

ANCHORSTONE

Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1592

INTERIM REPORT

2026



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CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1501-02, 15/F., Delta House
No. 3 On Yiu Street, Shatin
New Territories

COMPANY WEBSITE

<http://www.anchorstone.com.hk>

COMPANY EMAIL

info@anchorstone.com.hk

BOARD OF DIRECTORS

Executive Directors

Mr. Lui Yue Yun Gary (*Chairman*)
Ms. Ren Yuehua (appointed on 14 May 2026)
Ms. Lui Natalie Po Wai (resigned on 14 May 2026)

Independent Non-Executive Directors

Mr. Wong Yue Fai
Prof. Jiang Zhihong
Prof. Yin Mengbo (appointed on 19 May 2026)
Mr. Ko Tsz Kin (resigned on 19 May 2026)

BOARD COMMITTEE

Audit Committee

Prof. Yin Mengbo (*Chairman*) (appointed on 19 May 2026)
Mr. Wong Yue Fai
Prof. Jiang Zhihong

Remuneration Committee

Mr. Wong Yue Fai (*Chairman*)
Lui Yue Yun Gary
Prof. Yin Mengbo (appointed on 19 May 2026)

Nomination Committee

Mr. Lui Yue Yun Gary (*Chairman*)
Mr. Wong Yue Fai
Prof. Yin Mengbo (appointed on 19 May 2026)

COMPANY SECRETARY

Ms. Don Mun Min

AUTHORISED REPRESENTATIVES

Mr. Lui Yue Yun Gary
Ms. Ren Yuehua

AUDITOR

Guangshen (Hong Kong) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKS

Hang Seng Bank
Nanyang Commercial Bank

SHAREHOLDER INFORMATION

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)

SHARE REGISTRAR

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

INVESTOR RELATIONSHIP

For enquiries, please contact: Ms. Don Mun Min,
our Company Secretary
Email: sarahdon@anchorstone.com.hk
Telephone: (852) 2511 6668
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MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

During the first half of 2026, the overall property markets in the Mainland China and Hong Kong remained sluggish. Although residential market demonstrated increase in transaction volume and stabilization of price during the period, construction demand and project progress remained stagnant, as developers were holding back on large-scale investments and remained conservative in launching new property projects. The construction industry is also facing challenges from high material costs, labour shortage, ageing workforce and high financing costs that contribute to put pressure on profit margins. Amid the challenging business environment, the Group will take a prudent approach in undertaking construction projects and maintain tight control over operating costs to improve business performance and preserve resources for suitable opportunities. Following the successful completion of the rights issue during the period, the Group fully settled its overdue bank borrowings, resulting in a substantial reduction in finance costs and a significantly strengthened balance sheet.

The Group recorded revenue of approximately HK\$10.9 million for the six months ended 30 June 2026, representing a decrease of approximately 61% as compared with the same period last year. The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.4 million for the six months ended 30 June 2026.

The decrease in the loss for the period attributed to owners of the Company is approximately HK\$5.3 million, which was mainly due to the improvement of the profitability of the Group. Nevertheless, the slowing down of the local economic momentum and the weak property market are still the challenges facing by the Group.

INTERIM DIVIDEND

In order to retain resources for the Group's future development, the Directors have resolved not to pay any interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

BUSINESS REVIEW AND OUTLOOK

Upon completion of the rights issue and extinguishment of overdue bank borrowings, the Board considers that the Group's financial position has been largely improved and strengthened. The remaining balance of net proceeds from the rights issue will be deployed as general working capital which is sufficient to support the daily operations of the Group for at least the next 12 months. The Group expects to continue generating cash inflow from its existing and/or future projects thereby enabling it to maintain business continuity on a sustainable basis.

All along the management of the Group focused on stabilising operations by maintaining close dialogue with customers, suppliers and subcontractors, implementing cost-control measures, and prioritising the settlement of critical payables. Despite uncertainty in the global and local economic environment, these efforts were directed at restoring operational efficiency and preserving the Group's core capabilities. Looking ahead, the Company continues to seek to diversify its business portfolio, expand sustainable revenue streams and improve the Group's long-term profitability and competitive.

In this regard, the management will leverage the Group's experience in project management coupled with its extensive business network in the construction industry to solidify its existing business while exploring business diversification opportunities to venture into other emerging industries if suitable opportunities arise. Taking into account the development trends in the PRC healthcare sector and supportive government policies, the Group also decided to venture into the Chinese ginseng value chain and capture business opportunities by participating in the medicinal and edible ginseng market and promoting traditional Chinese medicinal culture.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the six months ended 30 June 2026, the Group generated revenue from its supply and installation projects and stone sales projects in Hong Kong and the Mainland China. It recorded a decrease in revenue of approximately HK\$17.0 million or 61% compared with the corresponding period in the last year. The decrease was mainly due to the decrease of revenue generated from supply and installation services. The progress of construction projects during the reporting period was significantly slower than that recorded for the six months ended 30 June 2025.

Gross profit and gross profit margin

Cost of sales mainly includes the cost of marble, raw materials, fabrication expenses, transportation and subcontracting costs. The Group's overall gross profit margin increased from approximately 9% to 58% mainly due to the change in project mix and the impact of variation orders were certified or confirmed during the reporting period.

Moreover, the gross profit of the Group increased by approximately HK\$3.8 million or approximately 153% from approximately HK\$2.5 million for the six months ended 30 June 2025 to approximately HK\$6.3 million for the six months ended 30 June 2026.

Administrative expenses

The administrative expenses of the Group for the current period amounted to approximately HK\$7.4 million. The decrease was mainly due to the decrease in employee benefit expenses and the legal and professional fees.

Finance costs

Finance costs for the six months ended 30 June 2026 were mainly attributable to the bank borrowings and the Director(s)' loan for the operation purposes. The finance costs decreased significantly from approximately HK\$1.6 million for the six months ended 30 June 2025 to HK\$0.2 million for the six months ended 30 June 2026. The decrease was mainly due to the settlement of most bank borrowings and certain outstanding Director(s)' loan during 2025 and the reporting period.

Income tax expense

Income tax expense represents the tax expense incurred in relation to the operations of the Group in Hong Kong and the Mainland China.

The Group's income tax expense reversal was approximately HK\$1.0 million for the six months ended 30 June 2026 due to an over provision of Hong Kong Profit Tax in previous years amounting to HK\$1.0 million.

No provision for deferred taxation has been made for the reporting period since no significant deferred taxation liability was expected to crystallise.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the reporting period was approximately HK\$3.4 million, mainly attributable to the deconsolidation of subsidiaries subject to wind-up proceedings, as compared to a loss attributable to the owners of the Company of approximately HK\$8.7 million for the corresponding period in last year.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through the completion of the rights issue in the first half of the year and cash inflows generated from operating activities. As at 30 June 2026, the capital structure of the Group consisted of equity of approximately HK\$2.6 million (31 December 2025: deficit of approximately HK\$113.7 million) and total debts of approximately HK\$39.2 million (31 December 2025: HK\$102.4 million). For details, please refer to the paragraph headed "Bank borrowings" below.

Cash position and fund available

The Group maintained the liquidity position by managing its gearing ratio and its current ratio. As at 30 June 2026, the Group's cash and cash equivalents were approximately HK\$50.0 million (31 December 2025: HK\$7.5 million). As at 30 June 2026, the current ratio of the Group was improved to approximately 2.28 times (31 December 2025: 0.56 times).

Bank borrowings

As at 30 June 2026, the Group had fully settled all the bank borrowings (31 December 2025: HK\$31.3 million). As at 30 June 2026, the Group has not renewed any banking facilities since its last reporting date in 2025.

Gearing ratio

As at 30 June 2026, the Group's gearing ratio was approximately 193.3% (31 December 2025: -101.0%), calculated as the net debts (loans from Executive Directors and bank borrowings less the bank balance and cash) divided by the total equity as at the end of the respective periods and multiplied by 100%.

Net current assets

As at 30 June 2026, the Group had net current assets of approximately HK\$43.5 million, compared with net current liabilities approximately HK\$42.6 million as at 31 December 2025. The Company completed a rights issue on 2 June 2026, and received net proceeds amounting to approximately HK\$105.9 million which had been used for repayment of all outstanding overdue bank borrowings, repayment of outstanding trade and other payables and settlement of part of a shareholder's loan.

Pledge of assets

Except for the pledged bank deposits stated in the paragraph headed "Cash position and fund available" above, certain trade and retention receivables and contract assets for obtaining the banking facilities, the Group has no other pledged assets.

Capital commitments

The Group had no material capital commitments as at 30 June 2026.

Contingencies

As at 30 June 2026 and 31 December 2025, the Group had issued performance bond in respect of construction contracts through bank which amounted to HK\$3.7 million. Such performance bond was secured by restricted cash.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had 17 full-time employees who were directly employed by the Group. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee. During the six months ended 30 June 2026, there has not been any incident of strike or labour shortage which adversely affected the Group's operations. In addition, the Group has not experienced any significant problem with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

DIRECTORS', CHIEF EXECUTIVES'S AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN SHARES AND SHARE OPTIONS

As at the date of this report, the interests or short positions of the Company's Directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange under the Model Code are as follows:

Long position in shares and underlying shares of the Company as at the date of this report:

Name of Director and/or the chief executive	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest in controlled corporation	152,247,145 shares	10.52%
Mr. Lui Yue Yun Gary	Beneficial owner (interest owned by his/her own name)	60,933,017 shares	4.21%
Ms. Ren Yuehua	Beneficial owner	66,704,468 shares	4.61%

Short position in shares and underlying shares of the Company as at the date of this report: nil

Save as disclosed above, as at the date of this report, none of the Directors or chief executives has any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

DIRECTORS', CHIEF EXECUTIVES'S AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

B. SUBSTANTIAL SHAREHOLDER'S INTERESTS IN SHARES AND SHARE OPTIONS

As at the date of this report, so far as known by the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares or underlying shares and debentures of Company and its associated corporation which would be required to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in shares and underlying shares of the Company as at the date of this report:

Name	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest in controlled corporation	152,247,145 shares	10.52%
	Beneficial owner (interest owned by his/her own name)	60,933,017 shares	4.21%
Mr. Lui Yue Yun Gary			
Mr. Choi Hok Ya	Beneficial owner	111,698,170 shares	7.72%
Ms. Ren Yuehua	Beneficial owner	66,704,468 shares	4.61%

Short position in shares and underlying shares of the Company as at the date of this report: nil

Save as disclosed above, as at the date of this report, no other person had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

C. DIRECTOR'S INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding companies was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

D. PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

DIRECTORS', CHIEF EXECUTIVES'S AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the year ended 31 December 2025 and the period ended 30 June 2026.

Date	Event	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds as at the report date
19 September 2025	Issue of new shares under general mandate	HK\$11.78 million	— approximately HK\$5.89 million for the repayment of bank loans; — approximately HK\$2.94 million for the settlement of other debts and payables; and — approximately HK\$2.94 million for general working capital of the Group	— approximately HK\$5.89 million — approximately HK\$2.94 million — approximately HK\$1.28 million
			Total	approximately HK\$10.11 million
2 June 2026	Right Issue Shares (after partially set-off of the Company's amount due to Mr. Lui Yue Yun Gary)	HK\$105.9 million	— approximately HK\$41.8 million for repayment of overdue bank loans and the interests incurred therefrom; — approximately HK\$20.3 million for repayment of the outstanding trade and other payables; — approximately HK\$0.8 million as the general working capital of the Group — approximately HK\$43.0 million for further settlement of Mr. Lui Yue Yun Gary's loan with the Group.	— approximately HK\$41.8 million — approximately HK\$11.30 million — approximately HK\$0.3 million — approximately HK\$43 million
			Total	approximately HK\$96.4 million

The Group expects the remaining proceeds of HK\$11.17 million will be fully utilised by the end of 2026.



CORPORATE GOVERNANCE AND OTHER INFORMATION

OVERVIEW OF CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control and to enhance the transparency and accountability of the Board to all shareholders of the Company. The Company has complied with the applicable code provisions of the Corporate Governance Code ("**CG Code**") from the listing date of the shares of the Company and up to the date of this report, except for the deviations as mentioned below.

The roles of the chairman and chief executive of the Company have not been segregated as required by the code provision A.2.1 of the CG Code. As Mr. Lui Yue Yun Gary is the chairman of the Company and the founder of the Group, the Board considers that vesting the roles of both chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is adequately ensured by the Board which comprise experienced and high caliber individuals with a sufficient number of them being Independent Non-executive Directors of the Company. Therefore has a strong independent element in its composition.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by Directors as set out in the Model Code for the six months ended 30 June 2026.

BOARD COMMITTEE

Audit Committee

The Audit Committee of the Company, with its terms of reference established in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), is composed of all the three Independent Non-Executive Directors (Prof. Yin Mengbo, Mr. Wong Yue Fai and Prof. Jiang Zhihong). The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, risk management and internal control system, and financial reporting matters. This unaudited condensed consolidated interim financial information has not been audited by the Company's auditors, but has been reviewed by the Audit Committee. The Audit Committee was satisfied that the unaudited condensed interim consolidated financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

Remuneration Committee

The Remuneration Committee of the Company, with its terms of reference established in compliance with the Listing Rules, was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee was composed of the Chairman of the Board (Mr. Lui Yue Yun Gary) and two Independent Non-Executive Directors (Prof. Yin Mengbo and Mr. Wong Yue Fai) as at 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Nomination Committee

The Nomination Committee of the Company, with its terms of reference established in compliance with the Listing Rules, was composed of the Chairman of the Board (Mr. Lui) and two Independent Non-Executive Directors (Prof. Yin Mengbo and Mr. Wong Yue Fai) as at 30 June 2026. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

On behalf of the Board

Anchorstone Holdings Limited

Lui Yue Yun Gary

Chairman

Hong Kong, 28 August 2026

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	Six months ended 30 June	
		2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Revenue from contracts with customers	4	10,925	27,866
Cost of sales	5	(4,624)	(25,376)
Gross profit		6,301	2,490
Other income and other gains/(losses), net		373	(67)
Loss on deconsolidation of subsidiaries	16	(3,348)	–
Impairment losses on contract assets		(94)	(1,699)
Administrative expenses		(7,427)	(7,790)
Operating loss		(4,195)	(7,066)
Finance costs, net	6	(195)	(1,603)
Loss before income tax	5	(4,390)	(8,669)
Income tax credit/(expense)	7	1,003	(56)
Loss and total comprehensive expenses for the period attributable to owners of the Company		(3,387)	(8,725)
Loss per share attributed to owners of the Company for the period:			
Basic and diluted loss per share (HK cent)	8	(0.74)	(0.39)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		As at	
		30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment		64	6
Total non-current assets		64	6
Current assets			
Trade and retention receivables	10	5,677	9,926
Contract assets		19,333	35,369
Deposits, prepayments and other receivables	11	2,321	1,565
Tax recoverable		–	194
Restricted cash		3,705	–
Bank balances and cash		46,267	7,501
Total current assets		77,303	54,555
Total assets		77,367	54,561
EQUITY			
Share capital	14	144,777	28,956
Accumulated losses		(287,791)	(284,404)
Reserves		145,632	141,760
Total equity/(deficit)		2,618	(113,688)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		As at	
		30 June	31 December
		2026	2025
	Note	HK\$'000	HK\$'000
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Loans from Director(s)		39,197	68,299
Accruals and other payables		1,645	2,755
		40,842	71,054
Current liabilities			
Trade and retention payables	12	10,125	24,711
Accruals and other payables	12	11,110	26,140
Contract liabilities		9,071	9,933
Lease liabilities	9	–	471
Bank borrowings	13	–	31,321
Income tax payables		3,601	4,619
Total current liabilities		33,907	97,195
Total liabilities		74,749	168,249
Total equity and liabilities		77,367	54,561

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	
For the six months ended 30 June 2026 (unaudited)							
At 1 January 2026	28,956	200,735	(72,675)	14,000	(300)	(284,404)	(113,688)
Loss for the period	-	-	-	-	-	(3,387)	(3,387)
Other comprehensive expense for the period							
— Exchange difference arising on translation of a foreign operation	-	-	-	-	189	-	189
Share issued and allotted under rights issue	115,821	3,683	-	-	-	-	119,504
Balance at 30 June 2026 (unaudited)	144,777	204,418	(72,675)	14,000	(111)	(287,791)	2,618
For the six months ended 30 June 2025 (unaudited)							
At 1 January 2025	24,130	194,041	(72,675)	14,000	(596)	(213,003)	(54,103)
Loss for the period	-	-	-	-	-	(8,725)	(8,725)
Other comprehensive expense for the period							
— Exchange difference arising on translation of a foreign operation	-	-	-	-	97	-	97
Balance at 30 June 2025 (unaudited)	24,130	194,041	(72,675)	14,000	(499)	(221,728)	(62,731)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Cash flows from (used in) operating activities	(1,859)	1,111
Net cash generated from/(used in) operating activities	(1,859)	1,111
Cash flows from investing activities		
Purchase of property, plant and equipment	(64)	–
Net cash used in investing activities	(64)	–
Cash flows from financing activities		
Interest paid	–	(347)
Repayments of loans and borrowings	–	(203)
Repayments of Director(s)' loans	(15,512)	(415)
Repayments of loans from former directors	(1,110)	–
Lease liabilities payment	–	(360)
Net cash outflow from deconsolidation of subsidiaries	(34,810)	–
Shares issued and allotted, net of transaction cost	105,914	–
Net cash generated from/(used in) financing activities	54,482	(1,325)
Net decrease in cash and cash equivalents	52,559	(214)
Cash and cash equivalents at beginning of period	(2,781)	(9,326)
Exchange differences	194	241
Cash and cash equivalents at end of period	49,972	(9,299)
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	46,267	628
Restricted cash	3,705	–
Bank overdrafts	–	(9,927)
Cash and cash equivalents at end of period	49,972	(9,299)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 February 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the stone sales and supply and installation of marble products in Hong Kong Special Administrative Region ("**HK**"), Macau Special Administrative Region ("**Macau**") and the People's Republic of China (the "**PRC**").

The condensed consolidated interim financial information are presented in Hong Kong dollars ("**HK\$**"), which is the Company's functional currency and the Group's presentation currency.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The interim financial statements should be read in conjunction with the 2025 annual report, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2025 that is included in this report as comparative information does not constitute the Company's statutory annual consolidated accounts for that financial year but is derived from those accounts. The unaudited interim results should be read in conjunction with the 2025 annual report.

2.2 Going concern

On 2 June 2026, the Company has completed the rights issue (including the compensatory arrangements) (the "**Rights Issue**") and the gross proceeds raised from such the Rights Issue were approximately HK\$121.6 million. As at the report date, the Group had turned from a net liability position of approximately HK\$113.7 million (as at 31 December 2025) to a net asset position of approximately HK\$2.6 million (as at 30 June 2026). The Group had also turned from a net current liabilities position of approximately HK\$42.6 million to a net current assets position of approximately HK\$43.5 million as at 30 June 2026. Furthermore, the Group fully repaid the outstanding default bank borrowings in accordance with the use of proceeds of the right issue plan during the period.

Although the turnover of the Group declined from approximately HK\$27.9 million to approximately HK\$10.9 million in the period, its gross profit increased from approximately HK\$2.5 million to approximately HK\$6.3 million. Its loss before income tax also narrowed from approximately HK\$8.7 million to HK\$3.4 million.

During the period, Pacific Marble and Granite Limited ("**PMG**"), an indirectly wholly-owned subsidiary of the Company, was in the process of winding up. Pursuant to the Winding-up Order against PMG and the appointment of the provisional liquidators, the Group has, as a matter of law, lost control of PMG and its wholly-owned subsidiaries. The Group has deconsolidated PMG and its wholly-owned subsidiaries in the current reporting period and recognised a loss on deconsolidation amounting to approximately HK\$3.3 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

The Directors have assessed the impact of the deconsolidation and are of the view that such event has no material adverse impact effect on the Group's ongoing business operations and overall financial position. Save for the winding-up of PMG, all other subsidiaries of the Group continue their normal and independent operations, and all material contractual arrangements of the Group remain unaffected by the PMG liquidation proceedings.

The Directors have reviewed the Group's cash flow forecast covering a period of not less than twelve months from 30 June 2026. They are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2026. Accordingly, the Directors confirmed that the Group have sufficient working capital to continue as a going concern as at the report date, and are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.3 Application of new and amendments to HKFRSs

In the current interim period, the Group has applied certain new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements.

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2025 annual report. There have been no changes in the risk management or any risk management policies since the year end.

3.2 Fair value estimation

The carrying amount of the Group's financial assets and liabilities, including trade and retention receivables, contract assets, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and retention payables, other payables, contract liabilities and bank borrowings approximate their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 REVENUE FROM CONTRACT WITH CUSTOMERS AND SEGMENT INFORMATION

Revenue from contract with customers

Revenue represents the total value of contract works completed and the stone sales during the periods as follows:

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Supply and installation services	10,925	21,351
Stone sales	–	6,515
	10,925	27,866
Timing of revenue recognition:		
Over time	10,925	21,351
At a point in time	–	6,515
	10,925	27,866

Segment information

The Executive Directors are the Group's chief operating decision-makers. The Executive Directors consider the segment from a business perspective and regards the Group's business as a single operating segment and reviews financial information accordingly.

The Group's revenue attributed to geographical areas based on the location of customers is presented as follows:

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Hong Kong	6,770	21,777
The PRC	4,155	6,089
	10,925	27,866

The Company was incorporated in the Cayman Islands while the Group operates its business primarily in Hong Kong. During the six months ended 30 June 2026 and 2025, no revenue was generated from the Cayman Islands and no assets were located in the Cayman Islands.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Executive Directors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 REVENUE FROM CONTRACT WITH CUSTOMERS AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue attributed from customers that accounted 10% or more of the Group's total revenue during the current period and the last period is as follows:

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Customer A (Note i)	5,573	6,397
Customer B (Note ii)	N/A	5,469
Customer C (Note i)	N/A	3,538
Customer D (Note i)	2,294	–

Note i: The revenue was generated from the marble supply and installation of marble product in Hong Kong.

Note ii: The revenue was generated from the installation of marble product in the PRC.

N/A: The revenue of the particular customer for the particular period was less than 10% of the Group's revenue of the particular period.

5 LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Loss before income tax has been arrived at after charging:		
Construction cost recognised in cost of sales	4,624	20,107
Depreciation — plant and equipment	–	3
Employee benefit expenses, including Directors' emoluments	3,487	4,434
Auditor's remuneration	764	600
Legal and professional fees	303	1,588

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCE COSTS, NET

	Six months ended 30 June	
	2026	2025
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Finance costs		
Interests on:		
— Bank overdrafts	2	347
— Trust receipt loans interest	193	639
— Loans from Director(s)	—	593
— Lease liability interest	—	24
Finance costs, net	195	1,603

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Current tax		
— PRC Enterprise Income Tax ("EIT")	53	56
— Hong Kong Profits Tax	—	—
— Over-provision in previous years	(1,056)	—
	(1,003)	56

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong profits tax for the six months ended 30 June 2026 has been made for the Company and its Hong Kong subsidiaries as they had no estimated assessable profit for the both period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 LOSS PER SHARE

For the six months ended 30 June 2026 and 2025, basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue. Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Loss

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Loss attributable to owners of the Company used in this basic and diluted loss per share calculation	(3,387)	(8,725)

	As at 30 June	
	2026 (unaudited)	2025 (unaudited)
Weighted average number of ordinary shares used in the basic loss per share calculation (<i>in thousand</i>)	460,440	2,211,799
Total basic and diluted loss per share (<i>HK cents</i>)	(0.74)	(0.39)

No diluted earnings per share for the six months ended 30 June 2026 and 2025 was presented as there was no potential ordinary shares in issue during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 LEASES

	As at	
	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Right-of-use assets		
Properties	–	–
Lease liabilities		
Current lease liabilities	–	471
Non-current lease liabilities	–	–
	–	471

Amounts recognised in the consolidated interim statement of profit or loss and other comprehensive income

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Depreciation charges of right-of-use assets		
Properties	–	–
Interest expense (included in finance cost)	–	24

The Group leased for the office premise under rental contract is made for a fixed period of 3 years. The lease agreement does not impose any covenants and are not used as security for borrowing purposes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 TRADE AND RETENTION RECEIVABLES

	As at 30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Trade receivables	22	10,050
Retention receivables	6,995	28,600
	7,017	38,650
Less: provision for expected credit loss allowance	(1,340)	(28,724)
	5,677	9,926

The Group's credit terms granted to third-party trade customers other than retention receivables generally ranged from 30 to 90 days. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period ranging from 12 to 24 months.

As at 30 June 2026 and 31 December 2025, the ageing analysis of the third-party trade receivables, based on invoice date, is as follows:

	As at 30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Up to 30 days	–	1,024
31–60 days	5	62
61–90 days	–	–
Over 90 days	17	8,964
	22	10,050

Retention receivables in respect of the supply and installation business are settled in accordance with the terms of the respective contracts. In the condensed consolidated statement of financial position, retention receivables were classified as current assets based on the operating cycle.

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Prepayments	1,124	466
Rental deposits	194	248
Other receivables	1,003	851
	2,321	1,565

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 PAYABLES

Trade and retention payables at the end of the reporting period comprise amounts outstanding for trade purposes. The average credit period taken for trade purchase is 30 to 90 days.

	As at	
	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Contract creditors and suppliers	8,984	17,165
Retention payables	1,141	7,546
	10,125	24,711
Accruals and other payables	11,110	26,140

13 BANK BORROWINGS

	As at	
	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Bank overdraft	–	10,282
Term loans — secured	–	3,595
Trust receipt loans — secured	–	17,444
	–	31,321

14 SHARE CAPITAL

	Issued and fully paid	
	Number of shares	Amounts HK\$'000
Authorised:		
At 31 December 2025, 1 January 2026 and 30 June 2026	5,000,000,000	50,000
Issued and fully paid:		
As 1 January 2026	289,555,281	28,956
Share issued and allotted under the rights issue	1,158,221,124	115,821
As 30 June 2026	1,447,776,405	144,777

All the shares rank pari passu with the other shares in all respects.

15 DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 DECONSOLIDATION OF SUBSIDIARIES

A creditor filed a petition with the court for the compulsory winding-up of Pacific Marble and Granite Limited ("PMG") due to its inability to settle certain outstanding liabilities. On 18 March 2026, the court subsequently issued a winding-up order against PMG and appointed a provisional liquidator to take over its operations and manage its affairs, as a result of the appointment, the provisional liquidators have been vested with full authority over the management, assets and operations of PMG, thereby displacing the power of PMG's board of directors and extinguishing the Group's ability to direct PMG's relevant activities. Accordingly, the Group has lost control over PMG and its subsidiaries ("PMG Group"). Consequently, PMG Group ceased to be subsidiaries of the Group and were deconsolidated from the Group's financial statements with effect from 18 March 2026. Details of the deconsolidation of PMG Group are summarized as follows:

	18 March 2026 HK\$'000
Property and equipment	6
Trade and retention receivables	3,732
Contract assets	20,954
Deposits, prepayments and other receivables	248
Tax recoverable	193
Cash and cash equivalents	6
Amount due from fellow subsidiaries	147
Amount due to fellow subsidiaries	(208,291)
Trade and retention payables	(13,860)
Accruals and other payables	(17,870)
Contract liabilities	(1,566)
Bank borrowings	(31,399)
Lease liabilities	(471)
Loan from a director	(1,858)
Net liabilities at the date of deconsolidation of PMG Group	(250,029)
Loss on deconsolidation of PMG Group:	
Cash consideration	–
Gain on derecognition of net liabilities of PMG Group	250,029
Impairment loss recognised on amount due from PMG Group	(208,291)
Impairment loss recognised on financial guarantee by the Group	(45,086)
Loss on deconsolidation of PMG Group	(3,348)
Net cash outflow arising from deconsolidation of PMG Group:	
Cash consideration	–
Less: bank balances and cash derecognised	(6)
Less: Repayment of bank loan and interests guaranteed by the Group (Note)	(34,804)
	(34,810)

Note: Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents. Accordingly, movements in the PMG Group's bank overdraft of approximately HK\$10,282,000 have been reflected within the movement of cash and cash equivalents, and the related payment has been excluded from this line item for presentation purposes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 CONTINGENT LIABILITIES

Performance bonds

As at 30 June 2026 and 31 December 2025, the Group has issued performance bond in respect of construction contracts through bank which amounted to HK\$3.7 million.

Legal cases

In June 2026, a third party issued a writ of summons against the Company, a Director and another third party, seeking repayment of a total of approximately HK\$2,000,000. According to the pleadings, these sums were allegedly made to third parties wholly unrelated to the Company. The Board considers the action to be unfounded and has already instructed its legal advisers to contest it.