

Hong Kong 香港 • Macau 澳門

LS 黎氏建築

Lai Si Construction

Lai Si Enterprise Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2266)

2025 ANNUAL REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LAI Ieng Man (*Chairman*)
Mr. LAI Meng San (*Chief Executive Officer*)
Ms. LAI Ieng Wai
Ms. CHEONG Weng Si

Independent non-executive Directors

Mr. SIU Wing Hay
Mr. CHAN Iok Chun
Dr. LIU Ting Chi

AUDIT COMMITTEE

Mr. SIU Wing Hay (*Chairman*)
Mr. CHAN Iok Chun
Dr. LIU Ting Chi

REMUNERATION COMMITTEE

Dr. LIU Ting Chi (*Chairman*)
Mr. LAI Ieng Man
Mr. LAI Meng San
Mr. SIU Wing Hay
Mr. CHAN Iok Chun

NOMINATION COMMITTEE

Mr. LAI Ieng Man (*Chairman*)
Ms. LAI Ieng Wai
Mr. SIU Wing Hay
Mr. CHAN Iok Chun
Dr. LIU Ting Chi

COMPANY SECRETARY

Mr. LO Hon Kit, CPA

AUTHORISED REPRESENTATIVES

Mr. LAI Meng San
Mr. LO Hon Kit, CPA

REGISTERED OFFICE

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

HEADQUARTER IN MACAU

Lai Si Enterprise Centre
Rua Da Ribeira Do Patane No. 54
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop 1, 7/F.
One Two One
No. 121 King Lam Street
Cheung Sha Wan
Kowloon
Hong Kong

AUDITOR

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





CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of China Macau Branch
Tai Fung Bank Limited
Luso International Banking Ltd.

STOCK CODE

2266

COMPANY'S WEBSITE

www.lai-si.com

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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



DEFINITIONS

Unless the context otherwise requires, in this annual report, the following expressions shall have the following meanings:

“2017 Share Option Scheme”	the share option scheme adopted by the Company pursuant to the written shareholders’ resolutions passed on 18 January 2017 with effect from 10 February 2017, the date on which the Shares were listed on the Main Board of the Stock Exchange
“2024 Share Option Scheme”	means the share option scheme adopted by the Company at its annual general meeting held on 25 June 2024, a summary of the principal terms of which is set out in pages 48 to 50 in this annual report
“Adoption Date”	means the date (which is the date when the annual general meeting of the Company was held on 25 June 2024) on which the date 2024 Share Option Scheme was adopted by the Shareholders
“AGM”	annual general meeting of the Company
“Articles of Association”	the articles of association of the Company adopted on 18 January 2017 and as amended and restated on 29 June 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code”	the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Company”	Lai Si Enterprise Holding Limited (黎氏企業控股有限公司)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the case of the Company, means (i) Mr. Lai Ieng Man, Mr. Lai Meng San and Ms. Lai Ieng Wai collectively and/or (ii) SHKMCL
“Director(s)”	the director(s) of the Company
“eligible participant(s)”	in respect of the 2024 Share Option Scheme, any employee participant(s), provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“employee(s)”	in relation to a company, its full-time or part-time employee(s), or person(s) for the time being seconded to work full-time or part-time for such company
“employee participant(s)”	director(s) or employee(s) of the Company or any of its subsidiaries (including a person who is granted options under the any share schemes of the Company as an inducement to enter into employment contracts with the Company or any of its subsidiaries)
“grant date”	the date of the Board resolution approving the grant of options, which must be a business day





DEFINITIONS

“grant letter”	an offer letter specifying the details of the grant of options by the Board
“grantee(s)”	means any selected participant(s) who accepts the offer of the grant of option(s) in accordance with the rules of any share schemes of the Company (including the 2024 Share Option Scheme) or (in the case of selected participant(s) being individual(s) and where the context so permits) the legal personal representative(s) entitled to any such options in consequence of the death of the relevant selected participant(s)
“Group”	the Company and its subsidiaries
“High Class”	High Class Investment Company Limited (高標投資有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any of the Directors, chief executive or substantial shareholders of the Company or the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company
“Lai Si”	Lai Si Construction & Engineering Company Limited (黎氏建築工程有限公司)
“Lai Si (HK)”	Lai Si Construction (Hong Kong) Company Limited (黎氏建築(香港)有限公司)
“Lai Si MEE”	Lai Si Mechanical and Electrical Engineering Company Limited (黎氏機電工程有限公司)
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	10 February 2017, being the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSHKHL”	LSHK Holding Limited
“LSKL”	Lai Si-Kin Leong Consortium (黎氏一堅良合作經營)
“LSMAHL”	LSMA Holding Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Government”	the government of Macau
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operating in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company adopted on 18 January 2017 and as amended from time to time



DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nice”	Nice Contracting Limited
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China which, except where the context requires and for the purpose of this annual report does not include Taiwan, Hong Kong and Macau
“Prospectus”	the prospectus of the Company dated 27 January 2017
“Remuneration Committee”	the remuneration committee of the Company
“Securities Dealing Code”	the code of conduct adopted by the Company regarding securities transactions by the Directors and employees, who because of his office or employment in the Group, is likely to possess inside information of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Share Offer”	the placing and public offer as defined in the Prospectus
“Shares”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“SHKMCL”	SHK-Mac Capital Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	LSHKHL, LSMAHL, WTMAHL, Lai Si, Lai Si (HK), Well Team, High Class, Lai Si MEE, Nice and LSKL
“Well Team”	Well Team Engineering Company Limited (宏天工程有限公司)
“WTMAHL”	WTMA Holding Limited
“vesting period”	in respect of an option, the minimum period for which an option must be held before it can be vested as the Board may in its absolute discretion determine
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP” or “Macau patacas”	Macau patacas, the lawful currency of Macau
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent





CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2025.

COMPANY OVERVIEW

Established in the 1980s, the Group has over 40 years of experience in the fitting-out and construction industry in Macau. The Group mainly provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works in Macau and Hong Kong. During the year ended 31 December 2025, the Group was dedicated to the development of the primary core business, fitting out/construction works.

The fitting-out projects undertaken by the Group can be broadly divided into three categories by type of customers, namely (i) hotels and casinos; (ii) retail shops and restaurants; and (iii) others. The construction projects undertaken can be broadly classified into two categories, namely (i) general construction and (ii) heritage conservation. In addition, the Group also provides repair and maintenance services for properties in Macau, either on an ad-hoc basis or regularly over a fixed period.

The Group's competitive strengths in various aspects, which set the Group apart from its competitors and enable the Group to continue its growth and enhance its profitability, comprise its (i) well-established reputation with proven track record; (ii) established business relationships with some of the Group's major customers; (iii) stable pool of suppliers and subcontractors; (iv) experienced management team, which possesses extensive industry knowledge; and (v) well-established management system.

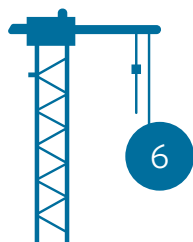
BUSINESS REVIEW

During the year ended 31 December 2025, the Group completed 25 projects and was awarded 19 projects. The Group's revenue decreased by approximately 5.5% from approximately MOP208.1 million for the year ended 31 December 2024 to approximately MOP196.7 million for the year ended 31 December 2025. For the year ended 31 December 2025, the Group recorded profit after tax of approximately MOP8.0 million, as compared with profit after tax of approximately MOP24.1 million in the previous financial year.

MARKET REVIEW

Looking back at Year 2025, the gaming revenue and the number of arrivals to Macau have steadily met the government's targets. Driven by gaming and tourism, Macau's market economy has largely returned to the pre-pandemic level. Benefiting from the government's ongoing efforts in advancing moderate economic diversification and the high-quality development of the Guangdong-Hong Kong-Macao Greater Bay Area, the confidence of the local consumer market has fully stabilized and is gradually improving.

Meanwhile, large hotels, shopping malls, luxury brands and chain-store retails in Macau have completed expansions or new projects, bringing new momentum and development opportunities to the construction industry.





CHAIRMAN'S STATEMENT

As a well-known tourism, leisure and entertainment destination in the world, Macau's market prospect remains very optimistic. Despite the shift in tourist spending patterns from "gaming and luxury goods" to "integrated resorts, cultural experiences and diverse consumption", it is believed that with the steady economic recovery, the number of arrivals to Macau and their willingness to spend will steadily increase. This will directly drive demand for related construction projects. Furthermore, the government's proactive policies and measures to support economic development has created a stable and favourable business environment for the construction industry. In such a macroeconomic environment in Hong Kong and Macau with promising market prospects, the Group will continue to deepen its presence in existing markets and actively explore new opportunities to create greater value for the Group's long-term development.

OUTLOOK

During the Year 2025, the gaming and tourism industries in Macau continued to perform well. Against the backdrop of the Macau government's ongoing efforts to deepen its economic diversification strategy and integrate into the high-quality development in the Greater Bay Area, consumer confidence has continued to rise, fully stimulating market vitality. Meanwhile, the renovation and upgrading of large hotels, the ongoing expansion and upgrading of luxury brands and chain-store retails, as well as the optimization and improvement of urban infrastructure in Macau are continuously unleashing market demand in the construction industry, creating momentum and opportunities for the industry.

Leveraging its unique geographical advantages, well-developed tourism infrastructure and favourable policies, Macau's market prospect remains positive. The steady growth in number of arrivals to Macau continues to drive increased demand for various types of construction projects including tourism-related facilities and commercial complexes, further revitalizing the construction industry.

Amidst the continuously improving market environment in Macau and the coordinated development of the Greater Bay Area, the Group will firmly seize development opportunities, consolidate its presence in the Macau market and deeply tap into the growth potential of the construction sector. It will also actively expand its diversified business portfolio, proactively align with various project requirements and continuously enhance its core competitiveness. The Group will collaborate more frequently with leading local enterprises and central state-owned enterprises to bid for large-scale construction projects, grasp development opportunities to lay a solid foundation for its sustained and steady growth and create more development opportunities and value.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our Shareholders, business partners and other professional parties for their continuous support. I would also like to thank our management team and employees for their exceptional effort and valuable contribution during this year. We look forward to continuing this success moving forward.

Lai Ieng Man

Chairman

Macau

27 March 2026





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 10 February 2017 (the “Listing Date”), the Company’s shares (the “Shares”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) when 100,000,000 Shares were offered for subscription at HK\$1.15 each.

Business review

The Group provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance services in Macau and Hong Kong. All of the Group’s revenue was derived from projects from both private and public sectors in Macau and Hong Kong.

The Group’s customers primarily include (i) hotel and casino developers and owners, international retailers and restaurant owners for fitting-out works; (ii) land owners and the Macau Government for construction works; and (iii) operators of hotels and casinos, retail shops and restaurants for repair and maintenance works.

The Group’s revenue comprised (a) fitting-out works; (b) construction works; and (c) repairs and maintenance services. During the year ended 31 December 2025, the total value for the new fitting-out projects awarded to the Group, representing the aggregate awarded contract sum, amounted to approximately MOP259.9 million as compared to the year ended 31 December 2024 of approximately MOP196.3 million. As at 31 December 2025, the Group had an aggregate value of backlog for fitting-out projects and construction projects of approximately MOP192.1 million as compared to approximately MOP100.7 million as at 31 December 2024.

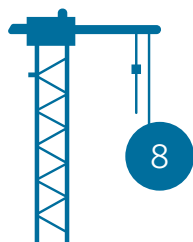
Financial review

Revenue

The following table sets forth a breakdown of the Group’s revenue during the years ended 31 December 2025 and 2024 by business segments:

	Year ended 31 December			
	2025		2024	
	MOP'000	%	MOP'000	%
Fitting-out works	182,098	92.6	193,905	93.2
Construction works	8,661	4.4	8,774	4.2
Repair and maintenance services	5,911	3.0	5,457	2.6
Total	196,670	100.0	208,136	100.0

During the year ended 31 December 2025, the Group’s revenue decreased by approximately MOP11.5 million or 5.5%. The decrease was mainly attributable to the decrease in revenue from fitting-out works by approximately MOP11.8 million or 6.1%.





MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the Group's revenue attributable to fitting-out works during the years ended 31 December 2025 and 2024 by type of customers:

	Year ended 31 December			
	2025		2024	
	MOP'000	%	MOP'000	%
Hotel and casino	30,860	16.9	13,037	6.7
Retail shops and restaurants	134,634	73.9	174,584	90.0
Others	16,604	9.2	6,284	3.3
Total	182,098	100.0	193,905	100.0

The decrease in fitting-out works revenue during the year ended 31 December 2025 was mainly attributable to the decrease in revenue from customers of retail shops and restaurants by approximately MOP40.0 million or 22.9%.

Gross profit

The following table sets forth a breakdown of the Group's gross profit and gross profit margin during the years ended 31 December 2025 and 2024 by business segments:

	Year ended 31 December			
	2025		2024	
	Gross profit MOP'000	Gross profit margin %	Gross profit MOP'000	Gross profit margin %
Fitting-out works	38,703	21.3	46,166	23.8
Construction works	2,028	23.4	757	8.6
Repair and maintenance services	2,233	37.8	2,585	47.4
Total/overall	42,964	21.8	49,508	23.8

During the year ended 31 December 2025, the Group's gross profit decreased by approximately MOP6.5 million or approximately 13.2% from approximately MOP49.5 million for the year ended 31 December 2024 to approximately MOP43.0 million for the year ended 31 December 2025. The decrease in gross profit was mainly due to the decrease in fitting-out works projects. The overall demand for fitting-out works decrease.

The Group's gross profit margin decreased from approximately 23.8% for the year ended 31 December 2024 to approximately 21.8% for the year ended 31 December 2025. The gross profit margin decrease was due to decreased gross profit margin of fitting-out works. The pricing strategies and profit margins have been adjusted to remain competitive and secure contracts.





MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses, net

The Group incurred net loss over other income and gains of approximately MOP1.5 million for the year ended 31 December 2025, as compared with net gain over other income and gains of approximately MOP4.2 million for the year ended 31 December 2024. Net gain shifted to net loss was due to reduction in provision written back MOP2.9 million for financial assets and contract assets, compared with the year ended 31 December 2024. In addition, there was a fair value loss on investment properties MOP3.6 million made for the year ended 31 December 2025 as compared with MOP2.3 million made for the year ended 31 December 2024.

The Group has assessed recoverability of financial assets and contract assets from time to time, and adjusted expected credit losses provision when deterioration of credit quality has come to management attention. Therefore, expected credit losses provision has been revised accordingly.

Administrative expenses

The Group's administrative expenses increased by approximately MOP3.5 million or 12.1% from approximately MOP28.8 million for the year ended 31 December 2024 to approximately MOP32.3 million for the year ended 31 December 2025. The increase was mainly due to staff incentive payments and payroll expense of active tender participation.

Finance costs

There was no material fluctuation in finance costs.

Income tax (expense)/credit

The Group's income tax credit approximately MOP0.3 million for the year ended 31 December 2024 was changed to approximately MOP39,000 income tax expense for the year ended 31 December 2025. There was no material fluctuation.

Profit and total comprehensive income for the year attributable to owners of the Company

As a result of the above, the Group made profit for the year attributable to owners of the Company of approximately MOP8.0 million for the year ended 31 December 2025 as compared with profit of approximately MOP24.1 million for the year ended 31 December 2024.

Basic earnings per share

The Company's basic earnings per share for the year ended 31 December 2025 was MOP2.0 cents (2024: earnings per share MOP6.0 cents), representing decrease of MOP4.0 cents which is in line with the profit for the year attributable to owners of the Company when compared to the year ended 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources and capital structure

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarter in Macau. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group, and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group has sufficient working capital for its future operational requirement.

As at 31 December 2025, the Group's current assets exceeded its current liabilities by MOP21.6 million (2024: MOP29.0 million).

As at 31 December 2025, the Group had bank balances and cash of MOP34.0 million (2024: MOP24.5 million).

As at 31 December 2025, the Group had an aggregate of pledged bank deposits of MOP1.1 million (2024: MOP1.1 million) that were used to secure banking facilities.

As at 31 December 2025, bank and other borrowings amounted to MOP38.5 million (2024: MOP29.6 million) of which MOP18.7 million, MOP2.9 million, MOP9.3 million and MOP7.6 million (2024: MOP7.0 million, MOP2.8 million, MOP9.0 million and MOP10.8 million) will mature within one year, one year to two years, two years to five years and more than five years, respectively.

The bank overdrafts amounting to MOP1,726,000 (2024: Nil) as at 31 December 2025 carried interest at 1.5% below the prevailing best lending rate quoted by the bank in Macau (the "Prime Rate") per annum.

The interest-bearing bank borrowings amounting to MOP22,628,000, MOP4,575,000 and MOP9,564,000 as at 31 December 2025 carry interest at 2.85% below the Prime Rate per annum, at Prime Rate per annum and 1.50% below the Prime Rate per annum respectively.

The interest-bearing bank borrowings amounting to MOP25,424,000 and MOP4,222,000 as at 31 December 2024 carry interest at 2.85% below the Prime Rate per annum and 1.75% below the Prime Rate respectively.

The effective interest rates of the borrowings as at 31 December 2025 (which are also equal to the contractual interest rate) carry interest range from 2.7% to 5.4% (2024: 2.7% to 3.8%).

The Group's borrowings are denominated in MOP. These bank borrowings are under banking facilities for drawing loans and issuing performance bonds. The banking facilities are secured by the legal charge over the office buildings held by the Group (included in property, plant and equipment), pledged bank deposits and promissory notes endorsed by Lai Si which were guaranteed by the Company and the directors of the Company, Lai Ieng Man and Lai Meng San.





MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to maintain a healthy liquidity position. As at 31 December 2025, the Group's current assets and current liabilities were MOP107.9 million (2024: MOP113.7 million) and MOP86.3 million (2024: MOP84.7 million), respectively. The Group's current ratio decreased to 1.25 (2024: 1.34). The decrease was in line with profit making situation during the year ended 31 December 2025. The Group has still maintained sufficient liquid assets to finance its operations.

Gearing ratio calculated by dividing total debts (including bank and other borrowings) with total equity was 0.30 as at 31 December 2025 (2024: 0.23). The increase in gearing ratio was minimal.

As at 31 December 2025, the share capital and equity attributable to owners of the Company amounted to MOP4.1 million and MOP126.7 million, respectively (2024: MOP4.1 million and MOP129.1 million, respectively).

Charge on the Group's assets

As at 31 December 2025, land and building and bank deposits were pledged to secure certain borrowings granted to the Group amounted to MOP72.1 million and MOP1.1 million (2024: MOP72.9 million and MOP1.1 million), respectively.

Contingent liabilities and operating lease and capital commitments

(a) *Sin Fong Garden Building*

In October 2012, one of the supporting pillars of the residential building called "Sin Fong Garden Building" collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

The hearings were held from 17 November 2023 to July 2024. On 12 January 2026, the court issued its final ruling that the plaintiffs' request for compensation was deemed unfounded and the defendants, including the subsidiary of the Group, were acquitted. On 27 January 2026, the plaintiffs filed a request of appeal against the defendants, including the subsidiary of the Group.

After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that the significant outflow resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

(b) Dispute on payment with a subcontractor

As at 31 December 2025, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group's fitting-out projects on a total settlement dispute amount with interest of MOP2,485,000.

On 11 February 2025, the hearing was conducted. The Court gave the judgement on 21 March 2025 by which it was decided that the subsidiary of the Group should repay the amount of MOP317,000 to the plaintiff. During the year ended 31 December 2025, the subsidiary of the Group fully settled the payment.

On 10 June 2025, an appeal against the subsidiary of the Group was filed by the solicitors acting on behalf of plaintiff. The written legal arguments have been filed by the plaintiff and the Group on 9 September 2025 and 4 November 2025 respectively.

After consulting the Group's lawyer, the directors of the Company are of the opinion that it is not probable that the significant outflow resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2025.

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

Exposure to fluctuations in exchange rates and interest rates and corresponding hedging arrangements

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily HK\$ and RMB. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances, bank overdrafts and bank borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.





MANAGEMENT DISCUSSION AND ANALYSIS

Credit exposure

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees arisen from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive, discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties.

In addition to the above, in year 2018, upon the implementation of HKFRS 9, the Group has engaged professional valuer service on the collectability of the overall account receivables portfolio. The professional valuer takes forward looking approach in assessing credit risk (expected credit losses). Provision for expected credit losses on account receivable was made accordingly.

In this regard, the management of the Group considers that credit risk is well taken care and addressed.

The Group is exposed to concentration of credit risk as at 31 December 2025 on trade receivables and contract assets from the Group's five major customers amounting to approximately MOP26.8 million (2024: MOP30.3 million) and accounted for approximately 39.4% (2024: 39.1%) of the Group's total trade receivables and contract assets. The major customers of the Group are certain reputable organisations. The management of the Group considers that the credit risk is limited in this regard.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Liquid funds are also under the scope of review by the professional valuer as in account receivables.

EVENTS AFTER THE REPORTING PERIOD

The Board proposed a final dividend on 27 March 2026.

There are no other significant events noted after 31 December 2025 and up to the date of this annual report.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the total number of full-time employees of the Group was 153 (2024: 146).

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work.

The Group's gross staff costs from operations (including the directors' emoluments) was MOP46.6 million for the year ended 31 December 2025 (2024: MOP43.3 million).

The Company adopted a new share option scheme on 25 June 2024 in compliance with the new requirements under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") which became effective 1 January 2023, so that the Company may grant options to the eligible participants as incentives or rewards for their contribution to the Group. Since the listing of the Shares, no share option had been granted under the old and new share option schemes.

PROSPECTS AND STRATEGIES

Outlook:

Looking back at Year 2025, the gaming revenue and the number of arrivals to Macau have steadily met the government's targets. Driven by gaming and tourism, Macau's market economy has largely returned to the pre-pandemic level. Benefiting from the government's ongoing efforts in advancing moderate economic diversification and the high-quality development of the Guangdong-Hong Kong-Macao Greater Bay Area, the confidence of the local consumer market has fully stabilized and is gradually improving.

Meanwhile, large hotels, shopping malls, luxury brands and chain-store retails in Macau have completed expansions or new projects, bringing new momentum and development opportunities to the construction industry.

As a well-known tourism, leisure and entertainment destination in the world, Macau's market prospect remains very optimistic. With the steady economic recovery, the number of arrivals to Macau and their willingness to spend are steadily increasing. This directly drives demand for related construction projects. Furthermore, the government's proactive policies and measures to support economic development has created a stable and favorable business environment for the construction industry. In such a macroeconomic environment in Hong Kong and Macau with promising market prospects, the Group will continue to deepen its presence in existing markets and actively explore new opportunities to create greater value for the Group's long-term development.

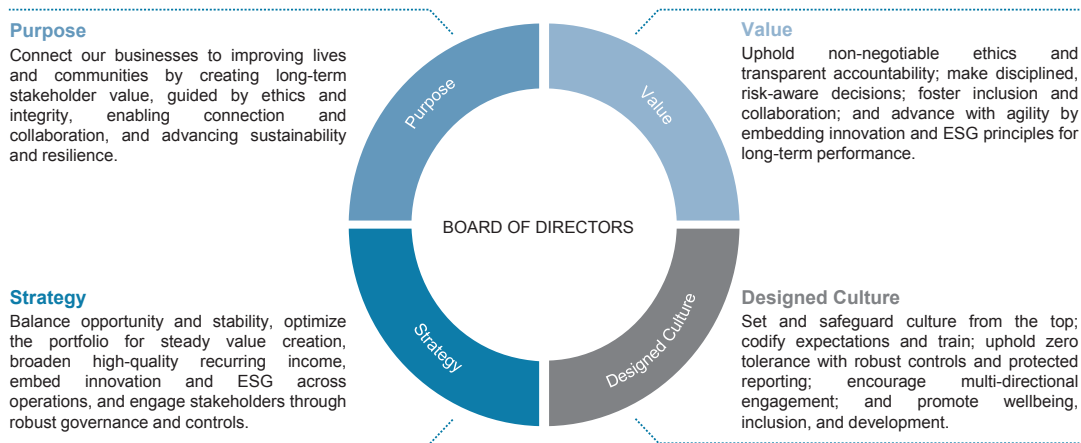




CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2025.

PURPOSE, VALUE, STRATEGY AND CULTURE

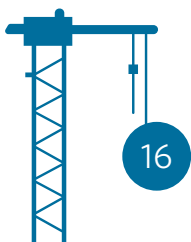


Our Purpose

Our purpose is to connect our construction and renovation businesses with the goal of improving lives and strengthening communities through the creation of safe, sustainable, and innovative built environments. We are committed to delivering long-term value to our stakeholders by upholding the highest standards of ethics and integrity in every project we undertake. By fostering collaboration among our teams, partners, and clients, we drive excellence and efficiency in delivering quality infrastructure and renovation solutions. Furthermore, we prioritize advancing sustainability and resilience in our processes and materials, ensuring that our developments not only meet today’s needs but also contribute to a greener, more resilient future. Through this dedication, we aim to build lasting and positive impacts that enhance the places where people live, work, and thrive.

Our Value

Our values form the cornerstone of our construction and renovation business, guiding every project and decision we make. We uphold non-negotiable ethics and transparent accountability to ensure that every construction or renovation project is executed with the highest standards of integrity, safety, and quality. Our disciplined, risk-aware approach enables us to carefully assess and manage potential challenges, delivering reliable outcomes on time and within budget. We believe that inclusion and collaboration- both within our diverse teams and with our clients, contractors, and communities- are critical to fostering innovation and achieving excellence in complex building environments. By embedding agility, innovation, and Environmental, Social, and Governance (ESG) principles into our design, materials sourcing, and construction methods, we not only meet the evolving needs of the industry but also contribute to sustainable, resilient infrastructure. Through these values, we are committed to driving long-term performance that creates lasting value for all our stakeholders and the communities where we build.





CORPORATE GOVERNANCE REPORT

PURPOSE, VALUE, STRATEGY AND CULTURE (Continued)

Our Strategy

Our strategy is centred on achieving a balanced approach between seizing growth opportunities and maintaining operational stability within the construction and renovation industry. We focus on optimizing our project portfolio to ensure steady, sustainable value creation by carefully selecting and managing contracts that deliver consistent, high-quality returns. Expanding our base of recurring income streams, such as long-term maintenance and renovation agreements, allows us to build a resilient revenue foundation. Innovation and Environmental, Social, and Governance (ESG) principles are deeply embedded across all aspects of our operations, from adopting cutting-edge construction technologies and sustainable materials to implementing energy-efficient processes that minimize environmental impact. Moreover, we prioritize transparent engagement with our stakeholders – including clients, employees, suppliers, and community partners – through robust governance frameworks and stringent controls, ensuring accountability, risk management, and ethical business practices. This comprehensive strategy enables us to build not only structures but also trust and long-term value for our stakeholders and the communities we serve.

Our Designed Culture

Our designed culture is intentionally shaped and safeguarded from the highest levels of leadership, ensuring that our core values and principles are deeply embedded throughout the organization. We clearly codify expectations around professional conduct, safety, and quality performance, providing comprehensive training to equip our teams to meet these standards consistently. Our commitment to zero tolerance for unethical behaviour or safety violations is reinforced through robust controls and protected reporting channels, empowering employees and stakeholders to raise concerns without fear of reprisal. We encourage open, multi-directional engagement across all levels – fostering transparent communication and collaboration between management, employees, clients, and partners. Additionally, we prioritize the wellbeing, inclusion, and continuous development of our people, recognizing that a diverse, healthy, and skilled workforce is essential to driving innovation, excellence, and sustainable success in the construction and renovation industry. Through this purposeful culture, we create a safe and supportive environment that enables every individual to contribute to our collective achievements.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles, code provisions and certain recommended best practices of the CG Code contained in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the year ended 31 December 2025, the Company has complied with all the code provisions as set out in the CG Code.





CORPORATE GOVERNANCE REPORT

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions (the "Securities Dealing Code") by the Directors and employees who, because of his office or employment in the Group, is likely to possess inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

The Board shapes and monitors the Company's culture, oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

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



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Board Composition

The Board currently comprises the following Directors:

	Gender	Age	Cultural and Educational Background or Professional Experience
Executive Directors			
Mr. Lai Ieng Man (Chairman of the Board)	M	74	Over 39 years of experience in fitting-out and construction industry
Mr. Lai Meng San (Chief Executive Officer)	M	46	Bachelor's degree of technology in architectural science and Master's degree of business administration
Ms. Lai Ieng Wai	F	45	Bachelor's degree of arts in economics
Ms. Cheong Weng Si	F	47	Bachelor's degree of business administration in accounting
Independent non-executive Directors			
Mr. Chan Iok Chun	M	60	Over 20 years of experience in retail industry of mobile phones and related accessories
Mr. Siu Wing Hay	M	51	Bachelor's degree of business administration in finance and certified public accountant of the Hong Kong Institute of Certified Public Accountants
Dr. Liu Ting Chi	M	48	Bachelor's degree of politics, master of business administration and Ph.D.

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" on pages 35 to 39 of the annual report for the year ended 31 December 2025.

The relationships between the Directors are disclosed in the respective Director's biography under the section "Biographies of Directors and Senior Management" on pages 35 to 39 of this annual report.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Attendance Records of Directors and Committee Meetings

Code provision C.5.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Code provision C.2.7 of the CG Code requires that the Chairman should at least annually hold meetings with independent non-executive Directors without the presence of other directors.

A summary of the attendance records of the Directors at the Board and Board Committee meetings and annual general meeting held during the year is set out in the table below:

Name of Directors	Attendance/Number of Meetings				Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Mr. Lai Ieng Man	4/4	N/A	1/1	2/2	1/1
Mr. Lai Meng San	4/4	N/A	N/A	2/2	1/1
Ms. Lai Ieng Wai	4/4	N/A	1/1	N/A	1/1
Ms. Cheong Weng Si	4/4	N/A	N/A	N/A	1/1
Mr. Chan Iok Chun	4/4	2/2	1/1	2/2	1/1
Mr. Siu Wing Hay	4/4	2/2	1/1	2/2	1/1
Dr. Liu Ting Chi	4/4	2/2	1/1	2/2	1/1

Apart from regular Board meetings, the Chairman also held one meeting with independent non-executive Directors only without the presence of other Directors during the year.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Lai Ieng Man and Mr. Lai Meng San respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board as well as overall management of the Group corporate strategies planning. The Chief Executive Officer focuses on the overall management of the Group's business development and marketing matters.



CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The independent non-executive Directors of the Company are appointed for a specific term of one year, subject to renewal after the expiry of the then current term.

The Company's Articles of Association provides that all Directors appointed by the Board to fill a causal vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.

Under the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.





CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Responsibilities, Accountabilities and Contributions of the Board and Management (Continued)

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

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management under the supervision of Mr. Lai Meng San, the Chief Executive Director (for the Group's business development and marketing matters) and Ms. Lai Ieng Wai (for the Group's business operation), both are executive Directors.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

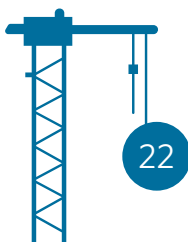
Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are encouraged to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.





CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors (Continued)

The training records of the Directors for the year ended 31 December 2025 are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Lai Ieng Man	B
Mr. Lai Meng San	B
Ms. Lai Ieng Wai	B
Ms. Cheong Weng Si	B
Independent Non-Executive Directors	
Mr. Chan Iok Chun	B
Mr. Siu Wing Hay	A, B
Dr. Liu Ting Chi	B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 1 of this annual report.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Siu Wing Hay, Mr. Chan lok Chun and Dr. Liu Ting Chi. Mr. Siu Wing Hay is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and overseeing the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the internal audit function, scope of audit and making recommendation to the Board on the appointment of external auditors, and reviewing the arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings in the year ended 31 December 2025, to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, re-appointment of external auditors and their relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

Remuneration Committee

The Remuneration Committee consists of five members, namely Mr. Lai Ieng Man, Mr. Lai Meng San, Mr. Siu Wing Hay, Mr. Chan lok Chun and Dr. Liu Ting Chi. Dr. Liu Ting Chi is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the year to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors for the year 2025 as well as the updated terms of reference of the Remuneration Committee.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Pursuant to code provision E.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by band for the year ended 31 December 2025 are as follows:

	Number of employees
HK\$1,000,000.00 to HK\$1,500,000.00 (equivalent to MOP1,030,000.00 to MOP1,545,000.00)	1

* Details of the remuneration of the senior management by band are set out in note 8 in the Notes to the Consolidated Audited Financial Statements for the year ended 31 December 2025.

The Remuneration Committee also made recommendations to the Board on the renewal of appointments and remuneration packages of the executive Directors and independent non-executive Directors during the year.

Nomination Committee

The Nomination Committee consists of five members, namely Mr. Lai Ieng Man, Ms. Lai Ieng Wai, Mr. Siu Wing Hay, Mr. Chan Lok Chun and Dr. Liu Ting Chi. Mr. Lai Ieng Man is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the selection of individuals nominated for directorship, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

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

The Nomination Committee met to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the annual general meeting and to assess the independence of the non-executive directors pursuant to Rule 3.13 of the Listing Rules during the year 2025.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board Diversity Policy.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will disclose annually, in the corporate governance report, on the Board's composition under diversified perspectives (including gender, age, cultural and educational background, or professional experience), and monitor the implementation of the Board Diversity Policy. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background or professional qualifications.

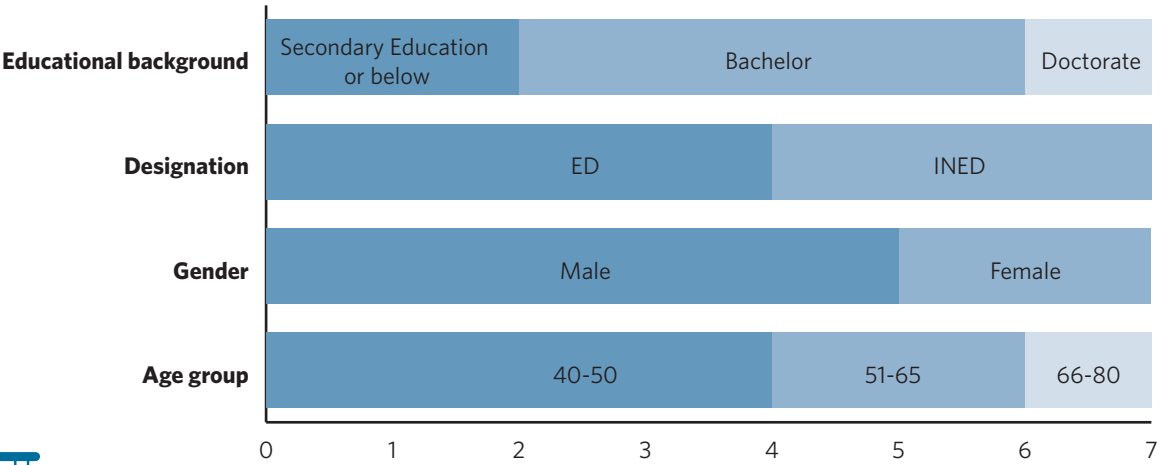
The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

Diversity at workforce levels (including our senior management) is disclosed in our Environmental, Social and Governance ("ESG") Report.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness annually.

As at the date of this annual report, the Board's composition under diversified perspectives was summarized as follows:





CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Workforce Diversity Policy

The Company has adopted a Workforce Diversity Policy to foster a diverse, inclusive, and supportive workplace across the Group, with the Policy applying to all subsidiaries. The Policy underscores respect for individual differences, dignity at work, and a commitment to gender empowerment, gender equality, and gender diversity. It provides equal opportunities in recruitment, training and development, compensation, and career advancement and promotion.

The Nomination Committee monitors implementation and progress, ensuring the principles of diversity and inclusion are embedded in the Group's workplace, culture, strategy, and processes, and may recommend revisions to the Board to ensure continued effectiveness of the Policy. The Company also provides periodic training on diversity and inclusion-related topics to employees to support ongoing awareness and capability building.

Gender Diversity

The Company values gender diversity across all levels of the Group. The Company is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	28.6% (2 directors)	71.4% (5 directors)
Senior Management*	0% (0 Senior Management)	100% (2 Senior Managements)
Other employees	18.6% (27 employees)	81.4% (118 employees)
Overall workforce	18.8% (29 employees)	81.2% (125 employees)

* Senior Management includes senior management who is also appointed as a director.

The Board had targeted to achieve and had achieved at least 2 of female Directors and 18.8% of female employees of the Group and considers that the above current gender diversity is satisfactory.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.





CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (Continued)

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. Details of the changes to the composition of the Board up to 22 April 2026, being latest practicable date, are set out in the section headed "Report of the Directors" in this annual report.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the responsibility to maintain effective risk management and internal control systems in order to safeguard the Group's assets and investments and the shareholders' interest and conducts a review on an annual basis. During the year under review, the Board had conducted review of the effectiveness and adequacy of the risk management and internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions through the effort of the Audit Committee. During the year under review, the Company engaged an external independent consultant to conduct a review on the internal control system of the Group. The Board has the overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function and the Board had reached the conclusion that the Group's risk management and internal control systems were in place and effective and adequate.

The Company has adopted the Anti-corruption Policy which sets out the principle of integrity, honesty, fairness, impartiality and transparency, the Company prohibits any form of fraud or bribery, and is committed to prevention, deterrence, detection, reporting and investigation of all forms of fraud and bribery, and has a zero tolerance for all forms of wrongdoing in the course of conducting business. Meanwhile, the Company also adopted the Whistle-blowing Policy to provide unblocked pipelines and sound guidelines for whistle-blowers (including the Directors, employees and third parties having dealings with the Company, etc.) to report any misconduct prejudicing the interests of the Company. The Company also fully protects the interests of whistle-blowers. Such policies are reviewed on a regular basis.

Main Features of the Risk Management and Internal Control Systems

The Group's risk governance structure and the main responsibilities of each level of the structure are summarized below:

The Board is responsible to determine the business strategies and objectives of the Group, and evaluate and determine the nature and extent of risks it is willing to take in achieving the Group's strategic objectives; ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Audit Committee is responsible for assisting the Board to perform its responsibilities of risk management and internal control systems; overseeing the Group's risk management and internal control systems on an ongoing basis; reviewing the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control; ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and considers major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

Senior management of the Group designs, implements and maintains appropriate and effective risk management and internal control systems; identifies, evaluates and manages the risk that may potentially impact the major processes of the operations; monitors risk and takes measures to mitigate risk in day-to-day operations; gives prompt responses to and follow up the findings on risk management and internal control matters raised by the independent external consultant and provides confirmation to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems.





CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Main Features of the Risk Management and Internal Control Systems (Continued)

The external independent consultant reviews the adequacy and effectiveness of the Group's risk management and internal control systems; and reports to the Audit Committee the findings of the review and makes recommendations to the Board and management to improve the material systems deficiencies or control weaknesses identified.

Risk Management Process

In addition to the Board's oversight responsibilities, the Company has developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management of the Group is responsible for the annual risk reporting process. Independent external consultant meets with various members of the senior management to review and assess risks and discuss solutions to address material internal control defects, including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review.

Risks are evaluated by the Board and the Group's senior management based on (i) the severity of the impact of the risk on the Company's financial results; and (ii) the probability that the risk will occur.

Based on the risk evaluation, the Company will manage the risks as follows:

- Risk elimination - the Group's senior management may identify and implement certain changes or controls that in effect eliminate the risk entirely.
- Risk mitigation - the Group's senior management may implement a risk mitigation plan designed to reduce the likelihood, velocity or severity of the risk to an acceptable level.
- Risk retention - the Group's senior management may decide that the risk rating is low enough that the risk is acceptable for the Company and that no action is required. The risk would continue to be monitored as part of the risk management program to ensure the level of risk does not increase to an unacceptable level.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

Inside Information Disclosure Policy

The Company adopted an “Inside Information Disclosure Policy” which sets out the procedures for the handling and dissemination of inside information with a view to preventing uneven, inadvertent or selective dissemination of inside information and ensuring shareholders and the public are provided with full, accurate and timely information about the activities and the financial condition of the Group. The Inside Information Disclosure Policy covers the following:

- setting out the processes for identifying, assessing and escalating potential inside information to the Board;
- setting out the responsibilities of officers in preserving the confidentiality of inside information, escalating upwards any such potential information and cascading down the message and responsibilities to relevant staff; and
- identifying who are the Company’s authorised spokespersons and their responsibilities for communications with stakeholders of the Company.

In addition, the Company has communicated to all relevant staff regarding the implementation of the “Inside Information Disclosure Policy”. The Board considers that the Company’s existing measures are effective and appropriate compliance mechanisms to safeguard the Company and its officers in discharging their disclosure obligations in respect of inside information.

DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors’ Report on pages 54 to 59.





CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 amounted to MOP958,000 and MOP175,000, respectively. An analysis of the remuneration paid and payable to the external auditors of the Company, Baker Tilly Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable MOP'000
Audit Services	958
Non-audit Services	
- Interim Review Service	82
- Taxation Service	93
Total	1,133

COMPANY SECRETARY

Mr. Lo Hon Kit has been appointed as the Company's company secretary and he reports to the Chief Executive Officer.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

For the year ended 31 December 2025, Mr. Lo Hon Kit had undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

Pursuant to article 64 of the Articles of Association of the Company, an extraordinary general meeting may be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two calendar months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (Continued)

Putting Forward Proposals at Annual General Meetings

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

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

Address: Workshop 1, 7/F., One Two One, No. 121 King Lam Street, Cheung Sha Wan,
Kowloon, Hong Kong
(For the attention of the Board of Directors)

Fax: 852-3956 5988/853-2830 9173

Email: info@lai-si.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Company maintains a website at www.lai-si.com as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website. A new set of Articles of Association has been proposed to the Shareholders for consideration and adoption at the forthcoming annual general meeting.





CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS (Continued)

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. Considering that different channels have been implemented by the Company to communicate with its Shareholders, the Board confirmed the effectiveness of the policy during the year ended 31 December 2025.

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

Publication of ESG Report

Disclosures relating to the material ESG issues identified for the year ended 31 December 2025 have been included in the ESG Report pursuant to the requirements of Appendix C2 to the Listing Rules to be published separately on the same date of this annual report. The ESG Report will be available on the Company's website at <https://www.lai-si.com/> under the "Investor Relations" section.

Constitutional Document

During the year, the Company has not made any changes to the Company's Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. LAI Ieng Man (黎英萬), aged 74, is an executive Director, the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company and the founder of the Group. He was appointed as a Director on 1 June 2016 and designated as an executive Director on 18 July 2016. Mr. Lai is primarily responsible for the overall management of the Group's corporate strategies planning. Mr. Lai is also a director of LSMAHL, WTMAHL, LSHKHL, Lai Si, Well Team, Lai Si (HK), High Class, Lai Si MEE, Nice and LSKL. He is the father of Mr. Lai Meng San and Ms. Lai Ieng Wai, and the father-in-law of Ms. Cheong Weng Si. Mr. Lai is also a director of SHKMCL, one of the Controlling Shareholders.

Mr. Lai has over 39 years of experience in the fitting-out and construction industry in Macau. In January 1987, Mr. Lai established Constructor Civil Lai Ieng Man in Macau, a commercial enterprise which provided services of fitting-out works and construction works in Macau. In November 2004, Mr. Lai founded Lai Si with Mr. Lai Meng San and Ms. Lai Ieng Wai, and he has been handling the Group's business operation since then.

Mr. LAI Meng San (黎鳴山), aged 46, is an executive Director, the chief executive officer and a member of the Remuneration Committee of the Company. He was appointed as a Director on 1 June 2016 and designated as an executive Director on 18 July 2016. Mr. Lai is primarily responsible for the overall management of the Group's business development and marketing matters. Mr. Lai is also a director of LSMAHL, WTMAHL, LSHKHL, Lai Si, Well Team, Lai Si (HK), High Class, Lai Si MEE, Nice and LSKL. He is the son of Mr. Lai Ieng Man, the brother of Ms. Lai Ieng Wai and the spouse of Ms. Cheong Weng Si. Mr. Lai is also a director of SHKMCL, one of the Controlling Shareholders.

Mr. Lai has over 24 years of experience in the fitting-out and construction industry in Macau. He obtained a bachelor's degree of technology in architectural science from Ryerson Polytechnic University (currently known as Ryerson University), Canada in June 2001 and a Master's degree in Business Administration from University of the West of Scotland in January 2022. Mr. Lai joined the Group on 3 September 2001 and was responsible for project management. In November 2004, he founded Lai Si with Mr. Lai Ieng Man and Ms. Lai Ieng Wai, and he has been handling the Group's business operation since then. Since January 2013, Mr. Lai has been appointed as a committee member of the Guangdong Provincial Committee of the PRC People's Political Consultative Conference (中國人民政治協商會議廣東省委員會委員). Since April 2019, Mr. Lai has been elected as the president of Macau Youth Greater Bay Development Association (澳門大灣區青年發展協會會長). In addition, Mr. Lai is a vice-president of the Macau Construction Association (澳門建造商會) and a deputy managing director of Associação Geral do Sector Imobiliário de Macau (澳門地產業總商會). He was elected as the vice president of the 12th committee of the Guangzhou Youth Federation (廣州市青年聯合會) for the period from May 2017 to April 2023. He had been appointed as Chief Officer of the Macau Construction Association Youth Council (澳門建造商會青年委員會) for the period from July 2020 to July 2023.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (Continued)

Executive Directors (Continued)

Ms. LAI Ieng Wai (黎盈惠), aged 45, is an executive Director and a member of the Nomination Committee of the Company. She was appointed as a Director on 1 June 2016 and designated as an executive Director on 18 July 2016. Ms. Lai is primarily responsible for the overall management of the Group's business operation. Ms. Lai is also a director of Lai Si, Well Team, High Class and Lai Si MEE. She is the daughter of Mr. Lai Ieng Man, the sister of Mr. Lai Meng San and the sister-in-law of Ms. Cheong Weng Si. Ms. Lai is also a director of SHKMCL, one of the Controlling Shareholders.

Ms. Lai has over 22 years of experience in the fitting-out and construction industry. She obtained a bachelor's degree of arts in economics from The University of Western Ontario, Canada in June 2001. Ms. Lai joined the Group on 1 March 2004 and was responsible for materials procurement. In November 2004, she founded Lai Si with Mr. Lai Ieng Man and Mr. Lai Meng San, and she has been handling the Group's business operation since then.

Ms. CHEONG Weng Si (張穎思), aged 47, was appointed as a Director on 15 June 2016 and designated as an executive Director on 18 July 2016. Ms. Cheong is primarily responsible for the overall management of the Group's administrative matters. She is the spouse of Mr. Lai Meng San, the daughter-in-law of Mr. Lai Ieng Man and the sister-in-law of Ms. Lai Ieng Wai.

Ms. Cheong has over 15 years of experience in administration. She obtained a bachelor's degree of business administration in accounting from the University of Macau, Macau in June 2001. Ms. Cheong joined the Group on 17 February 2011 and she has been handling the Group's administrative matters since then. Prior to joining the Group, Ms. Cheong worked as a management trainee in Seng Heng Bank Limited from October 2005 to April 2007. She then worked in the finance department of Venetian Macau Limited from April 2007 to June 2008.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (Continued)

Independent Non-executive Directors

Mr. SIU Wing Hay (蕭永禧), aged 51, was appointed as independent non-executive Director on 10 February 2022, and is the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Siu has extensive experience in corporate finance industry and has engaged in such industry for over 27 years. Mr. Siu has worked for Red Sun Capital Limited as managing director and responsible officer since January 2017.

Mr. Siu obtained a bachelor's degree of business administration in finance from The Hong Kong University of Science and Technology in November 1997. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2003. He was admitted as a member and a fellow of The Association of Chartered Certified Accountants in May 2001 and May 2006, respectively.

Mr. Siu served as an independent non-executive director of Janco Holdings Limited, a company listed on the GEM board of The Stock Exchange of Hong Kong Limited (stock code: 8035) from September 2016 to September 2019. He has also been the independent non-executive director of Atom Therapeutics Co., Ltd. and an executive council member of The Hong Kong Independent Non-Executive Director Association (HKINEDA) since September 2025.





BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. CHAN Iok Chun (陳玉泉), aged 60, was appointed as an independent non-executive Director on 18 January 2017, and is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Mr. Chan has over 20 years of experience in the retail industry of mobile phones and related accessories in Macau. He completed secondary education in Macau in 1986. During 2001 to November 2010, Mr. Chan worked for Lei Kei Trading as the chief executive officer and was responsible for its overall business development and operation management. In November 2010, Mr. Chan founded Lei Kei Telecommunication Holdings Limited, which is principally engaged in retail and wholesale of telecommunication equipment in Macau. He has been the chief executive officer of Lei Kei Telecommunication Holdings Limited since its incorporation and is responsible for its overall business development and operation management.

Dr. Liu Ting Chi (劉丁己), aged 48, was appointed as an independent non-executive Director on 16 April 2022, and is the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct.

Dr. Liu is a Full Professor under faculty of business administration, University Council member, and Director of Centre for Continuing Education in University of Macau. He has extensive experience in academic field, worked on academic theses in research field and consultation projects of commercial and government bodies.

He obtained a bachelor's degree of politics from National Taiwan University, Taipei. He obtained master of business administration from National Sun Yat-sen University, Kaohsiung. He obtained Ph.D. from Guanghua School of Management, Peking University, Beijing. Dr. Liu was ranked as the World's Top 2% most-cited scientists two years in a row (2023, 2024) by Stanford University.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. WONG Tung Sing (黃東聲), aged 63, is the Senior Project Manager of the Group. He joined the Group on 23 Jun 2015. He is responsible for daily management of the Group's fitting-out and construction projects.

Mr. Wong obtained a high diploma in design from Lee Wai Lee Technical Institute in Year 1982.

Mr. Wong has over 31 years' experience in fitting-out, building construction as well as interior design industry in Macau, Hong Kong and PRC. His full range project portfolio includes luxury retail stores, chain stores, department stores, commercial office spaces, F&B, hotels, casino, clubhouses and schools. Mr. Wong also worked as Associate in architect office, monitoring & in-charging of the interior design department.

Mr. LO Hon Kit (盧漢傑), aged 59, is the finance manager and the company secretary of the Group. He joined the Group on 17 July 2017 and he is primarily responsible for the financial reporting, financial planning, treasury, financial control matters and the company secretarial matters of the Group.

Mr. Lo obtained a bachelor's degree of arts in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1994. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since 1993. Prior to joining the Group, Mr. Lo worked as finance manager for various industries in public transport, buying office and manufacturing.

COMPANY SECRETARY

Mr. LO Hon Kit (盧漢傑), aged 59, is the company secretary of the Company. For details of his qualification and experience, please refer to the sub-section headed "Senior Management" in this section.





REPORT OF THE DIRECTORS

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

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 1 June 2016.

In preparation for the Listing, the Group underwent the reorganisation, details of the reorganisation are set out in note 2 to the Consolidated Financial Statements in the Group's 2017 Annual Report.

The Shares were listed on the Main Board of the Stock Exchange with effect from 10 February 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provides corporate management services. The principal activities of the subsidiaries comprise the provision of services of fitting-out works as an integrated fitting-out contractor, construction works as a main contractor, and repair and maintenance works. Details of the principal activities of the subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2025, including the discussion on the Group's future business development, principal risks and uncertainties facing the Group and key financial performance indicators are set out in the Chairman's Statement and Management Discussion and Analysis on pages 6 to 7 and pages 8 to 15 of this annual report respectively. In addition, the financial risk management objectives and policies of the Group are shown in note 37 to the consolidated financial statements and a description of the principal risks and uncertainties faced by the Company are also set out in note 32 to the consolidated financial statements. These constitute part to this report.

Details of the Group's environmental policies and performance, compliance with laws and regulations and relationships with key stakeholders are discussed below:

Environmental Policies and Performance

We believe that our business also depends on our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. To meet our customers' requirements on safety, quality and environmental aspects, we have established safety, quality and environmental management systems. Through the systematic and effective control of our operations, compliance with safety, quality and environmental requirements can be further assured. We believe that our certifications to ISO 9001 and ISO 14001 enhance our public image and credibility and also help us to improve our customers' confidence in our services.

Disclosures relating to the material ESG issues identified for the year ended 31 December 2025 will be included in the ESG Report pursuant to the requirements of Appendix C2 to the Listing Rules to be published separately. The ESG Report will be available on the Company's website at <https://www.lai-si.com/> under the "Investor Relations" section.

Compliance with Relevant Laws and Regulations

The Group mainly undertakes fitting-out works and construction works in Macau and Hong Kong. The Directors confirmed that during the year ended 31 December 2025 and up to the date of this annual report, the Group had obtained all the registrations and certifications required for its business and operations and had complied with the applicable laws and regulations in Macau and Hong Kong in all material respects. For restaurant operations, the Group had complied with applicable laws and regulations in Macau in material respect.



REPORT OF THE DIRECTORS

BUSINESS REVIEW (Continued)

Relationships with key stakeholders

(a) Employees

Employees are regarded as important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

(b) Customers

The Group's principal customers are property developers, hotel owners and main contractors in Macau and/or Hong Kong. The Group provides professional and quality services in fitting-out business whilst maintaining long term profitability, business and asset growth.

(c) Subcontractors and Suppliers

We firmly believe that our subcontractors and suppliers are equally important in cost control and increasing our bargaining power on procurement of materials, which further secures our competitive position when bidding for tenders. We proactively communicate with our subcontractors and suppliers to ensure they are committed to delivering high-quality and sustainable products and services. Unless the customers require us to engage subcontractors and suppliers nominated by them, we will select subcontractors and suppliers from our pre-qualified lists of subcontractors and suppliers. In addition, during the continuance of the contracts with our subcontractors, we will supply them with our internal guidelines on safety and environmental issues and require them to follow. We effectively implement the subcontractors assessment process by conducting regular site visit, evaluation on the performance of contract and other measures, to ensure the performance of our subcontractors.

RESULTS AND DIVIDENDS

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 consolidated financial statements on pages 60 to 63.

The Board proposed payment of final dividend of HK1.46 cents (equivalent to MOP1.50 cents) per ordinary share for the year ended 31 December 2025 to Shareholders whose names appear on the register of members of the Company at close of business on Friday, 3 July 2026, subject to the approval by the Shareholders at the forthcoming AGM (2024: HK2.50 cents (equivalent to MOP2.58 cents)).





REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years ended on 31 December 2021, 2022, 2023, 2024 and 2025 as extracted from the audited financial statements or the Prospectus and represented/reclassified as appropriate, is set out on pages 141 to 142. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

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

Save as disclosed under the section headed "Share Option Scheme" below, there were no equity-linked agreements entered into by the Group, or existed during the year ended 31 December 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Article of Association or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Articles of Association, amounted to MOP49,327,000.

Details of movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 64 of this annual report and note 29 to the consolidated financial statements.



REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the aggregate amount of revenue from the Group's five largest customers accounted for 68.2% of the total revenue for the year and revenue from the largest customer included therein amounted to 22.3%. Purchases from the Group's five largest subcontractors and suppliers accounted for less than 25% of the total purchases for the year. The percentage of purchases attributable to the largest supplier is 6.68%.

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

DIRECTORS

The Directors of the Company during the year ended 31 December 2025 and up to the date of this report were:

Executive directors:

Mr. LAI Ieng Man
Mr. LAI Meng San
Ms. LAI Ieng Wai
Ms. CHEONG Weng Si

Independent non-executive directors:

Mr. CHAN Iok Chun
Mr. SIU Wing Hay
Dr. LIU Ting Chi

In accordance with Article 108(a) of the Articles of Association, one-third of the Directors for the time being shall retire at the forthcoming annual general meeting by rotation at least once every three years.

It was determined by the Board that Mr. Lai Ieng Man, Ms. Cheong Weng Si and Mr. Siu Wing Hay shall retire at the forthcoming annual general meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors, and as at the date of this report still considers them to be independent.



REPORT OF THE DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 35 to 39 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Siu Wing Hay, Mr. Chan lok Chun and Dr. Liu Ting Chi have a service contract with the Company for a term of one year and is subject to termination by either party giving not less than one month written notice.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' emoluments for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements.

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merits, qualifications and competence. The emolument of the Directors will be decided by the Board on the recommendation of the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable statistics.

The Company has adopted a share option scheme as an incentive to eligible persons, details are set out under the heading "Share Option Schemes" in this report.

DONATION

During the year ended 31 December 2025, the Group did not make charitable donations (2024: Nil).

DEBENTURE ISSUED

During the year ended 31 December 2025, the Group did not issue debenture (2024: Nil).

LOANS & BORROWINGS

Details of the loans and borrowings of the Group during the year under review are set out in note 24 to the consolidated financial statements.



REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company since 1 March 2017.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those disclosed in the paragraph headed "Connected Transactions" and in note 34 to the consolidated financial statements, no other transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him/her had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2025 or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors for the year ended 31 December 2025 and up to the date of this annual report are set out as below:

Name of Director	Details of changes
Mr. Siu Wing Hay	<ul style="list-style-type: none">- Appointed as independent non-executive director of Atom Therapeutics since September 2025- Appointed as executive council member of The Hong Kong Independent Non-Executive Director Association since September 2025
Mr. Lai Ieng Man	<ul style="list-style-type: none">- Appointed as director of LSKL since 16 October 2025
Mr. Lai Meng San	<ul style="list-style-type: none">- Appointed as director of LSKL since 16 October 2025





REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

At 31 December 2025, the interests and short positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code, were as follows:

I. Interests in the Company

Name of Director	Nature of interest	Number of shares interested	Percentage of shareholding interest
Mr. Lai leng Man	Interest in controlled corporation ^(Note)	300,000,000	75%

Note: As Mr. Lai leng Man is entitled to control one-third or more of the voting power at general meetings of SHKMCL, Mr. Lai is deemed to be interested in these 300,000,000 Shares under the SFO.

II. Interests in the associated corporation of the Company

Name of Directors	Name of associated corporation	Nature of Interest	Number of shares interested	Percentage of shareholding interest
Mr. Lai leng Man	SHKMCL	Beneficial interest	50	50%
Mr. Lai Meng San	SHKMCL	Beneficial interest	30	30%
Ms. Lai leng Wai	SHKMCL	Beneficial interest	20	20%

Save as disclosed above, as at the date of this report, there were no other interests or short positions of the Directors or chief executive of the Company in the Shares or underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of shareholding interest
SHKMCL (Note)	Beneficial interest	300,000,000	75%

Note: SHKMCL is owned as to 50% by Mr. Lai Ieng Man, 30% by Mr. Lai Meng San and 20% by Ms. Lai Ieng Wai.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the 2017 Share Option Scheme and 2024 Share Option Scheme, at no time during the year ended 31 December 2025 was the Company or any of its holding company or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SHARE OPTION SCHEMES

I. 2017 Share Option Scheme

The Company has adopted 2017 Share Option Scheme pursuant to the written resolutions of the sole Shareholder passed on 18 January 2017 with effect from Listing Date.

On 25 June 2024, the 2017 Share Option Scheme of the Company ceased to operate and there was no outstanding share option under the 2017 Share Option Scheme upon its cessation.





REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES (Continued)

II. 2024 Share Option Scheme

Purposes of the 2024 Share Option Scheme

The purposes of the 2024 Share Option Scheme are:

- (a) to recognise and reward for the past contributions by eligible participants;
- (b) to retain or otherwise maintain on-going relations with eligible participants;
- (c) to give the eligible participants an opportunity to have a personal stake in the Company and help motivate eligible participants to optimise their future contributions to the Group; and
- (d) to attract suitable personnel for further growth and development of the Group.

Participants of the 2024 Share Option Scheme

Pursuant to the 2024 Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date at its absolute discretion to select any eligible participant for participation in the 2024 Share Option Scheme as a selected participant and to offer the grant of an option to any selected participant to subscribe at the exercise price for such number of Shares as the Board may determine.



REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES (Continued)

II. 2024 Share Option Scheme (Continued)

Total number of shares available for issue under the 2024 Share Option Scheme and percentage of issued shares as at the date of this annual report

The maximum number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2024 Share Option Scheme and any other share option scheme of the Company) to be granted under the 2024 Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 40,000,000 Shares, being 10% of the shares in issue (excluding treasury shares, if any) as at the Adoption Date. No share options had been granted by the Company under the 2024 Share Option Scheme up to the date of this annual report.

Therefore, the number of shares available for issue is 40,000,000 shares, being approximately 10% of the shares in issue as at the date of this annual report.

Maximum entitlement of each participant under the 2024 Share Option Scheme

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2024 Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in a general meeting with such participant and his associates abstaining from voting.

The period within which the option may be exercised by the grantee under the 2024 Share Option Scheme

The period within which an option may be exercised by the grantee as the Board may in its absolute discretion determine and which shall not be more than 10 years from the grant date of the option.

Upon the expiry of the 2024 Share Option Scheme, no further options shall be granted but the provisions of the 2024 Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised or vested shall continue to be valid and shall be vested subject to and in accordance with the rules of the 2024 Share Option Scheme.

The vesting period of options under the 2024 Share Option Scheme

The vesting of any options under the 2024 Share Option Scheme shall be subject to a vesting period to be determined by the Board in its absolute discretion, which shall be specified in the grant letter. Only insofar as and for so long as the Listing Rules require, the vesting period for an option under the 2024 Share Option Scheme shall not be less than 12 months, unless the Board determines in its sole discretion that the options granted to employee participants may be less than 12 months under the specific circumstances as mentioned in paragraph 7.2 of 2024 Share Option Scheme.





REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES (Continued)

II. 2024 Share Option Scheme (Continued)

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

An offer of the grant of an option shall remain open for acceptance by the selected participant concerned for a period of 30 business days from the grant date, provided that no such grant of an option may be accepted after the expiry of the effective period of the 2024 Share Option Scheme or after the 2024 Share Option Scheme has been terminated. An option shall be deemed to have been granted and accepted by the selected participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company on or before the acceptance date. Such remittance shall in no circumstances be refundable.

The basis of determining the exercise price of options granted

The exercise price in respect of any particular option under the 2024 Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the grant letter) but in any event the exercise price shall not be less than whichever is the highest of:

- (a) the nominal value (if any) of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day;
- (c) the average closing prices of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

The remaining life of the 2024 Share Option Scheme

Subject to any early termination provisions pursuant to the 2024 Share Option Scheme, the 2024 Share Option Scheme shall be valid and effective commencing on the Adoption Date and for a period of 10 years.

No share option had been granted under the 2017 Share Option Scheme and 2024 Share Option Scheme during the years ended 31 December 2024 and 2025.

CONTRACT OF SIGNIFICANCE

For particulars of the contracts of significance between the Group and the Controlling Shareholders or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the Controlling Shareholders or their respective subsidiaries, please see "Connected Transactions" and note 34 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements.



REPORT OF THE DIRECTORS

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year under review are set out in note 13 to the consolidated financial statements.

The Company's investment properties held for development and/or sale or for investment purposes are set out in note 14 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules. Further details of the transactions are included in note 34 to the consolidated financial statements.

Connected Person	Nature of Transaction	Transaction Amount for the Year Ended 31 December 2025 MOP'000
<i>Exempt continuing connected transactions</i>		
N/A	N/A	Nil

Non-exempt continuing connected transaction

During the year ended 31 December 2025, the Group had not conducted non-exempt continuing connected transaction. Chapter 14A of the Listing Rules has been complied with.

Details of material related party transactions undertaken in the usual course of business of the Group are set out in note 34 to the consolidated financial statements. Save for those connected transactions disclosed above, these transactions did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that the above non-exempt continuing connected transaction has been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.





REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS (Continued)

Baker Tilly Hong Kong Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Baker Tilly Hong Kong Limited has issued its unmodified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the period from the Listing Date and up to the date of this report, none of the Directors or the Controlling Shareholders and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Controlling Shareholders had entered into a deed of non-competition in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time) on 18 January 2017 (the "Deed of Non-Competition"), details of which are set out in section headed "Relationship with the Controlling Shareholders - Deed of Non-Competition" in the Prospectus. The Controlling Shareholders confirmed their compliance with all the undertakings provided under the Deed of Non-Competition. The independent non-executive Directors had reviewed and confirmed that there are no matters required to be deliberated by them in relation to the compliance with and enforcement of the Deed of Non-Competition and considered that the terms of the Deed of Non-Competition have been complied with by the Controlling Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in the section headed "Management Discussion and Analysis" in this annual report.



REPORT OF THE DIRECTORS

AUDITOR

Baker Tilly Hong Kong Limited, the independent auditor, will retire at the conclusion of the forthcoming annual general meeting and being eligible, offers itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to seek Shareholders' approval on the appointment of Baker Tilly Hong Kong Limited as the independent auditor until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

ON BEHALF OF THE BOARD

LAI Ieng Man

Chairman

Macau

27 March 2026





INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Lai Si Enterprise Holding Limited and its subsidiaries (together the "Group") set out on pages 60 to 139, 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.



INDEPENDENT AUDITOR'S REPORT (Continued)

Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited (continued)

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

The Key Audit Matter

How the matter was addressed in our audit

Contract revenue and contract costs

Refer to notes 3 and 5 of the audited consolidated financial statements

The Group recognised contract revenue and contract costs using the input method, which was to recognise revenue based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations.

As set out in note 3 to the consolidated financial statements, the Group estimated total contract revenue of fitting-out, alteration and addition works and construction works in accordance with the terms set out in the relevant contracts, or in case of variation orders, based on terms of architect's instructions or other form of agreements or other correspondences and management's experience. The Group estimated total contract costs, which mainly comprised costs for interior decorative materials, labour costs and subcontracting fees. These costs were based on contracts/quotations from time to time provided by the major subcontractors/suppliers/vendors and the experience of the management of the Group, which involved management's best estimates and judgements. The actual outcome of the contract in terms of its total revenue and costs may be different from the estimates and this would affect the revenue and profit to be recognised.

We identified contract revenue and contract costs as a key audit matter due to significant management judgement involved in estimating contract revenue and contract costs.

Our procedures in relation to contract revenue and contract costs included:

- Obtaining an understanding of and evaluating the Group's process and key controls over the budget and costs incurred on the contract works;
- Reviewing budget analysis for material projects selected by matching the scope of deliverables and services required in the contract;
- Discussing with project managers to evaluate the estimated total contract costs and inspecting the budget by matching against contracts and/or latest cost quotations provided by major subcontractors/suppliers/vendors, on a sample basis;
- Testing on a sample basis the actual costs incurred on contract works during the reporting period by checking the Group's internal progress reports as well as the inspection reports, labour cost record, invoices or other documents issued by the subcontractors/suppliers/vendors;
- Checking, on a sample basis, to the contracts and variation orders, architect's instructions or other form of agreements or other correspondence for the contract revenue recognised; and
- Assessing reliability of management's assessment in forecasted costs by considering the historical actual costs and estimation of budgeted costs of completed projects.





INDEPENDENT AUDITOR'S REPORT (Continued)

Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited (Continued)

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

The Key Audit Matter

How the matter was addressed in our audit

Impairment losses of trade receivables and contract assets

Refer to notes 3, 17, 18 and 37 of the audited consolidated financial statements

As set out in note 3 to the consolidated financial statements, the Group applied the simplified approach in calculating expected credit losses ("ECLs") under HKFRS 9 for trade receivables and contract assets by engaging a professional valuer in assessing the credit risk of the overall receivable portfolio. The professional valuer applied various elements in assessing the ECLs, which involved forward-looking information available to the Group, and historical credit loss experience.

We identified impairment losses of trade receivables and contract assets as a key audit matter due to significant judgements and assumptions applied in assessing the impairment losses pursuant to HKFRS 9.

Our procedures in relation to the impairment losses of trade receivables and contract assets included:

- Assessing the historical credit loss, forward-looking parameters, ECL model and assumptions used by the professional valuer;
- Assessing the competence, capabilities and objectivity of the professional valuer;
- Testing the ageing of trade receivables and contract assets as at the end of the reporting period on a sample basis;
- Assessing recoverability of long-aged trade receivables and contract assets, and checked to respective supporting and communication with customers; and
- Checking the mathematical accuracy of the calculation of the ECLs.



INDEPENDENT AUDITOR'S REPORT (Continued)

Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited (continued)

(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION

The directors 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 DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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





INDEPENDENT AUDITOR'S REPORT (Continued)

Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited (continued)

(Incorporated in the Cayman Islands with limited liability)

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT (Continued)

Independent auditor's report to the shareholders of Lai Si Enterprise Holding Limited (continued)

(Incorporated in the Cayman Islands with limited liability)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to 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 director on the audit resulting in this independent auditor's report is Tong Wai Hang.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong,

Tong Wai Hang

Practising certificate number P06231





CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 MOP'000	2024 MOP'000
REVENUE	5	196,670	208,136
Cost of sales		(153,706)	(158,628)
Gross profit		42,964	49,508
Other income, gains and losses, net	5	1,797	3,168
Administrative expenses		(32,254)	(28,776)
Reversal of impairment losses on financial assets and contract assets, net	6	274	3,203
Reversal of impairment loss on property, plant and equipment	6	-	142
Changes in fair value of investment properties	6	(3,615)	(2,266)
Finance costs	7	(1,117)	(1,125)
Share of profit/(loss) of an associate		22	(36)
PROFIT BEFORE TAX	6	8,071	23,818
Income tax (expense)/credit	10	(39)	281
PROFIT FOR THE YEAR		8,032	24,099
Attributable to:			
- Owners of the Company		7,982	24,099
- Non-controlling interests		50	-
		8,032	24,099
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
		MOP cents	MOP cents
Basic and diluted			
- For profit for the year		2.0	6.0



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 MOP'000	2024 MOP'000
PROFIT FOR THE YEAR	8,032	24,099
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value, net of nil tax	(45)	15
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(45)	15
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(45)	15
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,987	24,114
Attributable to:		
- Owners of the Company	7,937	24,114
- Non-controlling interests	50	-
	7,987	24,114



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 MOP'000	2024 MOP'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	96,393	73,527
Investment properties	14	4,491	21,527
Investment in an associate	15	6,254	6,882
Equity investments designated at fair value through other comprehensive income	16	1,381	1,426
Total non-current assets		108,519	103,362
CURRENT ASSETS			
Trade receivables	17	23,365	36,951
Contract assets	18	44,573	40,575
Prepayments, other receivables and other assets	19	4,888	10,657
Amount due from a director	34(b)	26	14
Amount due from the ultimate holding company	34(b)	1	1
Pledged bank deposits	20	1,092	1,082
Cash and bank balances	20	33,986	24,463
Total current assets		107,931	113,743
CURRENT LIABILITIES			
Trade payables	21	23,069	22,693
Contract liabilities	22	1,222	11,483
Other payables and accruals	23	23,500	20,888
Interest-bearing bank borrowings	24	38,493	29,646
Total current liabilities		86,284	84,710
NET CURRENT ASSETS		21,647	29,033
Total assets less current liabilities		130,166	132,395



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 31 DECEMBER 2025

	Notes	2025 MOP'000	2024 MOP'000
NON-CURRENT LIABILITIES			
Defined benefit plan obligations	25	175	138
Deferred tax liabilities	26	3,238	3,199
Total non-current liabilities		3,413	3,337
Net assets		126,753	129,058
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	4,120	4,120
Reserves	29	122,575	124,938
		126,695	129,058
Non-controlling interests		58	-
Total equity		126,753	129,058

Lai Ieng Man
Director

Lai Meng San
Director





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company										
	Share capital MOP'000	Share premium* MOP'000	Legal reserve* MOP'000 (note (a))	Other reserve* MOP'000 (note (b))	Merger reserve* MOP'000 (note (c))	Asset revaluation reserve* MOP'000 (note (d))	Fair value reserve* MOP'000 (note (e))	(Accumulated losses)/retained profits* MOP'000	Total MOP'000	Non-controlling interests MOP'000	Total equity MOP'000
At 1 January 2024	4,120	105,390	50	(5,098)	85	20,499	31	(20,133)	104,944	-	104,944
Profit for the year	-	-	-	-	-	-	-	24,099	24,099	-	24,099
Other comprehensive income for the year:											
- change in fair value of equity investments at fair value through other comprehensive income, net of nil tax	-	-	-	-	-	-	15	-	15	-	15
Total comprehensive income for the year	-	-	-	-	-	-	15	24,099	24,114	-	24,114
At 31 December 2024 and 1 January 2025	4,120	105,390	50	(5,098)	85	20,499	46	3,966	129,058	-	129,058
Profit for the year	-	-	-	-	-	-	-	7,982	7,982	50	8,032
Other comprehensive loss for the year:											
- change in fair value of equity investments at fair value through other comprehensive income, net of nil tax	-	-	-	-	-	-	(45)	-	(45)	-	(45)
Total comprehensive income for the year	-	-	-	-	-	-	(45)	7,982	7,937	50	7,987
Contributions from non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	8	8
Final 2024 dividend declared and paid	-	(10,300)	-	-	-	-	-	-	(10,300)	-	(10,300)
At 31 December 2025	4,120	95,090	50	(5,098)	85	20,499	1	11,948	126,695	58	126,753

Notes:

- In accordance with Article 377 of the Commercial Code of the Macau Special Administrative Region, the subsidiaries registered in Macau are required to transfer part of their profits of each accounting period of not less than 25% to the legal reserve, until the amount reaches half of the respective share capital. This reserve is not distributable to the respective shareholders.
- Other reserve represents the fair value adjustments recognised in equity as deemed distribution to the Controlling Shareholders (as defined in the Group's 2017 Annual Report) for advances to certain related parties in which the Controlling Shareholders have joint control or control.
- The merger reserve represented the difference between the aggregate share capital of Lai Si (HK), Lai Si and Well Team (as defined in Note 1) amounting to MOP85,000 (which were transferred from the Controlling Shareholders to LSHKHL, LSMAHL and WTMAHL pursuant to the reorganisation as defined and set out in Note 1) and the aggregate cash consideration of MOP30.
- The asset revaluation reserve, net of tax, arose from a change in use from an owner-occupied property to an investment property carried at fair value in 2018.
- The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.

* These reserve accounts comprise the consolidated reserves of MOP122,575,000 (2024: MOP124,938,000) in the consolidated statement of financial position.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 MOP'000	2024 MOP'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,071	23,818
Adjustments for:			
- Interest income	5	(150)	(712)
- Dividend income from equity investments at fair value through other comprehensive income	5	(120)	(120)
- Depreciation of property, plant and equipment	6	1,196	869
- Reversal of impairment losses on financial assets and contract assets, net	6	(274)	(3,203)
- Reversal of impairment loss on property, plant and equipment	6	-	(142)
- Gain on disposal of property, plant and equipment	5	(19)	-
- Changes in fair value of investment properties	6	3,615	2,266
- Finance costs	7	1,117	1,125
- Share of (profit)/loss of an associate		(22)	36
		13,414	23,937
Decrease/(increase) in trade receivables		14,030	(15,990)
Increase in contract assets		(4,168)	(12,763)
Decrease/(increase) in prepayments, other receivables and other assets		5,161	(2,243)
Increase in amount due from a director		(12)	(14)
Increase in trade payables		376	2,442
(Decrease)/increase in contract liabilities		(10,261)	5,442
Increase in defined benefit plan obligations		37	4
Increase in other payables and accruals		2,612	8,974
Net cash flows generated from operating activities		21,189	9,789
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(10,649)	(633)
Proceed from disposal of property, plant and equipment		27	-
Interest received		758	34
Dividend received from equity investments at fair value through other comprehensive income		120	120
Dividend received from an associate		650	-
(Increase)/decrease in pledged bank deposits		(10)	10,046
Decrease/(increase) in bank deposits with original maturity over three months		11,647	(9,662)
Net cash flows generated from/(used in) investing activities		2,543	(95)



CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 MOP'000	2024 MOP'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings	31(a)	(42,613)	(5,752)
New bank loans	31(a)	49,734	4,222
Interest paid	31(a)	(1,117)	(1,125)
Contributions to a subsidiary from non-controlling interests		8	-
Dividend paid		(10,300)	-
Net cash flows used in financing activities		(4,288)	(2,655)
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,444	7,039
Cash and cash equivalents at beginning of the year		7,592	553
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		27,036	7,592
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position	20	33,986	24,463
Bank deposits with original maturity over three months	20	(5,224)	(16,871)
Bank overdrafts	24	(1,726)	-
Cash and cash equivalents as stated in the consolidated statement of cash flows		27,036	7,592



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1 CORPORATE AND GROUP INFORMATION

Lai Si Enterprise Holding Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 1 June 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 10 February 2017. The Company’s registered office address is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is located at Macau Lai Si Enterprise Centre, Rua Da Ribeira Do Patane No. 54, Macau.

The Company is an investment holding company. The Company and its subsidiaries, (collectively the “Group”), are principally engaged in fitting-out, alteration and addition works, construction works and repair and maintenance services.

In the opinion of the directors, the Company’s immediate and ultimate holding company is SHK-Mac Capital Limited (“SHKMCL”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Registered capital/issued and fully paid-up share capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
LSMA Holding Limited* (“LSMAHL”)	The BVI	United States dollars (“USD”) 10	100%	100%	Investment holding
WTMA Holding Limited* (“WTMAHL”)	The BVI	USD10	100%	100%	Investment holding
LSHK Holding Limited* (“LSHKHL”)	The BVI	USD10	100%	100%	Investment holding
Lai Si Construction & Engineering Company Limited (“Lai Si”)	Macau	MOP50,000	100%	100%	Construction works, fitting-out works and provision of repair and maintenance services
Well Team Engineering Macau Company Limited (“Well Team”)	Macau	MOP25,000	100%	100%	Holding of an office building
Lai Si Mechanical and Electrical Engineering Company Limited	Macau	MOP25,000	100%	100%	Mechanical and electrical engineering and provision of repair and maintenance services
High Class Investment Company Limited	Macau	MOP25,000	100%	100%	Investment holding
Lai Si-Kin Leong Consortium***	Macau	MOP25,000	70%	-	Construction works, fitting-out works, mechanical and electrical engineering and provision of repair and maintenance service
Lai Si Construction (Hong Kong) Company Limited (“Lai Si (HK)”)	Hong Kong	HK\$10,000	100%	100%	Construction works, fitting-out works and provision of repair and maintenance services
Nice Contracting Limited**	Hong Kong	HK\$10,000	100%	100%	Holding of an office building

* Directly held by the Company

** The subsidiary was incorporated during the year ended 31 December 2024.

*** The subsidiary was incorporated during the year ended 31 December 2025.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated 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 investment properties and equity investments designated at fair value through other comprehensive income which have been measured at fair value. These consolidated financial statements are presented in Macau patacas (“MOP”) 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 for the year ended 31 December 2025. A subsidiary is an 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 parent of the Group 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

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 consolidated 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 consolidated 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 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.

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 consolidated financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	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 periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(Continued)

Further information about those HKFRS Accounting Standards that are expected to be relevant and 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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(Continued)

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.

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. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(Continued)

- *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. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. 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.
- *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.

2.4 MATERIAL ACCOUNTING POLICIES

Investment in an associate

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.

The Group's investment in an associate is 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period.

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 consolidated 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 consolidated 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 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 contract assets, deferred tax assets, financial assets and investment properties), 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 consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired 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 consolidated statement of profit or loss in the period in which it arises.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (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; and the sponsoring employers of the post-employment benefit plan;
 - (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 are stated at cost 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.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life and land is not depreciated. The principal annual rates used for this purpose are as follows:

Building	2%
Leasehold improvements	Over the shorter of the lease terms and 33%
Plant and machinery	20%
Furniture, fixtures and equipment	20% to 25%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost 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.

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 consolidated statement of profit or loss in the year in which they arise.

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.

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 the short-term lease recognition exemption to its short-term leases of properties (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). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

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 other income in the consolidated 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 other income in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

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. 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.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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 consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated 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 designated 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 consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, 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 investments designated at fair value through other comprehensive income are not subject to impairment assessment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through 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).





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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 considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's historical recovery rate of financial assets over 90 days past due. However, 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.

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 and contract assets 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, 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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 and other payables and interest-bearing bank borrowings.

Subsequent measurement

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

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

After initial recognition, trade payables, other payables and interest-bearing bank 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 consolidated 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 consolidated statement of profit or loss.

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 consolidated statement of profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, 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 and 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.

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 consolidated 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 consolidated statement of profit or loss.

The Group provides for warranties in relation to 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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 countries 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 and an associate, 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.

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 and an associate, 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.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable 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.

Revenue recognition and other income

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition and other income (Continued)

Revenue from contracts with customers (Continued)

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) *Fitting-out, alteration and addition works and construction works*

Revenue from fitting-out, alteration and addition works and construction works 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 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.

(b) *Repair and maintenance services*

Revenue from the provision of repair and maintenance services is recognised when the repair and maintenance services are rendered, which are generally completed within a short period of time.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition and other income (Continued)

Other income

Rental income is recognised on a time proportion basis over the lease terms.

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.

Consultancy service income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

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).

Employee benefits

Pension scheme

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong and Social Security Fund Contribution in Macau are recognised as expenses when employees have rendered services entitling them to the contributions. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's statutory obligation to pay long service payment in Hong Kong is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method. The liability recognised in the consolidated statement of financial position in respect of long service payment is the net obligation, representing the present value of the future long service payment benefits reduced by entitlements from accrued benefits arising from MPF contributions made by the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Pension scheme (Continued)

Remeasurements arising from the defined benefit pension plans, comprising actuarial gains and losses; and investment returns associated with the MPF employer contributions and other experience adjustments (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Short-term employee benefits

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

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

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These consolidated financial statements are presented in Macau patacas, which is the Company's functional currency.

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

3 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 consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- (i) Determining the timing of satisfaction of fitting-out, alteration and addition works and construction works

The Group concluded that revenue for fitting-out, alteration and addition works and construction works is to be recognised over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group determined that the input method is the best method in measuring the progress of the fitting-out, alteration and addition works and construction works because there is a direct relationship between the Group's input (i.e., direct materials, the costs of subcontracting and direct labour incurred) and the transfer of services to the customer. The Group recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Revenue from contracts with customers (Continued)

- (ii) Determining the method to estimate variable consideration and assessing the constraint for construction services

The Group seeks to collect claims from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract, which give rise to variable consideration. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for claims in fitting-out, alteration and addition works and construction works, given there are only two possible outcomes of the contract that the Group either achieves the claims or does not.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers, profitability of the head contracts of the customers and the current economic conditions.

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.

Contract revenue and contract costs

The Group estimates total contract revenue in accordance with the terms set out in the relevant contracts, or in case of variation orders, based on terms of architect's instructions or other form of agreements or other correspondences and management's experience. The Group estimates total contract costs of fitting-out, alteration and addition works and construction works, which mainly comprise costs for interior decorative materials, labour costs and subcontracting fees, based on contracts/quotations from time to time provided by the major subcontractors/suppliers/vendors and the experience of the management of the Group, which involve management's best estimates and judgements. The actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this would affect the revenue and profit recognised. If the price of interior decorative materials or the wages of labour or the subcontracting fees varies significantly in the coming months from the budgets, the contract profit for each of the individual projects will differ significantly from the estimated contract profit. If estimated costs exceed contract revenue, a contract loss will be recognised.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix under the simplified approach to calculate ECLs for trade receivables and contract assets by engaging a professional valuer in assessing the credit risk of the overall receivable portfolio.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate or experience of significant recoverability difficulties with customers, 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 17 and note 18 to the consolidated financial statements, respectively.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information based on the recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

The carrying amount of investment properties at 31 December 2025 was MOP4,491,000 (2024: MOP21,527,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the consolidated financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was MOPNil (2024: MOP2,761,000). The amount of unrecognised tax losses at 31 December 2025 was MOP25,660,000 (2024: MOP39,382,000). Further details are contained in note 26 to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Contingent liability

The Group faces a wide range of legal disputes in the course of continuing operations, and the results of the relevant disputes are highly uncertain.

When the economic benefits related to a particular legal dispute are considered to be extremely likely to flow out and measurable, the management of the Group will make corresponding provisions according to the professional legal advice. Except those contingent liabilities which are considered to be of extremely low possibility to result in outflow of economic benefits, the contingent liabilities of the Group are disclosed in note 32. The management uses judgment to determine whether a provision shall be made for the relevant administrative and legal dispute or whether the dispute shall be disclosed as a contingent liability.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a income-based valuation technique as detailed in note 36 to the consolidated financial statements. The valuation requires the Group make estimates about the expected cash flows from the asset and determine a suitable discount rate. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2025 was MOP1,381,000 (2024: MOP1,426,000). Further details are included in note 16 to the consolidated financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment 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.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4 OPERATING SEGMENT INFORMATION

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

- (a) fitting-out, alteration and addition works segment engages in fitting-out works as an integrated fitting-out contractor;
- (b) construction works segment engages in construction works, with the Group acting as the main contractor; and
- (c) repair and maintenance services segment provides repair and maintenance services on an ad-hoc basis.

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's operating results, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income, gains and losses, net, impairment losses or reversal of on financial assets, contract assets and property, plant and equipment, changes in fair value of investment properties, finance costs, share of profit or loss of an associate and corporate expenses are excluded from such measurement. No analysis of segment asset and segment liability is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4 OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2025	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue (note 5)				
Sales to external customers	182,098	8,661	5,911	196,670
Segment results	38,213	2,025	2,214	42,452
Corporate expenses				(31,742)
Other income, gains and losses, net				1,797
Reversal of impairment losses on financial assets and contract assets, net				274
Changes in fair value of investment properties				(3,615)
Finance costs				(1,117)
Share of profit of an associate				22
Profit before tax				8,071
Year ended 31 December 2024	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue (note 5)				
Sales to external customers	193,905	8,774	5,457	208,136
Segment results	45,528	647	2,548	48,723
Corporate expenses				(27,991)
Other income, gains and losses, net				3,168
Reversal of impairment losses on financial assets and contract assets				3,203
Reversal of impairment loss on property, plant and equipment				142
Changes in fair value of investment properties				(2,266)
Finance costs				(1,125)
Share of loss of an associate				(36)
Profit before tax				23,818



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4 OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2025 MOP'000	2024 MOP'000
Macau	113,796	149,877
Hong Kong	82,874	58,259
Total revenue	196,670	208,136

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

(b) Non-current assets

	2025 MOP'000	2024 MOP'000
Macau	96,726	101,926
Hong Kong	10,412	10
Total non-current assets	107,138	101,936

The non-current asset information above is based on the locations and operations of the assets and excludes financial instruments.

Information about major customers

Revenue from customers individually amounting to over 10% of the total revenue of the Group is as follows:

	2025 MOP'000	2024 MOP'000
Customer A ^(a)	43,950	N/A ^(b)
Customer B ^(a)	30,771	22,854
Customer C ^(a)	28,513	50,266
Customer D ^(a)	N/A ^(b)	46,955

Notes:

- (a) The revenue was derived from fitting-out, alteration and addition works.
- (b) Revenue from the customer is less than 10% of the total revenue of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5 REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

An analysis of revenue is as follows:

	2025 MOP'000	2024 MOP'000
Revenue from contracts with customers		
Fitting-out, alteration and addition works	182,098	193,905
Construction works	8,661	8,774
Repair and maintenance services	5,911	5,457
Total	196,670	208,136

The amounts disclosed above do not include variable consideration which is constrained.

Revenue from contracts with customers

(i) Disaggregated revenue information

Year ended 31 December 2025

	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Geographical markets				
Macau	100,608	8,661	4,527	113,796
Hong Kong	81,490	-	1,384	82,874
Total	182,098	8,661	5,911	196,670
Timing of revenue recognition				
Services transferred over time	182,098	8,661	-	190,759
Services transferred at a point in time	-	-	5,911	5,911
Total	182,098	8,661	5,911	196,670



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5 REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Year ended 31 December 2024

	Fitting-out, alteration and addition works MOP'000	Construction works MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Geographical markets				
Macau	136,453	8,774	4,650	149,877
Hong Kong	57,452	-	807	58,259
Total	193,905	8,774	5,457	208,136
Timing of revenue recognition				
Services transferred over time	193,905	8,774	-	202,679
Services transferred at a point in time	-	-	5,457	5,457
Total	193,905	8,774	5,457	208,136

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:

	2025 MOP'000	2024 MOP'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Fitting-out, alteration and addition works	11,483	1,355
Construction works	-	1,147
Total	11,483	2,502

(ii) Performance obligations

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

Fitting-out, alteration and addition works and construction works

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5 REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Repair and maintenance services

The performance obligation is satisfied when the services are rendered which is generally completed within a short period of time. Payment is generally due within 30 days from the date of billing.

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

	2025 MOP'000	2024 MOP'000
Amount expected to be recognised as revenue:		
- Within one year	198,956	101,041
- After one year	-	-
Total	198,956	101,041

Other income, gains and losses, net

	2025 MOP'000	2024 MOP'000
Bank interest income	150	712
Dividend income from equity investments at fair value through other comprehensive income	120	120
Gross rental income from investment property operating leases:		
- Fixed lease payments	264	464
Gross rental income from other operating leases	347	257
Foreign exchange differences, net	713	831
Consultancy service income	94	484
Gain on disposal of property, plant and equipment	19	-
	1,707	2,868
Others	90	300
Total other income and gains and losses, net	1,797	3,168



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6 PROFIT BEFORE TAX

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

	Notes	2025 MOP'000	2024 MOP'000
Cost of services provided*		153,706	158,628
Depreciation of property, plant and equipment	13	1,196	869
Expense relating to short-term leases**		446	469
Auditor's remuneration		958	948
Employee benefit expense (excluding directors' and chief executive's remuneration):*			
- Wages and salaries		40,092	37,302
- Expenses recognised in respect of defined benefit retirement plans obligation	25	37	4
- Pension scheme contributions***		365	400
Reversal of impairment losses on financial assets and contract assets, net:			
- Reversal of impairment losses on trade receivables	17	(444)	(1,531)
- Impairment losses/(reversal of impairment losses) on contract assets	18	170	(1,672)
		(274)	(3,203)
Reversal of impairment loss on property, plant and equipment	13	-	(142)
Changes in fair value of investment properties	14	3,615	2,266

* Included in cost of services provided are the staff costs incurred in the amount of MOP26,776,000 (2024: MOP26,353,000).

** The Group has entered into leases for properties and other equipment used in its operations with lease terms of 12 months or less and/or is individually of low value.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contribution.

7 FINANCE COSTS

	2025 MOP'000	2024 MOP'000
Interest on bank loans	1,065	1,125
Interest on bank overdrafts	52	-
	1,117	1,125



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 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:

	Group	
	2025 MOP'000	2024 MOP'000
Fees	160	160
Other emoluments:		
- Salaries, allowances and benefits in kind	5,202	5,837
- Discretionary bonus*	650	468
- Pension scheme contributions	23	23
Subtotal	5,875	6,328
Total	6,035	6,488

* The discretionary bonus is determined based on the performance of individuals and the Group.

	Fees MOP'000	Salaries, allowances and benefits in kind MOP'000	Discretionary bonus MOP'000	Pension scheme contributions MOP'000	Total MOP'000
2025					
Executive directors:					
- Mr. Lai Ieng Man	-	1,656	207	1	1,864
- Mr. Lai Meng San*	-	1,002	125	20	1,147
- Ms. Lai Ieng Wai	-	1,584	198	1	1,783
- Ms. Cheong Weng Si	-	960	120	1	1,081
Independent non-executive directors:					
- Mr. Chan Iok Chun	30	-	-	-	30
- Dr. Liu Ting Chi	50	-	-	-	50
- Mr. Siu Wing Hay	80	-	-	-	80
Total	160	5,202	650	23	6,035



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

	Fees MOP'000	Salaries, allowances and benefits in kind MOP'000	Discretionary bonus MOP'000	Pension scheme contributions MOP'000	Total MOP'000
2024					
Executive directors:					
- Mr. Lai leng Man	-	1,656	138	1	1,795
- Mr. Lai Meng San*	-	1,637	118	20	1,775
- Ms. Lai leng Wai	-	1,584	132	1	1,717
- Ms. Cheong Weng Si	-	960	80	1	1,041
Independent non-executive directors:					
- Mr. Chan lok Chun	30	-	-	-	30
- Dr. Liu Ting Chi	50	-	-	-	50
- Mr. Siu Wing Hay	80	-	-	-	80
Total	160	5,837	468	23	6,488

* Mr. Lai Meng San is the chief executive of the Group.

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

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2025 MOP'000	2024 MOP'000
Salaries, allowances and benefits in kind	960	1,107
Discretionary bonus	300	90
Pension scheme contributions	2	2
Total	1,262	1,199



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9 FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of non-director and non-chief executive highest paid employee whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
HK\$1,000,001 to HK\$1,500,000 (equivalent to MOP1,030,001 to MOP1,545,000)	1	1

For the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors of the Company or the chief executive or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

10 INCOME TAX

Macau complementary tax has been provided at progressive rates up to 12% (2024: progressive rates up to 12%) on the estimated taxable profits arising in Macau during the year. No provision for Macau Complementary tax has been made as the assessable profit has been absorbed by unused tax losses for both years.

Hong Kong Profits Tax for the year ended 31 December 2025 was provided at the rate of 16.5% (2024: 16.5%). No provision for Hong Kong Profits Tax has been made as a subsidiary incorporated in Hong Kong has available tax losses carried forward for future set off for both years.

	2025 MOP'000	2024 MOP'000
Current - Macau		
- Over-provision in prior years	-	(120)
Deferred (note 26)	39	(161)
Total	39	(281)





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10 INCOME TAX (Continued)

A reconciliation of the tax charge/(credit) applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2025

	Macau MOP'000	Hong Kong MOP'000	Total MOP'000
Profit before tax	2,545	5,526	8,071
Tax at the statutory tax rate	305	912	1,217
Expenses not deductible for tax	402	531	933
Income not subject to tax	(98)	-	(98)
Tax loss not allowed to be carried forward	18	-	18
Unrecognised tax losses utilised from previous periods	(563)	(1,377)	(1,940)
Tax exemption under Macau complementary tax	(91)	-	(91)
Tax (credit)/charge	(27)	66	39

2024

	Macau MOP'000	Hong Kong MOP'000	Total MOP'000
Profit before tax	17,086	6,732	23,818
Tax at the statutory tax rate	2,050	1,111	3,161
Expenses not deductible for tax	37	374	411
Income not subject to tax	(434)	-	(434)
Tax loss not allowed to be carried forward	70	-	70
Unrecognised tax losses utilised from previous periods	(1,475)	(1,485)	(2,960)
Tax exemption under Macau complementary tax	(409)	-	(409)
Over-provision in prior years	(120)	-	(120)
Tax credit	(281)	-	(281)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11 DIVIDEND

	2025 MOP'000	2024 MOP'000
Proposed final – MOP1.50 cents (equivalent to HK1.46 cents) (2024: MOP2.58 cents (equivalent to HK2.50 cents)) per ordinary share	6,000	10,300

At the board meeting held on 27 March 2026, the Board recommended the payment of the final dividend of MOP1.50 cents (2024: MOP2.58 cents) per ordinary share, totalling MOP6,000,000 (2024: MOP10,300,000). The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

12 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company of MOP7,982,000 (2024: MOP24,099,000), and the weighted average number of ordinary shares of 400,000,000 (2024: 400,000,000) in issue during the year.

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

13 PROPERTY, PLANT AND EQUIPMENT

	Land and building MOP'000	Leasehold improvements MOP'000	Plant and machinery MOP'000	Furniture, fixtures and equipment MOP'000	Motor vehicles MOP'000	Total MOP'000
31 December 2025						
At 1 January 2025:						
Cost	85,881	969	783	1,915	1,367	90,915
Accumulated depreciation and impairment	(13,031)	(969)	(783)	(1,898)	(707)	(17,388)
Net carrying amount	72,850	-	-	17	660	73,527
At 1 January 2025, net of accumulated depreciation and impairment	72,850	-	-	17	660	73,527
Additions	10,062	510	-	28	49	10,649
Transfer from investment properties (note 14)	13,421	-	-	-	-	13,421
Depreciation provided during the year	(888)	(99)	-	(13)	(196)	(1,196)
Disposal	-	-	-	-	(8)	(8)
At 31 December 2025, net of accumulated depreciation and impairment	95,445	411	-	32	505	96,393
At 31 December 2025						
Cost	109,364	1,479	-	1,326	1,096	113,265
Accumulated depreciation and impairment	(13,919)	(1,068)	-	(1,294)	(591)	(16,872)
Net carrying amount	95,445	411	-	32	505	96,393





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land and building MOP'000	Leasehold improvements MOP'000	Plant and machinery MOP'000	Furniture, fixtures and equipment MOP'000	Motor vehicles MOP'000	Total MOP'000
31 December 2024						
At 1 January 2024:						
Cost	85,881	969	783	1,903	746	90,282
Accumulated depreciation and impairment	(12,442)	(969)	(783)	(1,874)	(593)	(16,661)
Net carrying amount	73,439	-	-	29	153	73,621
At 1 January 2024, net of accumulated depreciation and impairment	73,439	-	-	29	153	73,621
Additions	-	-	-	12	621	633
Depreciation provided during the year	(731)	-	-	(24)	(114)	(869)
Reversal of impairment loss	142	-	-	-	-	142
At 31 December 2024, net of accumulated depreciation and impairment	72,850	-	-	17	660	73,527
At 31 December 2024						
Cost	85,881	969	783	1,915	1,367	90,915
Accumulated depreciation and impairment	(13,031)	(969)	(783)	(1,898)	(707)	(17,388)
Net carrying amount	72,850	-	-	17	660	73,527

At 31 December 2025, certain of the Group's land and building with a net carrying amount of MOP72,119,000 (2024: MOP72,850,000) were pledged to secure interest-bearing bank borrowings granted to the Group (note 24).

As at 31 December 2025, the Group has reviewed the business performance of the identified cash-generating unit and no impairment indicators were noted.

During the year ended 31 December 2024, the reversal of impairment loss of MOP142,000 represented the write-back of the carrying amounts of land and building to their recoverable amounts because favourable changes on the business operation in Macau have been taken place during the year ended 31 December 2024. As at 31 December 2024, the recoverable amount has been determined based on financial budgets covering a five-year period with a growth rate approved by senior management, which is based on past experience and management's expectation for market development. The discount rate applied to the cash flow projections is 14.6%. The growth rate used to extrapolate the cash flow beyond the five-year period is 2%.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14 INVESTMENT PROPERTIES

	Notes	2025 MOP'000	2024 MOP'000
Carrying amount at 1 January		21,527	23,793
Transfer to property, plant and equipment	13	(13,421)	–
Loss from a fair value adjustment recognised in profit or loss	6	(3,615)	(2,266)
Carrying amount at 31 December		4,491	21,527

The Group's investment properties are all situated in Macau and they were revalued on 31 December 2025 based on valuations performed by Peak Vision Appraisals Limited, independent professionally qualified valuers, at HK\$4,360,000 (equivalent to MOP4,491,000) (2024: HK\$20,900,000 (equivalent to MOP21,527,000)). Each year, the Company's directors decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company's directors have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The Group leases its investment properties to third parties consisting of four industrial property units on the same floor of an industrial building in Macau under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 MOP'000	2024 MOP'000
Within one year	393	311
After one year but within two years	375	99
After two years but within three years	301	–
Total	1,069	410

Further particulars of the Group's investment properties are included on page 140 of the annual report.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14 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 MOP'000
	Quoted prices in active markets (Level 1) MOP'000	Significant observable inputs (Level 2) MOP'000	Significant unobservable inputs (Level 3) MOP'000	
Recurring fair value measurement for: Industrial property units	-	-	4,491	4,491

	Fair value measurement as at 31 December 2024 using			Total MOP'000
	Quoted prices in active markets (Level 1) MOP'000	Significant observable inputs (Level 2) MOP'000	Significant unobservable inputs (Level 3) MOP'000	
Recurring fair value measurement for: Industrial property units	-	-	21,527	21,527

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).

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

	Valuation technique	Significant unobservable input	Value	
			2025 MOP'000	2024 MOP'000
Industrial property units	Income capitalisation method	Estimated rental value (per square meter per month) of MOP94 (2024: MOP88) with a capitalisation rate of 3.30% (2024: 2.84%)	4,491	21,527



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Income capitalisation method:

The income capitalisation method is based on the capitalisation of the fully leased, current passing rental income and potential reversionary income of the property with reference to the estimated market rent at the appropriate investment yield to arrive at the value. The rental value and capitalisation rate to be adopted for the valuation are derived from analysis of market transactions and adjusted to take into account the market expectation from property investors to reflect factors specific to the investment properties.

Relationship of unobservable inputs to fair value:

An increase/(decrease) in the estimated rental value used would result in an increase/(decrease) in the fair value of the investment properties. While, an increase/(decrease) in the capitalisation rate would result in a (decrease)/increase in the fair value of the investment properties.

15 INVESTMENT IN AN ASSOCIATE

	2025	2024
	MOP'000	MOP'000
Share of net assets	6,254	6,882

Particulars of the associate are as follows:

Name of associate	Place of incorporation/ registration and business	Equity interest attributable to the Group		Principal activity
		2025	2024	
Aggressive Dragon Investment Company Limited ("Aggressive Dragon")	Macau	20%	20%	Investment holding

The Group's shareholdings in the Aggressive Dragon is held through a wholly-owned subsidiary of the Company.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

15 INVESTMENT IN AN ASSOCIATE (Continued)

The following table illustrates the summarised financial information in respect of Aggressive Dragon adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 MOP'000	2024 MOP'000
Non-current assets	27,400	34,411
Current assets	3,870	-
Net assets	31,270	34,411
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	20%	20%
Group's share of net assets of the associate	6,254	6,882
Revenue	-	-
Profit/(loss) for the year	108	(178)
Total comprehensive income/(loss) for the year	108	(178)

During the year ended 31 December 2025, the Group received dividends in the amount of MOP650,000 (2024: Nil).

16 EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 MOP'000	2024 MOP'000
Unlisted equity investments, at fair value		
- New Van Ar Development Company Limited	1,381	1,426

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. During the year ended 31 December 2025, the Group received dividends in the amount of MOP120,000 (2024: MOP120,000).

17 TRADE RECEIVABLES

	2025 MOP'000	2024 MOP'000
Trade receivables	44,334	58,364
Impairment	(20,969)	(21,413)
Net carrying amount	23,365	36,951



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17 TRADE RECEIVABLES (Continued)

The Group allows an average credit period of 30 days to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of existing customers is reviewed by the Group regularly.

Included in the Group's trade receivables are amounts due from related parties of MOPNil (2024: MOP9,500), which are repayable on credit terms similar to those offered to the major customers of the Group.

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	2024
	MOP'000	MOP'000
Within 1 month	14,707	24,938
1 to 2 months	2,026	4,869
2 to 3 months	559	1,024
3 to 6 months	587	3,197
6 months to 1 year	5,237	2,360
Over 1 year	249	563
Total	23,365	36,951

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

	2025	2024
	MOP'000	MOP'000
At beginning of year	21,413	22,944
Reversal of impairment losses (note 6)	(444)	(1,531)
At end of year	20,969	21,413

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 over the respective ageing buckets. 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. Generally, trade receivables are written off if they are not considered recoverable by the Group and are not subject to enforcement activity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17 TRADE RECEIVABLES (Continued)

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					Over 1 year	Total
		Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year		
Expected credit loss rate	0.12%	0.15%	0.36%	0.74%	1.14%	2.29%	100%	47.30%
Gross carrying amount (MOP'000)	14,726	2,030	559	272	528	5,405	20,814	44,334
Expected credit losses (MOP'000)	18	3	2	2	6	124	20,814	20,969

As at 31 December 2024

	Current	Past due					Over 1 year	Total
		Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year		
Expected credit loss rate	0.19%	0.18%	0.58%	0.94%	1.69%	3.40%	100%	36.69%
Gross carrying amount (MOP'000)	24,994	4,875	1,036	1,282	1,948	3,026	21,203	58,364
Expected credit losses (MOP'000)	47	9	6	12	33	103	21,203	21,413

18 CONTRACT ASSETS

	31 December 2025 MOP'000	31 December 2024 MOP'000	1 January 2024 MOP'000
Contract assets arising from:			
- Fitting-out, alteration and addition works	77,512	72,177	58,442
- Construction works	1,033	2,200	3,172
Total	78,545	74,377	61,614
Impairment	(33,972)	(33,802)	(35,474)
Net carrying amount	44,573	40,575	26,140



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18 CONTRACT ASSETS (Continued)

Contract assets are initially recognised for revenue earned from the provision of related fitting-out, alteration and addition works and construction works as the receipt of consideration is conditional on successful completion of the works. Included in contract assets for fitting-out, alteration and addition works and construction works are retention receivables. Upon completion of the work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase (2024: increase) in contract assets in 2025 was the result of the increase (2024: increase) in scale of ongoing fitting-out, alteration and addition works and construction works and transferred to trade receivables upon the completion of the work. In addition, the payment schedules of certain amount of contract assets are under negotiation with the customers. During the year ended 31 December 2025, impairment loss of MOP170,000 (2024: reversal of impairment of MOP1,672,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 17 to the consolidated financial statements.

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

	2025 MOP'000	2024 MOP'000
Within one year	44,573	40,575

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 MOP'000	2024 MOP'000
At beginning of year	33,802	35,474
Impairment losses/(reversal of impairment losses) (note 6)	170	(1,672)
At end of year	33,972	33,802

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 over the respective ageing buckets. The provision rates of contract assets are also assessed individually according to the customer's portfolio. 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18 CONTRACT ASSETS (Continued)

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

	2025	2024
Expected credit loss rate	43.25%	45.45%
Gross carrying amount (MOP'000)	78,545	74,377
Expected credit loss (MOP'000)	33,972	33,802

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 MOP'000	2024 MOP'000
Prepayments and deposits	5,837	11,195
Other receivables	894	1,305
Total	6,731	12,500
Impairment	(1,843)	(1,843)
Net carrying amount	4,888	10,657

Prepayments mainly represent advance payments made to suppliers and subcontractors for fitting-out and construction projects.

Included in the Group's other receivables are amounts due from the related parties of MOP172,000 (2024: MOP172,000).

Except for the prepayments and deposits of MOP1,843,000 (2024: MOP1,843,000), the deposits and other receivables included in the above balances have no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20 CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

Cash and bank balances comprise cash on hand and bank balances. Except for the interest-free bank balances amounting to MOP5,644,000 as at 31 December 2025 (2024: MOP3,431,000), the remaining balances carried interest at prevailing market interest rates which were ranging from 0.001% to 0.010% per annum as at 31 December 2025 (2024: 0.001% to 0.188%).

Pledged bank deposits represent deposits amounting to MOP1,092,000 (2024: MOP1,082,000) pledged to banks to secure loan facilities and performance bonds granted to the Group. As at 31 December 2025, the pledged bank deposits carried interest at fixed interest rates of 0.36% (2024: 1.0%) per annum.

Bank balances include bank deposits with original maturity over three months amounting to MOP5,224,000 as at 31 December 2025 (2024: MOP16,871,000).

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

	2025	2024
	MOP'000	MOP'000
HK\$	29,078	15,208
Renminbi ("RMB")	352	161

21 TRADE PAYABLES

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

	2025	2024
	MOP'000	MOP'000
Within 1 month	5,278	4,484
1 to 2 months	2,697	6,167
2 to 3 months	1,428	1,985
Over 3 months	13,666	10,057
Total	23,069	22,693

The trade payables are non-interest-bearing and are normally settled on 60-day terms. As at 31 December 2025, retention payables included in trade payables amounted to MOP5,120,000 (2024: MOP3,223,000) which are interest-free and payable at the end of the defects liability period of individual contracts within 1 year from the completion date of the respective projects.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

22 CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2025 MOP'000	31 December 2024 MOP'000	1 January 2024 MOP'000
Short-term advances received from customers			
- Fitting-out, alteration and addition works	352	11,483	4,894
- Construction works	870	-	1,147
Total contract liabilities	1,222	11,483	6,041

Contract liabilities include short-term advances received to carry out fitting-out, alteration and addition works and construction works. The decrease (2024: increase) in contract liabilities in 2025 was mainly due to decrease (2024: increase) in short-term advance received from customers in relation to the provision of fitting-out, alteration and additions.

23 OTHER PAYABLES AND ACCRUALS

	2025 MOP'000	2024 MOP'000
Accruals	22,898	20,879
Other payables	9	9
Amount due to non-controlling shareholder of a subsidiary (note)	593	-
Total	23,500	20,888

Note: The amount due to non-controlling shareholder of a subsidiary are unsecured, interest-free and repayable on demand.



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24 INTEREST-BEARING BANK BORROWINGS

	2025 MOP'000	2024 MOP'000
Bank overdrafts – secured	1,726	-
Interest-bearing bank borrowings (secured)	36,767	29,646
Total	38,493	29,646
Carrying amounts repayable (Note b):		
– Within one year	18,721	7,000
– In the second year	2,931	2,853
– In the third to fifth years, inclusive	9,263	9,025
– Beyond five years	7,578	10,768
	38,493	29,646
Less: Amounts shown under current liabilities (Note a)	(38,493)	(29,646)
Amounts shown under non-current liabilities	-	-

(a) Bank borrowings amounting to MOP24,354,000 (2024: MOP29,646,000) contain a repayment on demand clause and are shown under current liabilities.

(b) The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The bank overdrafts amounting to MOP1,726,000 (2024: Nil) as at 31 December 2025 carried interest at 1.5% below the prevailing best lending rate quoted by the bank in Macau (the “Prime Rate”) per annum.

The interest-bearing bank borrowings amounting to MOP22,628,000, MOP4,575,000 and MOP9,564,000 as at 31 December 2025 carry interest at 2.85% below the Prime Rate per annum, at Prime Rate per annum and 1.50% below the Prime Rate per annum respectively.

The interest-bearing bank borrowings amounting to MOP25,424,000 and MOP4,222,000 as at 31 December 2024 carry interest at 2.85% below the Prime Rate per annum and 1.75% below the Prime Rate respectively.



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FOR THE YEAR ENDED 31 DECEMBER 2025

24 INTEREST-BEARING BANK BORROWINGS (Continued)

The effective interest rates of the borrowings as at 31 December 2025 (which are also equal to the contractual interest rate) carry interest range from 2.7% to 5.4% (2024: 2.7% to 3.8%). The Group's borrowings are denominated in MOP. These bank borrowings are under banking facilities for drawing loans and issuing performance bonds. As at 31 December 2025, the banking facilities are secured by the legal charge over the office building held by the Group (included in property, plant and equipment as disclosed in note 13) and promissory notes of MOP101,000,000 endorsed by Lai Si which guaranteed by the Company and the directors of the Company, Lai Ieng Man and Lai Meng San (2024: secured by the legal charge over the office building held by the Group (included in property, plant and equipment as disclosed in note 13) and promissory notes of MOP101,000,000 endorsed by Lai Si which guaranteed by the Company and the directors of the Company, Lai Ieng Man and Lai Meng San).

The Group's two (2024: two) revolving credit facilities amounting to MOP20,000,000 (2024: MOP20,000,000) of which MOP15,865,000 (2024: MOP4,222,000) was utilised as at the end of the reporting period, are secured by legal charge over the office building held by the Group (included in property, plant and equipment as disclose in note 13 and pledged bank deposits as disclosed in note 20) and promissory notes of MOP20,000,000 (2024: MOP20,000,000) endorsed by Lai Si which guaranteed by the Company and the directors of the Company, Lai Ieng Man and Lai Meng San.

25 DEFINED BENEFIT PLAN OBLIGATIONS

The Group is obligated to make long service payment to qualifying employees in Hong Kong with a minimum of 5 years' employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the "Employment Ordinance"). Long service payment is calculated based on the last monthly salary of the employee and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees' long service payment against the accrued benefits attributable to employers' contributions to the MPF Scheme. In 2022, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the "Amendment Bill") was enacted, such that the Group can no longer use accrued benefits arising from MPF mandatory employer contributions to offset employees' long service payment accrued as from the transition date (i.e., 1 May 2025). The enactment of the Amendment Bill is treated as a plan amendment. Except for the statutory right to offset as described above, the long service payment benefits are unfunded.

The net long service payment obligations are exposed to interest rate risk, the risk arising from changes in employees' average longevity at retirement or termination of employment and market risk associated with investment returns of employees' MPF Scheme.

The calculation of defined benefit obligation is performed by management using the projected unit credit method.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25 DEFINED BENEFIT PLAN OBLIGATIONS (Continued)

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2025	2024
Discount rate (%)	3.78	4.09
Average longevity at retirement or termination of employment	20 years	20 years

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit plan obligations MOP'000	Decrease in rate %	Increase/ (decrease) in defined benefit plan obligations MOP'000
2025				
Discount rate	10	(11)	10	11
Longevity at retirement or termination of employment	10	(30)	10	26
2024				
Discount rate	10	(9)	10	10
Longevity at retirement or termination of employment	10	(28)	10	18

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25 DEFINED BENEFIT PLAN OBLIGATIONS (Continued)

The total expenses recognised in the consolidated statement of profit or loss in respect of the long service payment are as follows:

	2025 MOP'000	2024 MOP'000
Current service cost and total recognised in administrative expenses	37	4

The movements in the net defined benefit obligations are as follows:

	2025 MOP'000	2024 MOP'000
At 1 January	138	134
Current service cost	37	4
At 31 December	175	138
Analysed as:		
Current liabilities	-	-
Non-current liabilities	175	138
Total	175	138

The average duration of the defined obligations at the end of the reporting period is 19 years (2024: 19 years).



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FOR THE YEAR ENDED 31 DECEMBER 2025

26 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 and impairment MOP'000	Gains on property revaluation MOP'000	Total MOP'000
At 1 January 2025	1,365	2,165	3,530
Deferred tax debited/(credited) to the consolidated statement of profit or loss during the year	142	(434)	(292)
Transfer	1,298	(1,298)	-
Gross deferred tax liabilities at 31 December 2025	2,805	433	3,238

Deferred tax assets

	2025 Loss available for offsetting against future taxable profits MOP'000
At 1 January 2025	331
Deferred tax debited to the consolidated statement of profit or loss during the year	(331)
Gross deferred tax assets at 31 December 2025	-





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26 DEFERRED TAX (Continued)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation and impairment MOP'000	2024 Gains on property revaluation MOP'000	Total MOP'000
At 1 January 2024	1,254	2,437	3,691
Deferred tax debited/(credited) to the consolidated statement of profit or loss during the year	111	(272)	(161)
Gross deferred tax liabilities at 31 December 2024	1,365	2,165	3,530

Deferred tax assets

	2024 Loss available for offsetting against future taxable profits MOP'000
Gross deferred tax assets at 1 January 2024 and 31 December 2024	331



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26 DEFERRED TAX (Continued)

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

	2025 MOP'000	2024 MOP'000
Net deferred tax assets recognised in the consolidated statement of financial position	-	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	3,238	3,199
Net deferred tax liabilities	3,238	3,199

The Group has tax losses arising in Macau of MOP7,547,000 (2024: MOP15,685,000) and Hong Kong of MOP18,113,000 (2024: MOP26,455,000) that are available for three years and indefinite, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in Macau of MOP7,547,000 (2024: MOP12,927,000) and Hong Kong of MOP18,113,000 (2024: MOP26,455,000) have not been recognised as it is not considered probable that taxable profits will be available against the tax losses can be utilised.

During the year ended 31 December 2025, the Group had a tax loss of MOP154,000 (2024: MOP581,000) incurred by one of the Macau subsidiaries that is not allowed to be carried forward.

27 SHARE CAPITAL

Shares

	2025 MOP'000	2024 MOP'000
Issued and fully paid:		
- 400,000,000 (2024: 400,000,000) ordinary shares	4,120	4,120

There were no movements in the Company's share capital during the year (2024: Nil).

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28 SHARE OPTION SCHEME

On 25 June 2024, the share option scheme (the “2017 Share Option Scheme”) of the Company adopted on 10 February 2017 ceased to operate and a new share option scheme (the “2024 Share Option Scheme”) was adopted on 25 June 2024 (the “Adoption Date”) to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company. There was no outstanding share option under the old scheme upon its cessation.

The Company operates the 2017 Share Option Scheme and the 2024 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Pursuant to the Share Option Scheme, the directors may, at their absolute discretion, offer to grant an option to subscribe for the shares subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the participant (the “Eligible Participants”) for the 2024 Share Option Scheme include any employee (the “Employee participants”), which refers to directors or employees of the Company or any of its subsidiaries. This also includes individuals granted options under any share schemes of the Company as an inducement to enter into employment contracts with the Company or its subsidiaries. The Board has absolute discretion to determine whether or not one falls within this category. The 2024 Share Option Scheme became effective on 25 June 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

An option shall have been accepted by an Eligible Participant within 30 days from the date of the offer of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the 2024 Share Option Scheme and any other share option scheme of the Company) to be granted under the 2024 Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 40,000,000 Shares, being 10% of the shares in issue as at the Adoption Date. No share options had been granted by the Company under the Share Option Scheme up to the date of this report. Therefore, the number of shares available for issue is 40,000,000 shares, being approximately 10% of the shares in issue as at the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2024 Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders’ approval in a general meeting with such participant and his associates abstaining from voting.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28 SHARE OPTION SCHEME (Continued)

The subscription price per share under the 2024 Share Option Scheme shall be a price determined by the directors, but shall not be lower than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant, which must be a trading day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a share.

No share option had been granted under the 2024 Share Option Scheme and 2017 Share Option Scheme during the years ended 31 December 2025 and 2024.

29 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 page 64 of the consolidated financial statements.

30 PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

The following table lists out the information relating to the subsidiary of the Group which has non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination:

	Lai Si-Kin Leong Consortium 2025
NCI percentage	30%
	MOP'000
Current assets	6,724
Current liabilities	(6,532)
Net assets	192
Carrying amount of NCI	58
Revenue	3,718
Profit for the year	167
Profit allocated to NCI	50
Cash flows generated from operating activities, net	746
Cash flows generated from financing activities, net	25





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank borrowings MOP'000	Accrued interest on interest- bearing bank borrowings* MOP'000	Total MOP'000
At 1 January 2025	29,646	-	29,646
Changes from financing cash flows	7,121	(1,117)	6,004
Finance costs recognised	-	1,117	1,117
At 31 December 2025	36,767	-	36,767

2024

	Interest-bearing bank borrowings MOP'000	Accrued interest on interest- bearing bank borrowings* MOP'000	Total MOP'000
At 1 January 2024	31,176	-	31,176
Changes from financing cash flows	(1,530)	(1,125)	(2,655)
Finance costs recognised	-	1,125	1,125
At 31 December 2024	29,646	-	29,646

* Included in the line item "other payables and accruals" in the consolidated statement of financial position.

(b) Total cash outflow for leases

	2025 MOP'000	2024 MOP'000
Within operating activities	446	469



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32 CONTINGENT LIABILITIES

(a) Sin Fong Garden Building

In October 2012, one of the supporting pillars of the residential building called “Sin Fong Garden Building” collapsed due to the loss of stability. Such collapse was accused to be caused by the dismantlement and construction of the foundation work undertaken in an adjacent new residential building project, of which Lai Si was one of the contractors. As a result, in September 2015, several flat owners of Sin Fong Garden Building filed a lawsuit against several defendants including Lai Si, seeking for a compensation for the loss of property, in a total sum of approximately HK\$48,950,000, to be borne jointly by the defendants. However, according to the report issued by the team of technical advisors and experts engaged by the Macau Government to study the causes of the incident, the collapse of Sin Fong Garden Building was caused by the substandard supporting pillars of Sin Fong Garden Building, instead of the dismantlement and foundation work undertaken in the adjacent new residential building.

The hearings were held from 17 November 2023 to July 2024. On 12 January 2026, the court issued its final ruling that the plaintiffs’ request for compensation was deemed unfounded and the defendants, including the subsidiary of the Group, were acquitted. On 27 January 2026, the plaintiffs filed a request of appeal against the defendants, including the subsidiary of the Group.

After consulting the Group’s lawyer, the directors of the Company are of the opinion that it is not probable that the significant outflow resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2025.

(b) Dispute on payment with a subcontractor

As at 31 December 2025, a subsidiary of the Group was a defendant in a lawsuit brought by a subcontractor of two of the Group’s fitting-out projects on a total settlement dispute amount with interest of MOP2,485,000.

On 11 February 2025, the hearing was conducted. The Court gave the judgement on 21 March 2025 by which it was decided that the subsidiary of the Group should repay the amount of MOP317,000 to the plaintiff. During the year ended 31 December 2025, the subsidiary of the Group fully settled the payment.

On 10 June 2025, an appeal against the subsidiary of the Group was filed by the solicitors acting on behalf of plaintiff. The written legal arguments have been filed by the plaintiff and the Group on 9 September 2025 and 4 November 2025 respectively.

After consulting the Group’s lawyer, the directors of the Company are of the opinion that it is not probable that the significant outflow resources embodying economic benefits will be required to settle the obligation and hence no provision is made in the consolidated financial statements as at 31 December 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33 PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans facilities and performance bonds are included in notes 24 and 38 to the consolidated financial statements.

34 RELATED PARTY TRANSACTIONS

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

	2025 MOP'000	2024 MOP'000
Ou Wai Health Company Limited (Note i)		
- Repair and maintenance services income*	-	18

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Notes:

- (i) Mr. Lai Meng San, executive director of the Company and Mr. Chan Lok Chun, independent non-executive director of the Company, jointly held 42% equity interest in this related company.
- * These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34 RELATED PARTY TRANSACTIONS (Continued)

- (b) Outstanding balances with related parties
- (i) As at 31 December 2025, the Group had an outstanding balance due from its ultimate holding company of MOP1,000 (2024: MOP1,000) which is unsecured, non-interest-bearing and repayable on demand.
- (ii) As at 31 December 2025, the Group had an outstanding balance due from its related company, Lai Si Construction (Singapore) Pte. Limited, of MOP172,000 (2024: MOP172,000) included in other receivables. Mr. Lai Ieng Man, Mr. Lai Meng San, Ms. Lai Ieng Wai and Ms. Cheong Weng Si, executive directors of the Company, jointly held 100% equity interest in this related company. The maximum amount outstanding during the year is MOP172,000 (2024: MOP172,000).
- (iii) As at 31 December 2025, the Group had an outstanding balance due from its related company, Ou Wai Health Company Limited, of MOPNil (2024: MOP9,500) included in trade receivables. The payment term is disclosed in note 17.
- (iv) The Group had an outstanding balance due from its director, Mr. Lai Ieng Man, of MOP26,000 (2024: MOP14,000) which is non-trade in nature, unsecured, non-interest-bearing and repayable on demand. The maximum amount outstanding during the year is MOP26,000 (2024: MOP14,000).
- (c) Compensation of key management personnel of the Group:

	2025	2024
	MOP'000	MOP'000
Directors' fee	160	160
Salaries and other allowances	7,274	7,878
Discretionary bonus	1,089	651
Pension scheme contributions	28	29
Total compensation paid to key management personnel	8,551	8,718

Further details of directors' and the chief executive's emoluments are included in note 8 to the consolidated financial statements.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

35 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 MOP'000	2024 MOP'000
Financial assets at amortised cost		
Trade receivables	23,365	36,951
Financial assets included in prepayments, other receivables and other assets	1,348	2,466
Amount due from a director	26	14
Amount due from the ultimate holding company	1	1
Pledged bank deposits	1,092	1,082
Cash and bank balances	33,986	24,463
	59,818	64,977
Financial assets at fair value through other comprehensive income - Equity instruments		
Equity investments designated at fair value through other comprehensive income	1,381	1,426
Total financial assets	61,199	66,403
Financial liabilities at amortised cost		
Trade payables	23,069	22,693
Financial liabilities included in other payables and accruals	602	9
Interest-bearing bank borrowings	38,493	29,646
Total financial liabilities	62,164	52,348



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to the short maturities of these instruments.

Management of the Group has estimated the fair values of unlisted equity investments at fair value through other comprehensive income using income approach as at 31 December 2025 and 2024. The directors believe that the estimated fair values based on the above valuation technique, which are recorded in the consolidated statement of financial position are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Discounted cash flow	Post-tax discount rate of 9.50% (2024: 9.90%)	10% increase/decrease in discount rate would result in (decrease)/increase in fair value by (MOP96,000)/MOP124,000 (2024: (MOP103,000)/MOP132,000)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total MOP'000
	Quoted prices in active markets (Level 1) MOP'000	Significant observable inputs (Level 2) MOP'000	Significant unobservable inputs (Level 3) MOP'000	
Equity investments designated at fair value through other comprehensive income	-	-	1,381	1,381

As at 31 December 2024

	Fair value measurement using			Total MOP'000
	Quoted prices in active markets (Level 1) MOP'000	Significant observable inputs (Level 2) MOP'000	Significant unobservable inputs (Level 3) MOP'000	
Equity investments designated at fair value through other comprehensive income	-	-	1,426	1,426

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 MOP'000	2024 MOP'000
Equity investments at fair value through other comprehensive income		
At 1 January	1,426	1,411
Total (loss)/gain recognised in other comprehensive income	(45)	15
At 31 December	1,381	1,426

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).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, amount due from a director, amount due from the ultimate holding company, pledged bank deposits, cash and bank balances, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Foreign currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials and sales proceeds received from customers that are denominated in a currency other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK\$ and RMB.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 MOP'000	2024 MOP'000	2025 MOP'000	2024 MOP'000
HK\$ against MOP	42,448	30,410	6,749	8,247
RMB against MOP	352	161	4,108	2,989

Sensitivity analysis

As the exchange rate of HK\$/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK\$/MOP exchange rate. As a result, the directors of the Company consider that the sensitivity of the Group's exposure towards the change in exchange rate between HK\$/MOP is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against MOP. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the year and held constant throughout the year.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

Sensitivity analysis (Continued)

A positive number below indicates an increase in post-tax profit (2024: an increase in post-tax profit) for the current year where there is a 5% weakening of RMB against MOP. For a 5% strengthening of RMB against MOP, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	Increase in post-tax profit	
	2025 MOP'000	2024 MOP'000
RMB against MOP	165	124

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure did not reflect the exposure during the year.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings (see note 20 for details of bank balances and pledged bank deposits, and note 24 for details of bank borrowings). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the HIBOR and the Prime Rate arising from the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming that bank borrowings outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis points' increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would have decreased/increased by approximately MOP169,000 (2024: MOP130,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

Sensitivity analysis (Continued)

No sensitivity analysis has been prepared for the exposure to interest rate risk on the Group's bank balances as the directors of the Company consider that the exposure is minimal.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual material trade receivable and other receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The policy of impairment on financial assets of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding balances as well as incorporation of forward-looking information. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual material debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

With respect to credit risk arising from amount due from the ultimate holding company and related parties, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good reputation and/or a good history of repayment and the Group does not expect to incur a significant loss for uncollected amounts due from these counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show 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 exposed to credit risk.

As at 31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	
	MOP'000	MOP'000	MOP'000	approach	MOP'000
				MOP'000	
Contract assets*	-	-	-	78,545	78,545
Trade receivables*	-	-	-	44,334	44,334
Financial assets included in prepayments, other receivables and other assets					
- Normal**	1,348	-	-	-	1,348
Amount due from a director					
- Normal**	26	-	-	-	26
Amount due from the ultimate holding company					
- Normal**	1	-	-	-	1
Pledged deposits					
- Not yet past due	1,092	-	-	-	1,092
Cash and cash equivalents					
- Not yet past due	33,986	-	-	-	33,986
Total	36,453	-	-	122,879	159,332



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 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
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified	Total
	MOP'000	MOP'000	MOP'000	approach	MOP'000
				MOP'000	
Contract assets*	-	-	-	74,377	74,377
Trade receivables*	-	-	-	58,364	58,364
Financial assets included in prepayments, other receivables and other assets					
- Normal**	2,466	-	-	-	2,466
Amount due from a director					
- Normal**	14	-	-	-	14
Amount due from the ultimate holding company					
- Normal**	1	-	-	-	1
Pledged deposits					
- Not yet past due	1,082	-	-	-	1,082
Cash and cash equivalents					
- Not yet past due	24,463	-	-	-	24,463
Total	28,026	-	-	132,741	160,767

* 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 17 and 18 to the consolidated financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets, amount due from a director and amount due from the ultimate holding company is considered to be "normal" as 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".

The Group was exposed to concentration of credit risk as at 31 December 2025 on trade receivables and contract assets from the Group's five major customers amounting to MOP26,792,000 (2024: MOP30,284,000), which accounted for 39% (2024: 39%) of the Group's total trade receivables and contract assets.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 17 and 18 to the consolidated financial statements, respectively.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

As at 31 December 2025 and 2024, except for the bank borrowings with a repayment on demand clause which involve part of balance are due according to scheduled repayment shown below, all of the Group's financial liabilities are due within one year.

Note:

Bank borrowings with a repayment on demand clause are included in the "On demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amount of these bank borrowings was MOP38,493,000 (2024: MOP29,646,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that all bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows (estimated based on the interest rate at the end of the reporting period) are set out below.

	Weighted average interest rate %	Less than 3 months MOP'000	3 to less than 12 months MOP'000	1 year to 5 years MOP'000	Over 5 years MOP'000	Total undiscounted cash flows MOP'000	Total carrying amount MOP'000
31 December 2025	3.28	17,095	2,558	13,640	7,814	41,107	38,493
31 December 2024	2.81	5,116	2,564	13,673	11,256	32,609	29,646



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The gearing ratio is a key indicator of the Group's capital structure. The gearing ratio is calculated as total debt, which includes bank borrowings disclosed in note 24, divided by total capital.

	2025 MOP'000	2024 MOP'000
Interest-bearing bank borrowings and total debt	38,493	29,646
Equity and total capital	126,695	129,058
Gearing ratio	30.4%	23.0%

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

38 PERFORMANCE BONDS

As at 31 December 2025, the Group has issued performance bonds amounting to MOP11,151,000 (2024: MOP11,111,000) in respect of contracts from fitting-out, alteration and addition works through banks in Macau which are secured by legal charge over the office building held by the Group (included in property, plant and equipment as disclosed in note 13), pledged bank deposits as disclosed in note 20 and promissory notes of MOP167,980,000 by Lai Si and the Company and guaranteed by the directors of the Company, Lai Ieng Man and Lai Meng San (2024: secured by legal charge over the office building held by the Group (included in property, plant and equipment as disclosed in note 13), pledged bank deposits as disclosed in note 20 and promissory notes of MOP167,980,000 by Lai Si and the Company and guaranteed by the directors of the Company, Lai Ieng Man and Lai Meng San).

At the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Group.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39 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 MOP'000	2024 MOP'000
NON-CURRENT ASSET		
Investments in subsidiaries	85,490	85,490
CURRENT ASSETS		
Due from the ultimate holding company	1	1
Due from subsidiaries	177	148
Prepayments	155	156
Cash and bank balances	88	82
Total current assets	421	387
CURRENT LIABILITIES		
Accruals	1,671	1,708
Due to subsidiaries	30,793	17,950
Total current liabilities	32,464	19,658
NET CURRENT LIABILITIES	(32,043)	(19,271)
Net assets	53,447	66,219
EQUITY		
Share capital	4,120	4,120
Reserves (Note)	49,327	62,099
Total equity	53,447	66,219



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share premium MOP'000	Accumulated losses MOP'000	Total MOP'000
At 1 January 2024	105,390	(41,040)	64,350
Loss and total comprehensive loss for the year	-	(2,251)	(2,251)
At 31 December 2024 and 1 January 2025	105,390	(43,291)	62,099
Loss and total comprehensive loss for the year	-	(2,472)	(2,472)
Final 2024 dividend declared	(10,300)	-	(10,300)
At 31 December 2025	95,090	(45,763)	49,327

40 EVENTS AFTER THE REPORTING PERIOD

(a) The Board proposed a final dividend on 27 March 2026. Further details are disclosed in note 11.

41 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2026.



PARTICULARS OF PROPERTIES HELD

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
9 ^o Andar C, Industrial Tong Lei, Rua de Alegria N ^o 41, Macau	Industrial	Medium term lease	100%



FIVE-YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and represented/reclassified as appropriate, is set out below.

RESULTS

	For the year ended 31 December				
	2025 MOP'000	2024 MOP'000	2023 MOP'000	2022 MOP'000	2021 MOP'000
CONTINUING OPERATIONS					
REVENUE	196,670	208,136	88,189	172,373	144,117
PROFIT/(LOSS) BEFORE TAX	8,071	23,818	(18,725)	6,183	(20,750)
Tax (expense)/credit	(39)	281	178	(867)	325
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	8,032	24,099	(18,547)	5,316	(20,425)
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	-	-	-	-	(313)
PROFIT/(LOSS) FOR THE YEAR	8,032	24,099	(18,547)	5,316	(20,738)
Profit/(loss) for the year attributable to:					
- Owners of the Company	7,982	24,099	(18,547)	5,316	(20,738)
- Non-controlling interests	50	-	-	-	-
	8,032	24,099	(18,547)	5,316	(20,738)
Earnings/(loss) per share					
Basic and diluted					
- For the year	2.0	6.0	(4.6)	1.3	(5.2)
- From profit/(loss) continuing operations	2.0	6.0	(4.6)	1.3	(5.1)
- For loss from a discontinued operation	-	-	-	-	(0.1)



FIVE-YEARS FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	As at 31 December				
	2025 MOP'000	2024 MOP'000	2023 MOP'000	2022 MOP'000	2021 MOP'000
Total assets	216,450	217,105	180,307	212,098	216,528
Total liabilities	(89,697)	(88,047)	(75,363)	(88,625)	(98,384)
Net assets	126,753	129,058	104,944	123,473	118,144
Equity attributable to owners of the Company	126,695	129,058	104,944	123,473	118,144
Non-controlling interests	58	-	-	-	-
Total equity	126,753	129,058	104,944	123,473	118,144