comprehensive income is not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income and unlisted club debentures that are not solely payments of principal and interest.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade, bills and retention monies payables, trust receipt loans, financial liabilities included in other payables and accruals, lease liabilities, derivative financial liabilities and interest-bearing bank borrowings.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out or the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties held for sale under development

Properties held for sale under development intended to be held for sale after completion.

Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and cost to make the sale. On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.1 MATERIAL ACCOUNTING POLICIES *(continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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 between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the consumer products.

(b) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the most likely amount method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

The Group operates two types of defined contribution retirement benefit schemes, including a Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance and an Occupational Retirement Schemes Ordinance retirement benefit scheme (the “ORSO Scheme”), for all of its employees who are eligible to participate in the MPF Scheme or ORSO Scheme.

Under the MPF Scheme, contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The ORSO Scheme is managed by an independent trustee. The Group makes monthly contributions to the scheme at 5% to 15% of the employees’ basic salaries while the employees are not required to make any contributions. The employees are entitled to receive 100% of the contributions made by the Group together with the accrued earnings thereon upon retirement or leaving the Group after completing 10 years of service or at a reduced scale of 30% to 90% after completing three to nine years of service. Forfeited contributions and related earnings are used to reduce the contributions payable by the Group.

Prior to the MPF Scheme becoming effective, certain member companies of the Group operated defined contribution provident fund schemes (the “Provident Funds”) under the Occupational Retirement Schemes Ordinance for those employees who were eligible to participate. The Provident Funds operated in a similar way to the MPF Scheme, except that when an employee left the Provident Funds prior to his/her interest in the Group’s employer contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of forfeited contributions. Upon implementation of the MPF Scheme, the Provident Funds have been frozen and no further contributions have been made by the Group or the eligible employees after that date. The eligible employees are entitled to receive their funds in accordance with the rules of the Provident Funds when they leave the Group.

The assets of both types of scheme are held separately from those of the Group in independently administered funds.

The employees of the Group’s subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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3.1 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Termination benefits

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and a joint venture are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

3.1 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition for construction services

For the year ended 31 December 2025, the Group recognised revenue from construction contracting businesses amounting to HK\$6,031,439,000. The Group has recognised revenue from the provision of construction services over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. This involves the use of management judgements and estimation uncertainty, including estimating the progress towards completion of the services, scope of deliveries and services required, total contract costs incurred, forecasting the costs to complete a contract, valuing contract variations, claims and potential liquidated damages and estimating the provision for onerous contracts. When forecasting the costs to complete a contract, key assumptions are made based on past experience and quotation from subcontractors and suppliers, which may be changed if the future economic environment has changed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Estimation of fair value of investment properties and revaluation of leasehold land and owned buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The carrying amounts of investment properties, leasehold land and owned buildings at 31 December 2025 were HK\$92,521,000 (2024: HK\$96,443,000), HK\$506,286,000 (2024: HK\$555,554,000) and HK\$31,616,000 (2024: HK\$35,418,000), respectively.

Provision for expected credit losses on trade receivables and contract assets

Other than specific impairment allowance, the Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 24 and note 28 to the financial statements, respectively.

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimation of net realisable value of properties held for sale under development

Properties held for sale under development are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less cost to make the sale and the estimated cost of completion (if any), which are estimated based on the best available information. The carrying amount of a property held for sale under development at 31 December 2025 was HK\$52,407,000 (2024: HK\$104,888,000). Further details are given in note 23 to the financial statements.

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment (including the right-of-use assets) at the end of each reporting period. Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of property, plant and equipment at 31 December 2025 was HK\$906,274,000 (2024: HK\$949,011,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- the plastic and chemical products segment consists of importing, marketing and distributing plastic and chemical products;
- the building related contracting services segment consists of the provision of contracting services for both public and private sectors, including engineering contracting services in the air-conditioning industry and the provision of maintenance services;
- the foundation piling and ground investigation segment consists of the foundation piling and substructure construction works for both public and private sectors;
- the building construction segment consists of superstructure construction works for both public and private sectors;
- the aviation segment consists of the distribution and installation of aviation system and other hi-tech products; and
- the “others” segment consists of property holding and development, and investment holding.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, changes in fair value of investment properties, deficit from revaluation of property, plant and equipment as well as unallocated corporate gains and expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, tax recoverable, an equity investment at fair value through other comprehensive income, certain financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO THE FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2025

	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue (note 5)							
Sales to external customers	2,271,477	2,474,381	1,107,336	273,521	371,029	-	6,497,744
Intersegment sales	1,460	1,159	2,885	-	-	-	5,504
Other revenue	27,582	452	2,664	1,108	1,584	-	33,390
Total segment revenue	2,300,519	2,475,992	1,112,885	274,629	372,613	-	6,536,638
<i>Reconciliation:</i>							
Elimination of intersegment sales							(5,504)
							6,531,134
Segment results	163,117	(1,358)	1,184	19,373	(1,198)	(77,378)	103,740
<i>Reconciliation:</i>							
Fair value change in financial assets at fair value through profit or loss							2,578
Interest income and unallocated gains							1,545
Unallocated expenses							(22,039)
Changes in fair value of investment properties, net							(7,509)
Deficit from revaluation of property, plant and equipment							(3,511)
Share of losses of associates							(6,753)
Profit before tax							68,051
Segment assets	2,036,058	2,193,600	811,872	286,223	286,674	202,948	5,817,375
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(89,994)
Equity investment at fair value through other comprehensive income							9,544
Financial assets at fair value through profit or loss							28,084
Corporate and other unallocated assets							24,690
Total assets							5,789,699
Segment liabilities	1,096,008	1,542,958	488,958	224,779	53,544	62,689	3,468,936
<i>Reconciliation:</i>							
Elimination of intersegment payables							(89,994)
Corporate and other unallocated liabilities							133,520
Total liabilities							3,512,462
Other segment information:							
Investment in associates	121	9,263	-	3,896	-	-	13,280
Impairment of trade receivables	4,467	205	-	-	-	-	4,672
Write-back of provision for inventories included in cost of inventories sold	-	-	-	-	(154)	-	(154)
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold	-	-	-	-	-	64,287	64,287
Depreciation	72,980	7,026	7,062	3,186	7,295	7,675	105,224
Capital expenditure*	93,238	1,255	1	508	120	68	95,190

* Capital expenditure represents additions to property, plant and equipment and investment properties, excluding right-of-use assets arising from leased buildings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024

	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue (note 5)							
Sales to external customers	2,485,662	3,485,183	718,079	490,459	513,115	–	7,692,498
Intersegment sales	–	390	1,880	–	46	–	2,316
Other revenue	26,475	757	6,955	904	1,299	–	36,390
Total segment revenue	2,512,137	3,486,330	726,914	491,363	514,460	–	7,731,204
<i>Reconciliation:</i>							
Elimination of intersegment sales							(2,316)
							7,728,888
Segment results	149,492	8,821	(13,247)	24,171	10,272	(25,805)	153,704
<i>Reconciliation:</i>							
Fair value change in financial assets at fair value through profit or loss							773
Interest income and unallocated gains							698
Unallocated expenses							(33,683)
Changes in fair value of investment properties, net							(5,370)
Deficit from revaluation of property, plant and equipment							(2,059)
Share of losses of associates							(927)
Profit before tax							113,136
Segment assets	1,993,574	2,370,867	704,575	340,931	363,060	274,627	6,047,634
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(50,879)
Equity investment at fair value through other comprehensive income							8,413
Financial assets at fair value through profit or loss							23,945
Corporate and other unallocated assets							51,901
Total assets							6,081,014
Segment liabilities	1,153,765	1,838,253	366,661	241,605	76,741	47,816	3,724,841
<i>Reconciliation:</i>							
Elimination of intersegment payables							(50,879)
Corporate and other unallocated liabilities							117,509
Total liabilities							3,791,471
Other segment information:							
Investment in associates	121	8,475	–	–	–	–	8,596
Impairment of trade receivables	3,313	355	–	–	42	–	3,710
Impairment of contract assets	115	–	50	–	–	–	165
Write-back of provision for inventories included in cost of inventories sold	–	–	–	–	(2,428)	–	(2,428)
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold	–	–	–	–	–	20,000	20,000
Depreciation	78,988	14,627	8,361	3,840	8,435	10,281	124,532
Capital expenditure*	90,590	653	435	230	258	41	92,207

* Capital expenditure represents additions to property, plant and equipment and investment properties, excluding right-of-use assets arising from leased buildings.

NOTES TO THE FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	6,242,618	7,321,429
Chinese mainland and Macau	255,126	371,069
Total revenue	6,497,744	7,692,498

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	891,457	919,389
Chinese mainland and Macau	133,146	147,189
Total non-current assets	1,024,603	1,066,578

The non-current asset information above is based on the locations of the assets and excludes an equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss, the non-current portion of deposits and deferred tax assets.

Information about major customers

Revenue derived from each of the major customers, which amounted to 10 percent or more of the Group's revenue, is set out below.

	2025 HK\$'000	2024 HK\$'000
Customer A	769,860	*
Customer B	663,242	*
Customer C	*	929,043

* Less than 10%

NOTES TO THE FINANCIAL STATEMENTS

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5. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	466,305	646,879
Construction services	6,031,439	7,045,619
Total revenue from contracts with customers	6,497,744	7,692,498

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2025

Segments	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Total HK\$'000
Types of goods or services						
Sale of goods	-	95,276	-	-	371,029	466,305
Construction services	2,271,477	2,379,105	1,107,336	273,521	-	6,031,439
Total revenue from contracts with customers	2,271,477	2,474,381	1,107,336	273,521	371,029	6,497,744
Geographical markets						
Hong Kong	2,271,477	2,343,231	1,061,447	272,741	293,722	6,242,618
Chinese mainland and Macau	-	131,150	45,889	780	77,307	255,126
Total revenue from contracts with customers	2,271,477	2,474,381	1,107,336	273,521	371,029	6,497,744
Timing of revenue recognition						
Goods transferred at a point in time	-	95,276	-	-	371,029	466,305
Services transferred over time	2,271,477	2,379,105	1,107,336	273,521	-	6,031,439
Total revenue from contracts with customers	2,271,477	2,474,381	1,107,336	273,521	371,029	6,497,744

NOTES TO THE FINANCIAL STATEMENTS

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5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Total HK\$'000
Types of goods or services						
Sale of goods	-	133,764	-	-	513,115	646,879
Construction services	2,485,662	3,351,419	718,079	490,459	-	7,045,619
Total revenue from contracts with customers	2,485,662	3,485,183	718,079	490,459	513,115	7,692,498
Geographical markets						
Hong Kong	2,485,662	3,364,314	588,970	490,459	392,024	7,321,429
Chinese Mainland and Macau	-	120,869	129,109	-	121,091	371,069
Total revenue from contracts with customers	2,485,662	3,485,183	718,079	490,459	513,115	7,692,498
Timing of revenue recognition						
Goods transferred at a point in time	-	133,764	-	-	513,115	646,879
Services transferred over time	2,485,662	3,351,419	718,079	490,459	-	7,045,619
Total revenue from contracts with customers	2,485,662	3,485,183	718,079	490,459	513,115	7,692,498

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2025

Segments	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Sales to external customers	2,271,477	2,474,381	1,107,336	273,521	371,029	-	6,497,744
Intersegment sales	1,460	1,159	2,885	-	-	-	5,504
Other revenue	27,582	452	2,664	1,108	1,584	-	33,390
Sub-total	2,300,519	2,475,992	1,112,885	274,629	372,613	-	6,536,638
Intersegment adjustments and eliminations	(1,460)	(1,159)	(2,885)	-	-	-	(5,504)
Other revenue classified as other income	(27,582)	(452)	(2,664)	(1,108)	(1,584)	-	(33,390)
Revenue from contracts with customers	2,271,477	2,474,381	1,107,336	273,521	371,029	-	6,497,744

For the year ended 31 December 2024

Segments	Foundation piling and ground investigation HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Aviation HK\$'000	Plastic and chemical products HK\$'000	Others HK\$'000	Total HK\$'000
Sales to external customers	2,485,662	3,485,183	718,079	490,459	513,115	-	7,692,498
Intersegment sales	-	390	1,880	-	46	-	2,316
Other revenue	26,475	757	6,955	904	1,299	-	36,390
Sub-total	2,512,137	3,486,330	726,914	491,363	514,460	-	7,731,204
Intersegment adjustments and eliminations	-	(390)	(1,880)	-	(46)	-	(2,316)
Other revenue classified as other income	(26,475)	(757)	(6,955)	(904)	(1,299)	-	(36,390)
Revenue from contracts with customers	2,485,662	3,485,183	718,079	490,459	513,115	-	7,692,498

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	<u>723,558</u>	<u>762,229</u>
Revenue recognised from performance obligations satisfied in previous periods:		
Construction services not previously recognised due to constraints on variable consideration	<u>4,838</u>	<u>3,253</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 60 days from delivery, except for new customers, where payment in advance is normally required.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due on delivery to 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	4,842,726	5,804,270
After one year	3,049,328	2,541,179
Total	7,892,054	8,345,449

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2025 HK\$'000	2024 HK\$'000
Other income		
Bank and other interest income	16,951	27,883
Interest income from a related company	15,000	3,534
Investment income from financial assets at fair value through profit or loss	–	12
Others	2,984	5,659
Total	34,935	37,088

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6. OTHER OPERATING INCOME/(EXPENSES), NET

	2025 HK\$'000	2024 HK\$'000
Fair value changes in financial assets at fair value through profit or loss	2,578	773
Fair value gain/(loss) on derivative financial instruments		
– transactions not qualifying as hedges	11	(449)
Foreign exchange differences, net	(433)	(2,887)
Government subsidies	2,887	2,710
Loss on disposal of items of property, plant and equipment, net	(480)	(23,348)
Impairment of goodwill	–	(1,841)
Impairment of trade receivables	(4,672)	(3,710)
Impairment of contract assets	–	(165)
Loss on disposal of subsidiaries	–	(4,281)
Gain on deemed disposal of an associate	7,692	6,845
Gain on early termination of lease	–	12,474
Gain on lease modification	101	46
	<u>7,684</u>	<u>(13,833)</u>
Total	<u>7,684</u>	<u>(13,833)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans and overdrafts	46,522	49,813
Interest on lease liabilities (note 16)	494	3,745
Interest on other payable	573	3,483
Less: Interest capitalised under a property held for sale under development	(1,941)	(2,632)
	<u>45,648</u>	<u>54,409</u>
Total	<u>45,648</u>	<u>54,409</u>

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8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold		456,540	569,903
Cost of services provided		5,294,827	6,365,584
Depreciation of property, plant and equipment (excluding right-of-use assets)	14	72,565	85,660
Depreciation of right-of-use assets	14	32,659	38,872
Lease payments not included in the measurement of lease liabilities	16	5,972	8,151
Auditor's remuneration:			
Charge for the year		4,404	4,384
Underprovision in prior years		73	149
Total auditor's remuneration		4,477	4,533
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries		1,198,015	1,024,983
Pension scheme contributions*		38,902	36,244
Total employee benefit		1,236,917	1,061,227
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		167	167
Write-back of provision for inventories included in cost of inventories sold		(154)	(2,428)
Impairment of goodwill#		–	1,841
Impairment of trade receivables#		4,672	3,710
Impairment of contract assets#		–	165
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold		64,287	20,000
Loss on disposal of items of property, plant and equipment, net#		480	23,348
Government subsidies#&		(2,887)	(2,710)
Loss on disposal of subsidiaries#		–	4,281
Gain on deemed disposal of an associate#		(7,692)	(6,845)
Gain on early termination of lease#		–	(12,474)
Gain on lease modification#		(101)	(46)
Fair value changes in financial assets at fair value through profit or loss#		(2,578)	(773)
Fair value loss/(gain) on derivative financial instruments – transactions not qualifying as hedges#		(11)	449
Foreign exchange differences, net#		433	2,887

* As at 31 December 2025, the Group did not have significant forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).

These expense/(income) items are included in "Other operating income/(expenses), net" in the consolidated statement of profit or loss.

& As at the end of the reporting periods, there were no unfulfilled conditions or other contingencies attaching to the subsidies that had been recognised by the Group.

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9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, sections 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	2,269	2,000
Other emoluments:		
Salaries, allowances and benefits in kind	13,043	13,106
Discretionary bonuses	76,600	27,000
Pension scheme contributions	217	228
Sub-total	89,860	40,334
Total	92,129	42,334

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 HK\$'000	2024 HK\$'000
Ronald James Blake	380	350
Anthony King-Yan Tong	380	350
Dee-Dee Chan	380	350
Total	1,140	1,050

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

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9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Notes	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025						
Executive directors:						
James Sing-Wai Wong	(i)	200	2,337	3,600	217	6,354
Yuen-Keung Chan	(ii)	200	8,166	67,600	–	75,966
Philip Bing-Lun Lam	(iii)	200	2,540	5,400	–	8,140
Sub-total		600	13,043	76,600	217	90,460
Non-executive directors:						
Emily Yen Wong		149	–	–	–	149
Chi-Chiu Wu		380	–	–	–	380
Sub-total		529	–	–	–	529
Total		1,129	13,043	76,600	217	90,989
2024						
Executive directors:						
James Sing-Wai Wong	(i)	200	2,470	4,000	228	6,898
Yuen-Keung Chan	(ii)	200	8,166	18,000	–	26,366
Philip Bing-Lun Lam	(iii)	200	2,470	5,000	–	7,670
Sub-total		600	13,106	27,000	228	40,934
Non-executive director:						
Chi-Chiu Wu		350	–	–	–	350
Total		950	13,106	27,000	228	41,284

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes:

- (i) Included the director's fees of HK\$200,000 (2024: HK\$200,000) and discretionary bonuses of HK\$2,000,000 (2024: HK\$2,000,000) as an executive director of Chinney Kin Wing.
- (ii) Included the director's fees of HK\$200,000 (2024: HK\$200,000), salaries, allowances and benefits in kind of HK\$5,380,000 (2024: HK\$5,380,000) and discretionary bonuses of HK\$66,000,000 (2024: HK\$16,000,000) as an executive director of Chinney Kin Wing.
- (iii) Included the director's fees of HK\$200,000 (2024: HK\$200,000) and discretionary bonuses of HK\$3,000,000 (2024: HK\$2,000,000) as an executive director of Chinney Kin Wing.

NOTES TO THE FINANCIAL STATEMENTS

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included three (2024: three) directors of the Company, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2024: two) non-director highest paid employees for the year are as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Basic salaries and other benefits in kind	11,785	11,110
Discretionary bonuses	67,200	17,000
Pension scheme contributions	455	857
Total	79,440	28,967

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$24,000,001 to HK\$24,500,000	–	1
HK\$74,000,001 to HK\$74,500,000	1	–
Total	2	2

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11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	52,935	26,381
Overprovision in prior years	(468)	(104)
Current – Elsewhere		
Charge for the year	131	114
Overprovision in prior years	(75)	–
Deferred (note 34)	(15,429)	4,245
Total tax charge for the year	<u>37,094</u>	<u>30,636</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates to the tax charge for the year at the effective rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	<u>68,051</u>	<u>113,136</u>
Tax at the applicable statutory tax rates	9,985	16,726
Adjustments in respect of current tax of previous periods	(543)	(104)
Income not subject to tax	(4,535)	(8,906)
Expenses not deductible for tax	21,579	6,789
Profits and losses attributable to associates	1,114	153
Tax losses utilised from previous periods	(6,947)	(4,736)
Tax losses not recognised	11,771	14,455
Others	4,670	6,259
Tax charge for the year at the effective rate of 54.5% (2024: 27.1%)	<u>37,094</u>	<u>30,636</u>

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12. DIVIDEND

	2025 HK\$'000	2024 HK\$'000
Proposed final dividend – HK1.00 cent (2024: HK2.50 cents) per ordinary share	<u>5,949</u>	<u>14,872</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2025 HK\$'000	2024 HK\$'000
Basic		
Profit/(loss) attributable to ordinary equity holders of the Company	<u>(2,991)</u>	<u>50,745</u>
	Number of shares	
	2025	2024
Shares		
Number of ordinary shares outstanding during the year	<u>594,899,254</u>	<u>594,899,254</u>

NOTES TO THE FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets			Owned assets							Total HK\$'000
	Leasehold land HK\$'000	Leased land & building HK\$'000	Sub-total HK\$'000	Buildings HK\$'000	Leasehold improvement HK\$'000	Plant & machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Yacht HK\$'000	Motor Vehicle HK\$'000	Sub-total HK\$'000	
31 December 2025											
At 1 January 2025:											
Cost or valuation	555,554	98,701	654,255	35,418	71,480	921,077	71,817	16,529	21,354	1,137,675	1,791,930
Accumulated depreciation	-	(75,913)	(75,913)	-	(59,179)	(620,313)	(64,093)	(8,111)	(15,310)	(767,006)	(842,919)
Net carrying amount	555,554	22,788	578,342	35,418	12,301	300,764	7,724	8,418	6,044	370,669	949,011
At 1 January 2025:	555,554	22,788	578,342	35,418	12,301	300,764	7,724	8,418	6,044	370,669	949,011
Additions	-	24,051	24,051	-	564	89,343	484	-	4,799	95,190	119,241
Disposals	-	-	-	-	-	(7,739)	(655)	(225)	(267)	(8,886)	(8,886)
Lease modification	-	(664)	(664)	-	-	-	-	-	-	-	(664)
Transfer to cost of construction contracts	-	-	-	-	-	(20,647)	-	-	-	(20,647)	(20,647)
Reclassification	-	-	-	-	-	69	(69)	-	-	-	-
Deficit on revaluation charged to other comprehensive income	(21,741)	-	(21,741)	(1,886)	-	-	-	-	-	(1,886)	(23,627)
Deficit on revaluation charged to profit or loss	(3,187)	-	(3,187)	(324)	-	-	-	-	-	(324)	(3,511)
Depreciation provided during the year (note 8)	(24,340)	(8,319)	(32,659)	(1,592)	(2,500)	(62,222)	(2,325)	(835)	(3,091)	(72,565)	(105,224)
Exchange realignment	-	33	33	-	363	136	27	-	22	548	581
At 31 December 2025, net of accumulated depreciation	506,286	37,889	544,175	31,616	10,728	299,704	5,186	7,358	7,507	362,099	906,274
At 31 December 2025:											
Cost or valuation	506,286	67,959	574,245	31,616	73,024	889,536	46,511	15,929	24,127	1,080,743	1,654,988
Accumulated depreciation	-	(30,070)	(30,070)	-	(62,296)	(589,832)	(41,325)	(8,571)	(16,620)	(718,644)	(748,714)
Net carrying amount	506,286	37,889	544,175	31,616	10,728	299,704	5,186	7,358	7,507	362,099	906,274

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Right-of-use assets			Owned assets							Total HK\$'000
	Leasehold land HK\$'000	Leased land and buildings HK\$'000	Sub-total HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Yacht HK\$'000	Motor vehicles HK\$'000	Sub-total HK\$'000	
31 December 2024											
At 1 January 2024:											
Cost or valuation	645,707	96,372	742,079	37,153	74,848	876,735	73,434	16,529	20,316	1,099,015	1,841,094
Accumulated depreciation	-	(31,433)	(31,433)	-	(49,236)	(584,145)	(44,104)	(5,796)	(14,474)	(697,755)	(729,188)
Net carrying amount	645,707	64,939	710,646	37,153	25,612	292,590	29,330	10,733	5,842	401,260	1,111,906
At 1 January 2024:	645,707	64,939	710,646	37,153	25,612	292,590	29,330	10,733	5,842	401,260	1,111,906
Disposal of subsidiaries	-	-	-	-	(1,308)	(193)	(463)	-	-	(1,964)	(1,964)
Additions	-	4,562	4,562	-	244	88,175	640	-	3,148	92,207	96,769
Disposals	-	-	-	-	(6,173)	(9,218)	(16,496)	-	(114)	(32,001)	(32,001)
Lease modification	-	(52)	(52)	-	-	-	-	-	-	-	(52)
Transfer to costs of construction contracts	-	-	-	-	-	(2,105)	-	-	-	(2,105)	(2,105)
Early termination of lease	-	(34,309)	(34,309)	-	-	-	-	-	-	-	(34,309)
Deficit on revaluation charged to other comprehensive income	(60,998)	-	(60,998)	(81)	-	-	-	-	-	(81)	(61,079)
Deficit on revaluation charged to profit or loss	(2,003)	-	(2,003)	(56)	-	-	-	-	-	(56)	(2,059)
Depreciation provided during the year (note 8)	(27,152)	(11,720)	(38,872)	(1,598)	(5,670)	(68,294)	(4,972)	(2,315)	(2,811)	(85,660)	(124,532)
Exchange realignment	-	(632)	(632)	-	(404)	(191)	(315)	-	(21)	(931)	(1,563)
At 31 December 2024, net of accumulated depreciation	555,554	22,788	578,342	35,418	12,301	300,764	7,724	8,418	6,044	370,669	949,011
At 31 December 2024:											
Cost or valuation	555,554	98,701	654,255	35,418	71,480	921,077	71,817	16,529	21,354	1,137,675	1,791,930
Accumulated depreciation	-	(75,913)	(75,913)	-	(59,179)	(620,313)	(64,093)	(8,111)	(15,310)	(767,006)	(842,919)
Net carrying amount	555,554	22,788	578,342	35,418	12,301	300,764	7,724	8,418	6,044	370,669	949,011

Notes:

- The Company's right-of-use of leasehold land, together with the owned buildings are held for own use. The leasehold land in Hong Kong is held on medium-term leases expiring on 30 June 2047. The leasehold land in the Chinese mainland is held on medium-term leases expiring in 2043.
- The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between two and four years.
- At 31 December 2025, certain leasehold land and owned properties with an aggregate carrying value of HK\$105,310,000 (2024: HK\$113,720,000) were pledged to banks to secure bank loans granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2025, other than one of the Group's leasehold land which was revalued at HK\$172,000,000 by the directors with reference to a valuation report performed by A.G. Wilkinson & Associates (Surveyors) Limited, independent professionally qualified valuers, at an aggregate open market value based on its existing use basis on 31 December 2025, the Group's remaining leasehold land and owned buildings were revalued individually on 31 December 2025 by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer, at an aggregate open market value of HK\$365,902,000 based on their existing uses. A revaluation deficit of HK\$23,627,000 and revaluation deficits aggregating HK\$3,511,000, resulting from the above valuations, have been charged to other comprehensive income and charged to the statement of profit or loss, respectively. Had the leasehold land and owned buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK\$261,800,000 (2024: HK\$273,306,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold land and owned buildings:

	Fair value measurement as at 31 December 2025 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Leasehold land and owned buildings	–	–	537,902	537,902
	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Leasehold land and owned buildings	–	–	590,972	590,972

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Leasehold land HK\$'000	Owned buildings HK\$'000	Total HK\$'000
For the year ended 31 December 2025			
Carrying amount at 1 January 2025	555,554	35,418	590,972
Depreciation	(24,340)	(1,592)	(25,932)
Deficit on revaluation recognised in other comprehensive income	(21,741)	(1,886)	(23,627)
Deficit on revaluation recognised in the statement of profit or loss	(3,187)	(324)	(3,511)
Carrying amount at 31 December 2025	<u>506,286</u>	<u>31,616</u>	<u>537,902</u>
	Leasehold land HK\$'000	Owned buildings HK\$'000	Total HK\$'000
For the year ended 31 December 2024			
Carrying amount at 1 January 2024	645,707	37,153	682,860
Depreciation	(27,152)	(1,598)	(28,750)
Deficit on revaluation recognised in other comprehensive income	(60,998)	(81)	(61,079)
Deficit on revaluation recognised in the statement of profit or loss	(2,003)	(56)	(2,059)
Carrying amount at 31 December 2024	<u>555,554</u>	<u>35,418</u>	<u>590,972</u>

NOTES TO THE FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value hierarchy (continued)

Set out below is a summary of the valuation technique used and the key inputs to the valuation of the Group's properties held for own use:

	Valuation technique	Significant unobservable input	Range 2025	2024
Leasehold land and owned buildings held for own use	Direct comparison approach	Prevailing market price (per sq. ft.)	HK\$1,056 to HK\$7,223	HK\$1,148 to HK\$8,215
Carpark held for own use	Direct comparison approach	Prevailing market price (per carpark)	HK\$1,230,000 to HK\$3,000,000	HK\$1,760,000 to HK\$3,200,000

The fair value of properties held for own use is determined using the direct comparison approach for valuing these properties in their respective existing condition and use on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the properties which include the location, size, view, floor level, year of completion and other factors collectively. Higher premium for properties with positive characteristics will result in a higher fair value measurement.

15. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	96,443	104,726
Net loss from fair value adjustments	(7,509)	(5,370)
Exchange realignment	3,587	(2,913)
Carrying amount at 31 December	92,521	96,443

The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent professionally qualified valuers, at HK\$92,521,000.

At 31 December 2025 and 2024, none of the Group's investment properties was pledged.

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15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2025 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	15,689	15,689
Industrial properties	–	–	76,832	76,832

	Fair value measurement as at 31 December 2024 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Commercial properties	–	–	15,586	15,586
Industrial properties	–	–	80,857	80,857

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

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31 December 2025

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK\$'000	Industrial properties HK\$'000
Carrying amount at 1 January 2024	18,786	85,940
Net loss from fair value adjustments recognised in profit or loss	(3,200)	(2,170)
Exchange realignment	–	(2,913)
Carrying amount at 31 December 2024 and 1 January 2025	15,586	80,857
Net loss from fair value adjustments recognised in profit or loss	103	(7,612)
Exchange realignment	–	3,587
Carrying amount at 31 December 2025	15,689	76,832

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable input	Range 2025	2024
Commercial properties	Direct comparison approach	Prevailing market price (per sq.m.)	HK\$22,270 to HK\$23,384	HK\$20,214 to HK\$24,470
Industrial properties	Direct comparison approach	Prevailing market price (per sq.m.)	HK\$2,494 to HK\$3,342	HK\$782 to HK\$1,915

Direct comparison approach

The fair value of investment properties is determined using the direct comparison approach for valuing these properties in their respective existing condition and use on the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the properties which include the location, size, view, floor level, year of completion and other factors collectively. Higher prevailing market price for properties with positive characteristics will result in a higher fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

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16. LEASES

The Group as a lessee

The Group has lease contracts for land and buildings used in its operations. Leases of land and buildings generally have lease terms between one and four years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	7,420	59,300
New leases	24,051	4,562
Accretion of interest recognised during the year	494	3,745
Payments	(7,051)	(12,506)
Early termination of lease	–	(46,783)
Lease modification	(765)	(98)
Exchange realignment	139	(800)
	<u>24,288</u>	<u>7,420</u>
Carrying amount at 31 December		
Analysed into:		
Current portion	5,677	5,820
Non-current portion	18,611	1,600

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	494	3,745
Depreciation charge of right-of-use assets	32,659	38,872
Deficit on revaluation charged to profit or loss	3,187	2,003
Expense relating to short-term leases (included in cost of services provided and administrative expenses)	5,972	8,151
Gain on lease modification	(101)	(46)
Gain on early termination of lease	–	(12,474)
	<u>42,211</u>	<u>40,251</u>
Total amount recognised in profit or loss		

(c) The total cash outflow for leases is disclosed in note 40(c) to the financial statements.

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17. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	<u>13,280</u>	<u>8,596</u>

Particulars of the associates as at 31 December 2025 are as follows:

Name	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities
		2025	2024	
CSC Robotic Holdings Company Limited	Cayman Islands	30	33	Investment holding
Senior Rich Development Limited	Hong Kong	50	50	Property investment
Solution Chinney Sdn. Bhd.	Malaysia	49	–	Provision of construction services

The above investment is indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Share of associates' loss for the year	(6,753)	(927)
Share of associates' total comprehensive loss	(6,753)	(927)
Aggregate carrying amount of the Group's investments in associates	<u>13,280</u>	<u>8,596</u>

NOTES TO THE FINANCIAL STATEMENTS

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18. INVESTMENTS IN JOINT ARRANGEMENTS

Joint venture

	2025 HK\$'000	2024 HK\$'000
Share of net assets	—	—

The joint venture was dissolved in 2025.

As at 31 December 2024, particulars of the Group's joint venture were as follows:

Name	Place of registration and business	Percentage of			Principal activity
		Ownership interest	Voting power	Profit sharing	
Chinney P & H Studio Co., Ltd. ("Chinney P & H")	Macau	50	50	50	Provision of fitting out works

The above investment in a joint venture was indirectly held by the Company.

The following table illustrates the summarised financial information of Chinney P & H adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2025 HK\$'000	2024 HK\$'000
Share of the joint venture's assets and liabilities:		
Current assets	—	186
Current liabilities	—	(484)
Net liabilities	—	(298)

Share of the joint venture's results:

Total revenue	—	—
Total expenses	—	—
Loss after tax	—	—

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT ARRANGEMENTS (continued)

Joint venture (continued)

The Group had discontinued the recognition of its share of losses of the joint venture because the losses exceeded the Group's investment in the joint venture. The Group did not have any unrecognised share of losses of the joint venture for 2024. At 31 December 2024, the aggregate unrecognised share of losses of the joint venture amounted to HK\$298,000.

Joint operation

Particulars of the Group's joint arrangement are as follows:

Name	Form of business structure	Place of registration and business	Percentage of interest attributable to the Group		Principal activity
			2025	2024	
Southa – Shun Cheong 3408 Joint Venture	Unincorporated	Hong Kong	50	50	Electrical and mechanical engineering

Under the joint venture agreement, the Group and the other party to the joint arrangement have rights to the assets and obligations to the liabilities relating to the joint arrangement, therefore this body unincorporate is classified as joint operation.

19. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Equity investment at fair value through other comprehensive income		
Unlisted equity investment, at fair value	9,544	8,413

The above equity investment was irrevocably measured at fair value as the Group considers this investment to be strategic in nature.

NOTES TO THE FINANCIAL STATEMENTS

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20. GOODWILL

HK\$'000

At 1 January 2025 and 31 December 2025

Cost	14,767
Accumulated impairment	(2,239)

Net carrying amount	12,528
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At 1 January 2024:

Cost	14,767
Accumulated impairment	(398)

Net carry amount	14,369
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Cost at 1 January 2024, net of accumulated impairment

14,369

Impairment during the year

(1,841)

At 31 December 2024

12,528

At 31 December 2024:

Cost	14,767
Accumulated impairment	(2,239)

Net carrying amount	12,528
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

20. GOODWILL (continued)

Impairment testing of goodwill

For impairment testing, goodwill acquired through business combination has been allocated to three cash-generating units which are involved in building related contracting services, trading of electrical installation products and data centre solution.

Building related contracting services

The recoverable amount of the building related contracting services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projections is 12.9% (2024: 12.4%).

Trading of electrical installation products

The recoverable amount of the trading of electrical installation products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projections is 15.2% (2024: 15.0%).

Data centre solution

In the prior year, the recoverable amount of the data centre solution cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projections was 15.0%.

Assumptions used in the value in use calculation for 31 December 2025 and 2024 are as follows:

Budgeted gross margins: The basis used to determine the value assigned to the budgeted gross margins is the estimated gross margins related to signed but uncompleted construction contracts on hand and estimated product sales of confirmed orders.

Discount rates: The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of the industries of building related contracting services, trading of electrical installation products and data centre solution, budgeted gross margins and discount rates are consistent with external information sources.

In 2024, based on management's estimates, an impairment loss of HK\$1,841,000 for the data centre solution cash-generating unit was recognised to write off the carrying amount of goodwill as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through profit or loss		
Club memberships, at fair value	5,814	5,814
Unlisted other investments, at fair value	28,657	24,456
Total	34,471	30,270

The above unlisted investments at 31 December 2025 were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	43,606	63,972
Finished goods	10,979	12,265
Total	54,585	76,237

23. PROPERTY HELD FOR SALE UNDER DEVELOPMENT

	2025 HK\$'000	2024 HK\$'000
Property held for sale under development		
– pending construction expected to be recovered:		
After one year	52,407	104,888

At 31 December 2025, the property held for sale under development was pledged to a bank to secure certain bank loans granted to the Group.

Particulars of the Group's property held for sale under development are included in "Particulars of Property" on page 152.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

24. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	722,031	812,911
Impairment	<u>(18,356)</u>	<u>(13,886)</u>
Net carrying amount	<u>703,675</u>	<u>799,025</u>

The Group's trading terms with its customers are mainly on credit. The credit periods range from cash on delivery to 60 days. A longer credit period may be allowed for customers with good business relationships with the Group. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	408,962	431,741
31 to 60 days	106,618	158,473
61 to 90 days	36,980	62,304
Over 90 days	<u>151,115</u>	<u>146,507</u>
Total	<u>703,675</u>	<u>799,025</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	13,886	10,532
Impairment losses (note 8)	4,672	3,710
Amounts written off	(205)	(356)
Exchange realignment	<u>3</u>	<u>–</u>
At end of year	<u>18,356</u>	<u>13,886</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

24. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.02%	0.07%	0.22%	12.63%	2.54%
Gross carrying amount (HK\$'000)	417,477	116,012	45,341	143,201	722,031
Expected credit losses (HK\$'000)	87	77	101	18,091	18,356

As at 31 December 2024

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate	0.04%	0.07%	0.27%	10.94%	1.71%
Gross carrying amount (HK\$'000)	464,243	136,800	89,651	122,217	812,911
Expected credit losses (HK\$'000)	165	101	245	13,375	13,886

25. LOAN TO A RELATED COMPANY

The loan to a related company represented advance to Chinney Investments, Limited ("Chinney Investments") from Chinney Kin Wing, a subsidiary of the Company, pursuant to a loan agreement dated 25 July 2024. Chinney Investments is a substantial shareholder of the Company and a controlling shareholder of the Company has a beneficial interest in Chinney Investments. The loan is unsecured, interest bearing at 6% per annum and repayable within 12 months from the date of drawdown, with an option for extension for further 12 months subject to the approval of Chinney Kin Wing.

On 5 September 2025, Chinney Investments served a written request to Chinney Kin Wing for the extension of the term of the loan for further 12 months. The request for extension was approved by Chinney Kin Wing.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

26. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company represented construction contracting income certified from Honour Well Development Limited (“Honour Well”) as at 31 December 2025 and 2024. Honour Well is an indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited (“Hon Kwok”) of which a controlling shareholder of the Company has a beneficial interest in. Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam are common directors of the Company and Hon Kwok.

The amount due from a related company was unsecured, interest-free and repayable within 30 days. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	17,017	7,899
Deposits and other receivables	677,532	534,661
Total	694,549	542,560
Portion classified as non-current:		
Deposits	(9,327)	(11,701)
Current portion	685,222	530,859

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

28. CONTRACT ASSETS

		31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Unbilled revenue	(a)	1,192,377	1,302,771	1,223,574
Retention monies receivable	(b)	761,137	797,521	705,055
Impairment of retention monies receivable		(10,380)	(10,380)	(10,265)
Total		1,943,134	2,089,912	1,918,364

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

28. CONTRACT ASSETS (continued)

Notes:

- (a) Unbilled revenue is initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.
- (b) Retention monies receivable are part of the consideration that the customers retain which is payable on successful completion of the contracts in order to provide the customers with assurance that the Group will complete its obligation satisfactorily under the contracts, rather than to provide financing to the customers.

The decrease in contract assets in 2025 was the results of the decrease in the provision of construction services at the end of the year.

The increase in contract assets in 2024 was the result of the increase in the provision of construction services at the end of the year.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	1,680,424	1,736,904
After one year	262,710	353,008
Total contract assets	<u>1,943,134</u>	<u>2,089,912</u>

The Group's trading terms and credit policy with customers are disclosed in note 24 to the financial statements.

The movements in the loss allowance for impairment of retention monies receivable are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	10,380	10,265
Impairment losses	–	165
Written off	–	(50)
At end of year	<u>10,380</u>	<u>10,380</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

28. CONTRACT ASSETS (continued)

As at 31 December 2025, included in the above impairment allowance for contract assets is an allowance for an individually impaired contract asset of HK\$10,265,000 (2024: HK\$10,265,000) which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Except for the specific impairment allowance mentioned above, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets not individually impaired using a provision matrix:

	2025	2024
Expected credit loss rate	0.01%	0.01%
Gross carrying amount (HK\$'000)	1,943,249	2,090,027
Expected credit loss (HK\$'000)	115	115

29. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	416,268	607,292
Time deposits	557,658	435,705
Total	973,926	1,042,997

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$19,075,000 (2024: HK\$13,959,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain of the Group's cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

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30. TRADE, BILLS AND RETENTION MONIES PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	438,299	750,111
Bills payable	18,736	22,022
Retention monies payable [#]	369,008	347,194
Total	826,043	1,119,327

[#] Retention monies payable had repayment terms ranging from one to three years.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current to 30 days	320,419	512,677
31 to 60 days	68,692	149,481
61 to 90 days	14,694	34,213
Over 90 days	34,494	53,740
Total	438,299	750,111

The trade payables are non-interest-bearing and are normally settled within terms of 60 to 120 days.

NOTES TO THE FINANCIAL STATEMENTS

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31. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Contract liabilities	(a)	789,148	886,151
Other payables	(b)	79,790	24,569
Accruals		776,835	659,759
Total		1,645,773	1,570,479

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Short-term advances received from customers			
Construction services	789,148	886,151	820,078

Contract liabilities include short-term advances received to deliver construction services. The decrease in contract liabilities in 2025 was mainly due to the decrease in short-term advances received from customers in relation to the provision of construction services at the end of the year. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the provision of construction services at the end of the year.

(b) Included in other payables is an advance payment received from a customer for project operation of HK\$34,037,000 which is interest bearing at 6.36% per annum and repayable on demand. Except for the above, other payables in 2025 and 2024 are non-interest-bearing and have an average term of three months.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	Liabilities 2025 HK\$'000	Liabilities 2024 HK\$'000
Forward currency contracts	–	537

The Group entered into foreign currency forward contracts with a bank to manage its exchange rate exposures which do not meet the criteria for hedge accounting. Change in fair value of non-hedging currency derivatives amounting to HK\$11,000 was credited to the consolidated statement of profit or loss during the year (2024: HK\$449,000 was debited to the consolidated statement of profit or loss).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

33. INTEREST-BEARING BANK BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate%	Maturity	HK\$'000	Effective interest rate%	Maturity	HK\$'000
Current						
Trust receipt loans	4.33 – 6.11	On demand	297,615	5.47 – 7.75	On demand	488,100
Bank overdrafts	6.25	On demand	16,730	–	–	–
Bank loans (note (c))	4.33 – 5.68	2026 or on demand	608,720	5.48 – 7.29	2025 or on demand	514,216
Sub-total			625,450			514,216
Total			923,065			1,002,316

Notes:

- (a) The Group's bank borrowings were secured by corporate guarantees given by the Company and/or certain subsidiaries. Trust receipt loans were repayable within six months from the date of advance, and bore interest at floating interest rates.
- (b) Bank borrowings of HK\$923,065,000 as set out above are denominated in Hong Kong dollars and bear interest at floating interest rates.
- (c) As at 31 December 2025, bank loans of HK\$88,720,000 (2024: HK\$63,644,000) were secured by the pledge of certain leasehold land and owned buildings, and property held for sale under development with an aggregate carrying value of HK\$157,717,000 (2024: HK\$218,608,000) (notes 14 and 23).

The maturity of the above bank borrowings is as follows:

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
Bank overdrafts, bank loans and trust receipt loans repayable:		
Within one year or on demand	923,065	1,002,316

As at 31 December 2025, ignoring the effect of any repayment on demand clause and based on the maturity terms of the bank loans and trust receipt loans, the amounts repayable in respect of the Group's interest-bearing bank borrowings were: within one year of HK\$923,065,000 (2024: within one year of HK\$1,002,316,000).

NOTES TO THE FINANCIAL STATEMENTS

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34. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

2025

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January	41,711	46,673	88,384
Deferred tax credited to the statement of profit or loss during the year (<i>note 11</i>)	(15,750)	(2,091)	(17,841)
Deferred tax credited to other comprehensive income	–	(3,998)	(3,998)
Gross deferred tax liabilities at 31 December	<u>25,961</u>	<u>40,584</u>	<u>66,545</u>

2024

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January	38,776	48,469	87,245
Deferred tax charged to the statement of profit or loss during the year (<i>note 11</i>)	2,935	8,290	11,225
Deferred tax credited to other comprehensive income	–	(10,086)	(10,086)
Gross deferred tax liabilities at 31 December	<u>41,711</u>	<u>46,673</u>	<u>88,384</u>

NOTES TO THE FINANCIAL STATEMENTS

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34. DEFERRED TAX (continued)

Deferred tax assets

2025

	Right-of-use assets HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 January	5	19,624	19,629
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	2	(2,414)	(2,412)
Gross deferred tax assets at 31 December	7	17,210	17,217

2024

	Right-of-use assets HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 January	5	12,644	12,649
Deferred tax credited to the statement of profit or loss during the year (note 11)	–	6,980	6,980
Gross deferred tax assets at 31 December	5	19,624	19,629

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	9,907	10,745
Net deferred tax liabilities recognised in the consolidated statement of financial position	(59,235)	(79,500)
Net deferred tax liabilities	(49,328)	(68,755)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

34. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Group has estimated tax losses arising in Hong Kong of approximately HK\$289,659,000 (2024: HK\$278,343,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. As at 31 December 2025, no deferred tax asset was recognised in respect of the tax losses in Hong Kong of HK\$185,359,000 (2024: HK\$161,482,000). The Group also has tax losses arising in Mainland China of HK\$55,576,000 (2024: HK\$86,944,000) and Macau of HK\$25,571,000 (2024: HK\$25,302,000) that will expire in five and three years, respectively, for offsetting against future taxable profits respectively. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and, in the opinion of the directors of the Company, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

35. SHARE CAPITAL

Shares

	2025 HK\$'000	2024 HK\$'000
Authorised:		
2,500,000,000 (2024: 2,500,000,000) ordinary shares of HK\$0.10 (2024: HK\$0.10) each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid:		
594,899,245 (2024: 594,899,245) ordinary shares of HK\$0.10 (2024: HK\$0.10) each	<u>59,490</u>	<u>59,490</u>

There was no movement in the share capital of the Company during the year (2024: Nil).

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 52 and 53 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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37. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Chinney Kin Wing	<u>25.5%</u>	<u>25.5%</u>
	2025	2024
	HK\$'000	HK\$'000
Profit for the year allocated to non-controlling interests:		
Chinney Kin Wing	<u>33,948</u>	<u>31,755</u>
Dividends paid to non-controlling interests:		
Chinney Kin Wing	<u>15,300</u>	<u>15,300</u>
Accumulated balances of non-controlling interests at the reporting dates:		
Chinney Kin Wing	<u>224,909</u>	<u>204,964</u>

The following tables illustrate the summarised financial information of Chinney Kin Wing. The amounts disclosed are before any inter-company eliminations:

	2025	2024
	HK\$'000	HK\$'000
Revenue	2,272,937	2,485,662
Other income	30,616	27,739
Total expenses	(2,170,424)	(2,386,283)
Profit for the year	133,129	127,118
Total comprehensive income for the year	<u>138,215</u>	<u>132,951</u>
Current assets	1,517,916	1,502,488
Non-current assets	517,514	502,061
Current liabilities	(1,110,226)	(1,159,486)
Non-current liabilities	<u>(43,832)</u>	<u>(41,906)</u>
Net cash flows from operating activities	297,935	372,628
Net cash flows used in investing activities	(56,812)	(316,536)
Net cash flows used in financing activities	<u>(61,298)</u>	<u>(60,097)</u>
Net increase/(decrease) in cash and cash equivalents	<u>179,825</u>	<u>(4,005)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2025 HK\$'000	2024 HK\$'000
Share of rental and office expenses with a related company	(i)	835	566
Rent paid to related companies	(i)	397	979
Licence fee paid to related companies	(ii)	216	312
Sales of goods to related companies	(iii)	(1,042)	(428)
Income on maintenance works from related companies	(iv)	(23)	(9)
Income from contracting works from a related company	(v)	(22,830)	(130,900)
Management fee income from an associate	(vi)	(360)	(150)
Interest income from a related company	(vii)	(15,000)	(3,534)

Notes:

- (i) The rental and office expenses were charged by Hon Kwok and its subsidiary, a subsidiary of Chinney Investments, on an actual basis. Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam are common directors of the Company and Hon Kwok.
- (ii) The license fees charged by Hon Kwok and its subsidiary were negotiated between the concerned parties by reference to prevailing market rates.
- (iii) The sales of goods to related companies, which are the subsidiaries of Hon Kwok, were negotiated between the concerned parties by reference to prevailing market rates.
- (iv) The income on maintenance works received from a subsidiary of Hon Kwok and a related company of which Mr. James Sing-Wai Wong is a common director of that related companies and the Company.
- (v) The construction contracting income from revamp works from a related company, which is a subsidiary of Hon Kwok, was negotiated between the concerned parties by reference to prevailing market rates. The transaction constitute connected transactions of the Group and were approved by independent shareholders of the Company at a special general meeting held on 28 November 2022.
- (vi) The management fee income was negotiable between the concerned parties by reference to time involvement and costs incurred.
- (vii) The interest income was recognised on the loan advanced to Chinney Investments at an interest rate of 6% per annum. The transaction constitutes a connected transaction of the Company and was approved by independent shareholders of the Company at a special general meeting held on 25 September 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

38. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	233,336	141,718
Post-employment benefits	2,798	3,614
Total compensation paid to key management personnel	<u>236,134</u>	<u>145,332</u>

(c) Outstanding balances with related parties:

Details of the Group's balance with related companies as at the end of the reporting period are included in notes 25 and 26 to the financial statements.

39. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	16,000	26,118
Capital contribution to financial assets at fair value	1,911	3,471
Property held for sale under development	5,113	5,244
Total	<u>23,024</u>	<u>34,833</u>

(b) At 31 December 2024, the Group had a lease contract that has not yet commenced. The future lease payments for this non-cancellable lease contract are HK\$732,000 due within one year, and HK\$547,000 due in the second to fifth years, inclusive.

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$24,051,000 (2024: HK\$4,562,000) and HK\$24,051,000 (2024: HK\$4,562,000), respectively, in respect of the arrangements for land and buildings.
- (ii) In prior year, the Group early terminated a lease. The remaining right-of-use assets and lease liabilities of the lease of HK\$34,309,000 and HK\$46,783,000, respectively, were derecognised upon early termination, which resulted in a gain of HK\$12,474,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

(b) Changes in liabilities arising from financing activities

2025

	Trust receipt loans HK\$'000	Lease liabilities HK\$'000	Bank loans HK\$'000
At 1 January 2025	488,100	7,420	514,216
Changes from financing cash flows	(190,485)	(6,557)	94,504
Non-cash flow:			
New leases	–	24,051	–
Foreign exchange movement	–	139	–
Interest expense	–	494	–
Lease modification	–	(765)	–
Interest paid classified as operating cash flows	–	(494)	–
At 31 December 2025	297,615	24,288	608,720

2024

	Trust receipt loans HK\$'000	Lease liabilities HK\$'000	Bank loans HK\$'000
At 1 January 2024	324,343	59,300	389,983
Changes from financing cash flows	163,757	(8,761)	124,233
Non-cash flow:			
New leases	–	4,562	–
Foreign exchange movement	–	(800)	–
Interest expense	–	3,745	–
Lease modification	–	(98)	–
Early termination	–	(46,783)	–
Interest paid classified as operating cash flows	–	(3,745)	–
At 31 December 2024	488,100	7,420	514,216

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 HK\$'000	2024 HK\$'000
Within operating activities	6,466	11,896
Within financing activities	6,557	8,761
Total	13,023	20,657

41. CONTINGENT LIABILITIES

As at 31 December 2025, the Group provided corporate guarantees and indemnities to certain banks and insurance institutions for the issue of performance/surety bonds in an aggregate amount of HK\$651,849,000 (2024: HK\$660,013,000) in favour of the Group's clients in its ordinary course of businesses. This amount included performance/surety bonds issued in favour of the clients of Chinney Kin Wing and its subsidiaries (collectively, "Chinney Kin Wing Group") of HK\$237,410,000 (2024: HK\$268,510,000) to which corporate guarantees and indemnities were provided by Chinney Kin Wing Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such HK\$'000	Equity investment HK\$'000	HK\$'000	HK\$'000
Equity investment at fair value through other comprehensive income	-	9,544	-	9,544
Trade receivables	-	-	703,675	703,675
Loan to a related company	-	-	250,000	250,000
Amount due from a related company	-	-	36,287	36,287
Financial assets at fair value through profit or loss	34,471	-	-	34,471
Financial assets included in prepayments, deposits and other receivables	-	-	677,532	677,532
Cash and cash equivalents	-	-	973,926	973,926
Total	34,471	9,544	2,641,420	2,685,435

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade, bills and retention monies payables	826,043
Trust receipt loans	297,615
Financial liabilities included in other payables and accruals	734,019
Lease liabilities	24,288
Interest-bearing bank borrowings	625,450
Total	2,507,415

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such HK\$'000	Equity investment HK\$'000	HK\$'000	HK\$'000
Equity investment at fair value through other comprehensive income	–	8,413	–	8,413
Trade receivables	–	–	799,025	799,025
Loan to a related company	–	–	250,000	250,000
Amount due from a related company	–	–	43,773	43,773
Financial assets at fair value through profit or loss	30,270	–	–	30,270
Financial assets included in prepayments, deposits and other receivables	–	–	534,661	534,661
Cash and cash equivalents	–	–	1,042,997	1,042,997
Total	30,270	8,413	2,670,456	2,709,139

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Mandatorily designated as such HK\$'000	HK\$'000	HK\$'000
Trade, bills and retention monies payables	–	1,119,327	1,119,327
Trust receipt loans	–	488,100	488,100
Financial liabilities included in other payables and accruals	–	616,475	616,475
Derivative financial instruments	537	–	537
Lease liabilities	–	7,420	7,420
Interest-bearing bank borrowings	–	514,216	514,216
Total	537	2,745,538	2,746,075

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Financial assets				
Equity investment at fair value through other comprehensive income	9,544	8,413	9,544	8,413
Financial assets at fair value through profit or loss	34,471	30,270	34,471	30,270
Total	44,015	38,683	44,015	38,683
Financial liabilities				
Derivative financial instruments	–	537	–	537

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade, bills and retention monies payables, trust receipt loans, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, lease liabilities, interest-bearing bank borrowings, an amount due from a related company and a loan to a related party approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of the club membership included in financial assets at fair value through profit or loss was based on quoted prices. The fair value of the unlisted equity investment at fair value through other comprehensive income and unlisted other investment included in financial assets at fair value through profit or loss were derived from the latest transaction prices, market prices or net asset value of the investee which approximates to its fair value. An increase/(decrease) in the latest transaction prices would result in an increase/(decrease) in the fair value of the unlisted equity investment and unlisted other investment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investment at fair value through other comprehensive income	–	–	9,544	9,544
Financial assets at fair value through profit or loss	–	5,814	28,657	34,471
Total	–	5,814	38,201	44,015

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investment at fair value through other comprehensive income	–	–	8,413	8,413
Financial assets at fair value through profit or loss	–	5,814	24,456	30,270
Total	–	5,814	32,869	38,683

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	537	–	537

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash and bank balances, and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, balance with a related company, a loan to a related company, trade, bills and retention monies payables, other payables, and trust receipt loans, which arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors meet periodically to analyse and formulate measures to manage each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The interest rates and terms of repayment of trust receipt loans and interest-bearing bank borrowings are disclosed in note 33 to the financial statements. Other financial assets and liabilities of the Group do not have material interest rate risk. Interest-bearing bank borrowings, cash and bank balances, and short-term deposits are stated at cost and are not revalued on a periodic basis. Floating-rate interest income and expenses are credited or charged to the statement of profit or loss as incurred.

The nominal interest rates of the financial instruments approximate to their respective effective interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2025			
Hong Kong dollar	50	(4,919)	–
Hong Kong dollar	(50)	4,919	–
2024			
Hong Kong dollar	50	(4,554)	–
Hong Kong dollar	(50)	4,554	–

* Excluding retained profits

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar (“USD”), Canadian dollar (“CAD”), Euro (“EUR”) and RMB exchange rates, with all other variables held constant, of the Group’s profit before tax (arising from USD, CAD, EUR and RMB denominated financial instruments) and the Group’s equity.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
2025			
If Hong Kong dollar weakens against USD	1	1,022	–
If Hong Kong dollar strengthens against USD	(1)	(1,022)	–
If Hong Kong dollar weakens against CAD	5	1,362	–
If Hong Kong dollar strengthens against CAD	(5)	(1,362)	–
If Hong Kong dollar weakens against RMB	5	1,605	–
If Hong Kong dollar strengthens against RMB	(5)	(1,605)	–
2024			
If Hong Kong dollar weakens against USD	1	60	–
If Hong Kong dollar strengthens against USD	(1)	(60)	–
If Hong Kong dollar weakens against CAD	5	1,362	–
If Hong Kong dollar strengthens against CAD	(5)	(1,362)	–
If Hong Kong dollar weakens against EUR	5	97	–
If Hong Kong dollar strengthens against EUR	(5)	(97)	–
If Hong Kong dollar weakens against RMB	5	1,903	–
If Hong Kong dollar strengthens against RMB	(5)	(1,903)	–

* Excluding retained profits

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are closely monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Contract assets*	–	–	–	1,953,514	1,953,514
Trade receivables*	–	–	–	722,031	722,031
Loan to a related company – Normal**	250,000	–	–	–	250,000
Amount due from a related company – Normal**	36,287	–	–	–	36,287
Financial assets included in prepayments, deposits and other receivables – Normal**	677,532	–	–	–	677,532
Cash and cash equivalents – Not yet past due	973,926	–	–	–	973,926
Total	1,937,745	–	–	2,675,545	4,613,290

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Total HK\$'000
	ECLs			Simplified	
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	approach HK\$'000	
Contract assets*	–	–	–	2,100,292	2,100,292
Trade receivables*	–	–	–	812,911	812,911
Loan to a related company					
– Normal**	250,000	–	–	–	250,000
Amount due from a related company					
– Normal**	43,773	–	–	–	43,773
Financial assets included in prepayments, deposits and other receivables					
– Normal**	534,661	–	–	–	534,661
Cash and cash equivalents					
– Not yet past due	1,042,997	–	–	–	1,042,997
Total	1,871,431	–	–	2,913,203	4,784,634

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 24 and 28 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, an amount due from a related company and a loan to a related party is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and trust receipt loans. The Group’s policy is to maintain the Group at a net current asset position.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2025

	On demand and/or less than 12 months HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total HK\$'000
Trade, bills and retention monies payables	826,043	-	-	-	826,043
Lease liabilities	7,137	4,986	12,978	3,895	28,996
Trust receipt loans	297,615	-	-	-	297,615
Financial liabilities included in other payables and accruals	734,019	-	-	-	734,019
Interest-bearing bank borrowings	625,450	-	-	-	625,450
Total contractual undiscounted payments	2,490,264	4,986	12,978	3,895	2,512,123

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2024

	On demand and/or less than 12 months HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total HK\$'000
Trade, bills and retention monies payables	1,119,327	–	–	–	1,119,327
Lease liabilities	6,222	1,619	–	–	7,841
Trust receipt loans	488,100	–	–	–	488,100
Financial liabilities included in other payables and accruals	616,475	–	–	–	616,475
Interest-bearing bank borrowings	514,216	–	–	–	514,216
Total contractual undiscounted payments	2,744,340	1,619	–	–	2,745,959

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is total interest-bearing borrowings divided by the total capital. Total interest-bearing borrowings include trust receipt loans, interest-bearing bank borrowings and lease liabilities, excluding the advanced payment received from a customer for a project operation use. Capital includes equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Bank overdrafts	16,730	–
Trust receipt loans	297,615	488,100
Interest-bearing bank borrowings	608,720	514,216
Lease liabilities	24,288	7,420
Total interest-bearing borrowings	947,353	1,009,736
Equity attributable to owners of the Company	2,052,328	2,084,579
Gearing ratio	46.2%	48.4%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	125	179
Interests in subsidiaries	204,870	208,420
Financial assets at fair value through profit or loss	282	282
Total non-current assets	205,277	208,881
CURRENT ASSETS		
Amounts due from subsidiaries	418,023	326,620
Prepayments, deposits and other receivables	809	703
Cash and cash equivalents	2,780	13,790
Total current assets	421,612	341,113
CURRENT LIABILITIES		
Other payables and accruals	1,708	1,735
Amounts due to subsidiaries	92,691	59,906
Interest-bearing bank borrowings	50,000	25,000
Total current liabilities	144,399	86,641
NET CURRENT ASSETS	277,213	254,472
Net assets	482,490	463,353
EQUITY		
Issued capital	59,490	59,490
Reserves (note)	423,000	403,863
Total equity	482,490	463,353

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account <i>HK\$'000</i>	Contributed surplus* <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	60,978	120,946	205,574	387,498
Final 2023 dividend declared	–	–	(14,872)	(14,872)
Profit and total comprehensive income for the year	–	–	31,237	31,237
At 31 December 2024 and 1 January 2025	60,978	120,946	221,939	403,863
Final 2024 dividend declared	–	–	(14,872)	(14,872)
Profit and total comprehensive income for the year	–	–	34,009	34,009
At 31 December 2025	60,978	120,946	241,076	423,000

* The Company's contributed surplus arose from the capital reorganisation which involved the consolidation of the capital reserve and share premium account in a prior year and the capital reduction involving the cancellation of a portion of the paid-up capital during that year.

There is no specific provision in the Bermuda Companies Act which regulates the use of contributed surplus save that the Company cannot make a distribution out of the contributed surplus to the shareholders if there are reasonable grounds for believing that the Company (i) is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

46. APPROVAL OF THE FINANCIAL STATEMENTS

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

PARTICULARS OF PROPERTY

31 December 2025

PROPERTY HELD FOR SALE UNDER DEVELOPMENT

Location	Use	Site area (sq. ft)	Gross floor area (sq. ft)	Development progress (up to 26 March 2026)	Estimated completion date	Attributable interest of the Group (%)
HONG KONG						
The remaining portion of lot no.4960 in DD51, Fanling, New Territories	Residential	13,158	19,735	Construction works in progress	August 2026	100