

## Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Tysan Holdings Limited is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.

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

- foundation piling and site investigation
- property development and investment

There were no significant changes in the nature of the Group’s principal activities during the year.

The immediate holding company of the Company is Times Holdings II Limited, which is incorporated in the Cayman Islands and ultimately controlled by The Blackstone Group Inc., a company listed on The New York Stock Exchange and considered as the ultimate holding company of the Company.

## Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued share/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Tysan Foundation (Hong Kong) Limited	Hong Kong	Ordinary HK\$100	100	100	Investment holding
Bright Team Management Limited (note 1)	Hong Kong	Ordinary HK\$5	100	100	Investment holding and corporate management
Tysan Construction (Macau) Limited (note 1)	Macau	Ordinary MOP25,000	100	100	Foundation piling
Tysan Foundation Limited (notes 1 and 2)	Hong Kong	Ordinary HK\$141,000,000 Deferred HK\$3,000,000	100	100	Foundation piling and site investigation
Tysan Foundation Geotechnical Limited (note 1)	Hong Kong	Ordinary HK\$220,000,000	100	100	Foundation piling and site investigation
Tysan Foundation Building Limited (note 1)	Hong Kong	Ordinary HK\$1	100	100	Foundation piling
Tysan Machinery Hire Limited (notes 1 and 2)	Hong Kong	Ordinary HK\$10,000 Deferred HK\$200,000	100	100	Machinery leasing

## 1. CORPORATE AND GROUP INFORMATION (Cont'd)

### Information about subsidiaries (Cont'd)

Particulars of the Company's principal subsidiaries are as follows: (Cont'd)

Name	Place of incorporation/ registration and business	Issued share/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Foundation Testing Services Limited (note 1)	Hong Kong	Ordinary HK\$1	100	100	Provision of testing services
Proficiency Equipment Limited (note 1)	Hong Kong	Ordinary HK\$24,480,000	100	100	Machinery leasing and trading
Tysan Management Limited (note 2)	Hong Kong	Ordinary HK\$16,720,850 Deferred HK\$2	100	100	Corporate management
Tysan Property Development & Investment Limited	Hong Kong	Ordinary HK\$2	100	100	Investment holding
Top Class Properties Limited (note 1)	Hong Kong	Ordinary HK\$2	100	100	Property holding
Sure Faith Investment Limited (note 1)	Hong Kong	Ordinary HK\$2	100	100	Property holding

Notes:

- Held through subsidiaries.
- The deferred shares carry no rights to dividends (other than a fixed non-cumulative dividend at the rate of 5% per annum for any financial year during which the net profit of the relevant company available for dividends exceeds HK\$1 billion), no rights to vote at general meetings, and no rights to receive any surplus on a return of capital on a winding-up (other than the amount paid up on such shares, provided that the holders of the ordinary shares of that company have been distributed in such a winding-up of a sum of HK\$1,000 billion in respect of each ordinary share).

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## 1. CORPORATE AND GROUP INFORMATION (Cont'd)

### Information about a joint operation

Particulars of the Company's joint operation are as follows:

Name	Form of business structure	Place of registration/operation	Percentage of attributable interest of the Group		Principal activities
			2025 (Note)	2024 (Note)	
Vibro-Tysan-Chun Wo JV	Unincorporated	Hong Kong	30	30	Foundation piling

Note:

The Group's attributable interest is less than 50% in this body unincorporate. However, under the joint venture agreement, the joint operators have contractually agreed on the sharing of control over the relevant activities of this body unincorporate, and hence this body unincorporate is jointly controlled by the Group and the other joint operators. Furthermore, the relevant joint venture agreement specifies that the Group and the other parties to the joint arrangement have rights to the assets and obligations to the liabilities relating to the joint arrangement in accordance with the attributable interest of the Group as disclosed above and the interests attributable to the other joint operators, respectively, and therefore this body unincorporate is classified as a joint operation.

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

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

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

## 2.1 BASIS OF PREPARATION (Cont'd)

### Basis of consolidation (Cont'd)

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 attributable to the ordinary equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

# Notes to Financial Statements

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## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

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

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

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

(Cont'd)

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

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

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

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

*(Cont'd)*

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.

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

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

### Interests in joint operations

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

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

### Impairment of non-financial assets

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

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

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### 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

#### Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### 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 assets to its working condition and location for its intended use.

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

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. The principal annual rates used for this purpose are as follows:

Building	5%
Equipment and machinery	10% to 33 $\frac{1}{3}$ %
Furniture and fixtures	20%
Motor vehicles	20%
Leasehold improvements	10% to 33 $\frac{1}{3}$ %

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.

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

# Notes to Financial Statements

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## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Leases

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

#### Group as a lessee

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

##### (a) Right-of-use assets

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

Leasehold land	35 to 40 years
Buildings	2 to 3 years

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

##### (b) Lease liabilities

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Leases (Cont'd)

#### Group as a lessee (Cont'd)

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties, warehouses and machinery (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.

#### Group as a lessor

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

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

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Investments and other financial assets (Cont'd)

#### Initial recognition and measurement (Cont'd)

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

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

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

#### Subsequent measurement

##### *Financial assets at amortised cost (debt instruments)*

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

##### 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Impairment of financial assets (Cont'd)

#### General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group 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 90 days past due. However, in certain cases, 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

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Impairment of financial assets (Cont'd)

#### Simplified approach

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

#### 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.

#### 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 retention payables, other payables and interest-bearing bank borrowings.

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Financial liabilities (Cont'd)

#### Subsequent measurement

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

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

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

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

##### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

### Derecognition of financial liabilities

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

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

### Offsetting of financial instruments

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

### Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Cash and cash equivalents

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

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside statement of profit or loss is recognised, 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 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 associates, 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Income tax (Cont'd)

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 future 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 associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Revenue recognition

#### Revenue from contracts with customers

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

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

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

#### *Construction services*

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Revenue recognition (Cont'd)

#### Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

#### Other income

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

#### 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

##### Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

# Notes to Financial Statements

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Employee benefits (Cont'd)

#### Share-based payments (Cont'd)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

#### Pension schemes

The Group operated a defined contribution provident fund (the "Fund") for certain of its employees in Hong Kong, the assets of which were held separately from those of the Group and were managed by an independent professional fund manager. Contributions under the Fund were made based on a percentage of the eligible employees' basic salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the scheme. The ongoing contributions to the Fund were terminated on 1 April 1999.

Following the introduction of the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme"), the Group has restructured its retirement scheme arrangements to comply with the Mandatory Provident Fund Schemes Ordinance. The Group has secured a Mandatory Provident Fund exemption status for the Fund and, in addition, has participated in an approved defined contribution MPF Scheme with effect from 1 December 2001, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

## 2.4 MATERIAL ACCOUNTING POLICIES (Cont'd)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other 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.

### Dividends

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

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

# Notes to Financial Statements

31 December 2025

## 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.

### Judgement

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

#### **Current and deferred tax**

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made. Further details are disclosed in notes 10 and 24 to the financial statements.

### 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.

#### **Provision for expected credit losses on trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on historical loss records of trade receivables for groupings of days past due or for groupings of various customer segments that have similar loss patterns (i.e., by customer types of different credit risk) and actual default cases.

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 over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 16 and 17 to the financial statements, respectively.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (*Cont'd*)

#### Estimation uncertainty (*Cont'd*)

##### Revenue recognition of construction works

During the year ended 31 December 2025, the Group has recognised revenue from construction services of HK\$2,070,381,000 (2024: HK\$2,402,701,000). Revenue from construction services is recognised according to the percentage of completion of the individual contract of construction works. The Group's management estimates the percentage of completion of construction works based on actual costs incurred over the total budgeted costs. Corresponding contract revenue was also estimated by management based on contract sum and work values from variation works. Because of the nature of the activities undertaken for the construction contracts, the date at which the contracts are entered into and the date when the contracts are completed usually fall into different accounting periods. The Group reviewed and revised the estimates of both contract revenue and contract costs in the budget prepared for each construction contract as the contract progressed.

When determining the total budgeted costs, management makes reference to information such as (i) current or recent offers from subcontractors and suppliers, (ii) variation orders received from customers, and (iii) estimation on material costs, labour costs and other costs for the completion of the projects provided by quantity survey department.

### 4. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel as follows:

- (a) the foundation piling segment (including site investigation operation);
- (b) the property development and investment segment; and
- (c) the "corporate and others" segment comprises, principally, the Group's corporate operation, and machinery leasing and trading businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income and non-lease related finance costs are excluded from such measurement.

Segment assets exclude tax prepaid, deferred tax assets and time deposits as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

## Notes to Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (Cont'd)

For the years ended 31 December 2025 and 2024

	Foundation piling		Property development and investment		Corporate and others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>Segment revenue: (note 5)</b>								
Sales to external customers	2,070,531	2,402,834	–	–	–	–	2,070,531	2,402,834
Other income and gains	6,089	10,861	–	52	2,378	251	8,467	11,164
Total segment revenue	<u>2,076,620</u>	<u>2,413,695</u>	<u>–</u>	<u>52</u>	<u>2,378</u>	<u>251</u>	<u>2,078,998</u>	<u>2,413,998</u>
<b>Segment results</b>	<u>72,149</u>	<u>52,984</u>	<u>(777)</u>	<u>(892)</u>	<u>(31,662)</u>	<u>(35,941)</u>	<u>39,710</u>	<u>16,151</u>
Interest income							26,337	29,765
Finance costs (other than interest on lease liabilities)							(3,697)	(6,088)
Profit before tax							62,350	39,828
Income tax credit/(expense)							(1,033)	965
Profit for the year							<u>61,317</u>	<u>40,793</u>

## Notes to Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (Cont'd)

For the years ended 31 December 2025 and 2024

	Foundation piling		Property development and investment		Corporate and others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>Assets and liabilities</b>								
Segment assets	<u>646,252</u>	<u>1,087,518</u>	<u>1,037</u>	<u>855</u>	<u>172,054</u>	<u>160,093</u>	<u>819,343</u>	<u>1,248,466</u>
Unallocated							<u>887,444</u>	<u>667,027</u>
							<u>1,706,787</u>	<u>1,915,493</u>
Segment liabilities	<u>463,902</u>	<u>554,539</u>	<u>598</u>	<u>563</u>	<u>4,485</u>	<u>5,941</u>	<u>468,985</u>	<u>561,043</u>
Unallocated							<u>87,662</u>	<u>115,226</u>
							<u>556,647</u>	<u>676,269</u>
<b>Other segment information:</b>								
Depreciation of property, plant and equipment	44,333	52,178	–	–	4,549	4,588	48,882	56,766
Depreciation of right-of-use assets	12,008	11,594	10	10	3,713	3,713	15,731	15,317
Impairment/(write-back of impairment) of trade receivables	(45)	24	–	–	(809)	(250)	(854)	(226)
Write-back of impairment of contract assets	(6)	(46)	–	–	–	–	(6)	(46)
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	52	2,001	–	–	(182)	(165)	(130)	1,836
Capital expenditure	<u>4,751</u>	<u>27,702</u>	<u>–</u>	<u>–</u>	<u>943</u>	<u>18</u>	<u>5,694</u>	<u>27,720</u>

## Geographical information

## (a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	<u>2,070,531</u>	<u>2,402,834</u>

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

## Notes to Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (Cont'd)

## Geographical information (Cont'd)

## (b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	<u>183,725</u>	<u>235,785</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

## Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A <sup>1</sup>	606,061	1,023,132
Customer B <sup>1</sup>	N/A <sup>2</sup>	282,654
Customer C <sup>1</sup>	292,551	N/A <sup>2</sup>
Customer D <sup>1</sup>	<u>276,927</u>	<u>N/A<sup>2</sup></u>

<sup>1</sup> Revenue was derived from the foundation piling segment.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the Group's revenue.

## 5. REVENUE AND OTHER INCOME AND GAINS

## An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	2,070,381	2,402,701
Revenue from other sources		
Gross rental income from machinery leasing	<u>150</u>	<u>133</u>
Total	<u>2,070,531</u>	<u>2,402,834</u>

## Notes to Financial Statements

31 December 2025

## 5. REVENUE AND OTHER INCOME AND GAINS (Cont'd)

Revenue from contracts with customers

## (i) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000
<b>Types of services</b>				
Construction services	<u>2,070,381</u>	<u>–</u>	<u>–</u>	<u>2,070,381</u>
<b>Geographical market</b>				
Hong Kong	<u>2,070,381</u>	<u>–</u>	<u>–</u>	<u>2,070,381</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>2,070,381</u>	<u>–</u>	<u>–</u>	<u>2,070,381</u>

For the year ended 31 December 2024

Segments	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000
<b>Types of services</b>				
Construction services	<u>2,402,701</u>	<u>–</u>	<u>–</u>	<u>2,402,701</u>
<b>Geographical market</b>				
Hong Kong	<u>2,402,701</u>	<u>–</u>	<u>–</u>	<u>2,402,701</u>
<b>Timing of revenue recognition</b>				
Services transferred over time	<u>2,402,701</u>	<u>–</u>	<u>–</u>	<u>2,402,701</u>

## Notes to Financial Statements

31 December 2025

## 5. REVENUE AND OTHER INCOME AND GAINS (Cont'd)

## Revenue from contracts with customers (Cont'd)

## (i) Disaggregated revenue information (Cont'd)

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

## For the year ended 31 December 2025

Segments	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>				
External customers	<u>2,070,381</u>	<u>—</u>	<u>—</u>	<u>2,070,381</u>

## For the year ended 31 December 2024

Segments	Foundation piling HK\$'000	Property development and investment HK\$'000	Corporate and others HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>				
External customers	<u>2,402,701</u>	<u>—</u>	<u>—</u>	<u>2,402,701</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Construction services	<u>9,860</u>	<u>15,149</u>

## 5. REVENUE AND OTHER INCOME AND GAINS (Cont'd)

### Revenue from contracts with customers (Cont'd)

#### (ii) Performance obligations

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

##### Construction services

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.

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

	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	1,357,831	2,168,681
After one year	161,381	550,192
<b>Total</b>	<b>1,519,212</b>	<b>2,718,873</b>

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

#### An analysis of other income and gains is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest income	26,337	29,765
Scrap sales <sup>#</sup>	5,502	4,880
Sale of site facilities <sup>#</sup>	–	4,200
Gain on disposal of items of property, plant and equipment	130	–
Insurance claims	–	1,287
Subsidy income <sup>*</sup>	180	–
Write-back of impairment of trade receivables	854	226
Write-back of impairment of contract assets	6	46
Others	1,795	525
<b>Total other income and gains</b>	<b>34,804</b>	<b>40,929</b>

<sup>#</sup> These incomes are recognised at a point in time when control of assets is transferred to the customer, generally on delivery of the assets.

<sup>\*</sup> There are no unfulfilled conditions or contingencies relating to this income.

## Notes to Financial Statements

31 December 2025

## 6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	3,697	6,088
Interest on lease liabilities	1,025	656
Subtotal	4,722	6,744
Less: Interest included in cost of sales	(96)	(147)
Total	<u>4,626</u>	<u>6,597</u>

## 7. PROFIT BEFORE TAX

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

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of services rendered		1,966,121	2,320,590
Depreciation of property, plant and equipment	13	48,882	56,766
Depreciation of right-of-use assets	14(a)	15,731	15,317
Lease payments not included in the measurement of lease liabilities	14(c)	19,797	24,525
Auditor's remuneration		2,286	2,182
Employee benefit expense (including directors' remuneration – note 8):			
Salaries, wages and other benefits		429,797	465,757
Pension scheme contributions**		10,732	11,857
Total		<u>440,529</u>	<u>477,614</u>
Foreign exchange differences, net*		2,562	286
Impairment of financial and contract assets:			
Write-back of impairment of trade receivables*	16	(854)	(226)
Write-back of impairment of contract assets*	17(a)	(6)	(46)
Loss/(gain) on disposal and write-off of items of property, plant and equipment*		<u>(130)</u>	<u>1,836</u>

\* These amounts are included in “Other expenses, net” or “Other income and gains” in the consolidated statement of profit or loss.

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

## Notes to Financial Statements

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## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fees:		
Executive directors	–	–
Non-executive directors	–	–
Independent non-executive directors	1,440	1,440
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	35,371	35,152
Pension scheme contributions	18	18
Total	<u>36,829</u>	<u>36,610</u>

## Notes to Financial Statements

31 December 2025

## 8. DIRECTORS' REMUNERATION (Cont'd)

The remuneration paid or payable to each of the directors is as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>2025</b>				
<b>Executive directors:</b>				
Mr. Fung Chiu Chak, Victor ("Mr. Fung")	–	23,446	–	23,446
Mr. Chiu Chin Hung <sup>#</sup>	–	6,066	–	6,066
Mr. Lau Kin Fai	–	5,859	18	5,877
Subtotal	–	35,371	18	35,389
<b>Non-executive directors:</b>				
Mr. Justin Wai	–	–	–	–
Mr. Cho Wen Wai, Mark*	–	–	–	–
Mr. Vikram Garg*	–	–	–	–
Mr. Yuen Pak Man	–	–	–	–
Ms. Gu Ye	–	–	–	–
Ms. Hou Xiangjia	–	–	–	–
Subtotal	–	–	–	–
<b>Independent non-executive directors:</b>				
Mr. Lung Chee Ming, George	360	–	–	360
Mr. Li Kit Chee	360	–	–	360
Ms. Jennifer Kwok	360	–	–	360
Ms. Yang Jing	360	–	–	360
Subtotal	1,440	–	–	1,440
Total	1,440	35,371	18	36,829

## 8. DIRECTORS' REMUNERATION (Cont'd)

The remuneration paid or payable to each of the directors is as follows: (Cont'd)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
2024				
<b>Executive directors:</b>				
Mr. Fung	–	23,438	–	23,438
Mr. Chiu Chin Hung <sup>#</sup>	–	6,062	–	6,062
Mr. Lau Kin Fai	–	5,652	18	5,670
Subtotal	–	35,152	18	35,170
<b>Non-executive directors:</b>				
Mr. Justin Wai	–	–	–	–
Mr. Vikram Garg	–	–	–	–
Mr. Yuen Pak Man	–	–	–	–
Ms. Gu Ye	–	–	–	–
Ms. Hou Xiangjia	–	–	–	–
Subtotal	–	–	–	–
<b>Independent non-executive directors:</b>				
Mr. Lung Chee Ming, George	360	–	–	360
Mr. Li Kit Chee	360	–	–	360
Ms. Jennifer Kwok	360	–	–	360
Ms. Yang Jing	360	–	–	360
Subtotal	1,440	–	–	1,440
Total	1,440	35,152	18	36,610

\* During the year ended 31 December 2025, Mr. Vikram Garg resigned as a non-executive director, and Mr. Cho Wen Wai, Mark was appointed as a non-executive director.

# Mr. Chiu Chin Hung resigned as an executive director with effect from 1 January 2026.

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

## Notes to Financial Statements

31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2024: two) non-director highest paid employees are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	7,077	7,028
Pension scheme contributions	18	18
Total	<u>7,095</u>	<u>7,046</u>

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

	Numbers of employees	
	2025	2024
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$4,000,001 to HK\$4,500,000	1	1
Total	<u>2</u>	<u>2</u>

## Notes to Financial Statements

31 December 2025

## 10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits of this subsidiary are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current:		
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	988	3,549
Elsewhere	–	8
	<u>988</u>	<u>3,557</u>
Overprovision in the prior years:		
PRC:		
Hong Kong	(5)	(171)
Deferred tax (note 24)	50	(4,351)
Total tax charge/(credit) for the year	<u><u>1,033</u></u>	<u><u>(965)</u></u>

A reconciliation of the tax charge applicable to profit before tax at the statutory rates for the countries or regions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax charge/(credit) at the effective tax rate is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before tax	<u>62,350</u>	<u>39,828</u>
Tax at the statutory rates	10,125	6,388
Adjustments in respect of current tax of prior years	(5)	(171)
Income not subject to tax	(5,176)	(5,234)
Expenses not deductible for tax	5,826	5,239
Effect of withholding tax on the distributable profits of the Group's subsidiary in Chinese Mainland	(1)	16
Tax losses utilised from prior years	(17,759)	(9,876)
Tax losses not recognised	8,023	2,673
Tax charge/(credit) at the Group's effective rate	<u><u>1,033</u></u>	<u><u>(965)</u></u>

# Notes to Financial Statements

31 December 2025

## 11. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends declared and paid during the year:		
Final in respect of the financial year ended 31 December 2024 – HK\$0.025 (year ended 31 December 2023: HK\$0.015) per ordinary share	84,151	50,491
Interim – HK\$0.02 (2024: HK\$0.01) per ordinary share	<u>67,321</u>	<u>33,660</u>
Total	<u>151,472</u>	<u>84,151</u>
Proposed final dividend:		
Final – HK\$0.03 (2024: HK\$0.025) per ordinary share	<u>100,981</u>	<u>84,151</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$61,317,000 (2024: HK\$40,793,000), and the number of ordinary shares of 3,366,035,709 (2024: 3,366,035,709) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options did not have a dilutive effect on the basic earnings per share amounts presented.

## Notes to Financial Statements

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## 13. PROPERTY, PLANT AND EQUIPMENT

	Building HK\$'000	Equipment and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
<b>2025</b>						
Cost:						
At 1 January 2025	81,309	858,100	6,183	8,694	12,113	966,399
Additions	–	4,626	185	883	–	5,694
Disposals/write-off	–	(41,437)	(3)	(1,037)	(27)	(42,504)
At 31 December 2025	<u>81,309</u>	<u>821,289</u>	<u>6,365</u>	<u>8,540</u>	<u>12,086</u>	<u>929,589</u>
Accumulated depreciation:						
At 1 January 2025	55,222	756,531	5,533	6,519	12,113	835,918
Depreciation provided during the year	4,066	43,498	219	1,099	–	48,882
Disposals/write-off	–	(38,363)	(3)	(1,011)	(27)	(39,404)
At 31 December 2025	<u>59,288</u>	<u>761,666</u>	<u>5,749</u>	<u>6,607</u>	<u>12,086</u>	<u>845,396</u>
Net carrying amount:						
At 31 December 2025	<u>22,021</u>	<u>59,623</u>	<u>616</u>	<u>1,933</u>	<u>–</u>	<u>84,193</u>
At 31 December 2024	<u>26,087</u>	<u>101,569</u>	<u>650</u>	<u>2,175</u>	<u>–</u>	<u>130,481</u>

## Notes to Financial Statements

31 December 2025

## 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Building HK\$'000	Equipment and machinery HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
2024						
Cost:						
At 1 January 2024	81,309	885,044	6,339	9,552	12,113	994,357
Additions	–	27,009	44	667	–	27,720
Disposals/write-off	–	(53,953)	(200)	(1,525)	–	(55,678)
At 31 December 2024	<u>81,309</u>	<u>858,100</u>	<u>6,183</u>	<u>8,694</u>	<u>12,113</u>	<u>966,399</u>
Accumulated depreciation:						
At 1 January 2024	51,156	750,942	5,469	6,812	12,061	826,440
Depreciation provided during the year	4,066	51,193	251	1,204	52	56,766
Disposals/write-off	–	(45,604)	(187)	(1,497)	–	(47,288)
At 31 December 2024	<u>55,222</u>	<u>756,531</u>	<u>5,533</u>	<u>6,519</u>	<u>12,113</u>	<u>835,918</u>
Net carrying amount:						
At 31 December 2024	<u>26,087</u>	<u>101,569</u>	<u>650</u>	<u>2,175</u>	<u>–</u>	<u>130,481</u>
At 31 December 2023	<u>30,153</u>	<u>134,102</u>	<u>870</u>	<u>2,740</u>	<u>52</u>	<u>167,917</u>

The Group's building was pledged to a bank as security for a banking facility granted to the Group (note 22).

## 14. LEASES

### The Group as a lessee

The Group has leasehold land and lease contracts for various office properties, staff quarters, warehouses and machinery used in its operation. Lump sum payments were made upfront to acquire the leasehold land from the owner with lease periods of 35 to 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties, staff quarters and warehouses generally have lease terms between 1 and 3 years while leases of machinery generally have lease terms of less than 12 months.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and movements during the year are as follows:

	<b>Leasehold land</b> <i>HK\$'000</i>	<b>Buildings</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2024	84,696	12,965	97,661
Additions	–	21,565	21,565
Depreciation charge	(3,723)	(11,594)	(15,317)
At 31 December 2024 and 1 January 2025	<b>80,973</b>	<b>22,936</b>	<b>103,909</b>
Additions	–	<b>10,608</b>	<b>10,608</b>
Depreciation charge	(3,723)	<b>(12,008)</b>	<b>(15,731)</b>
Termination of leases	–	(649)	(649)
At 31 December 2025	<b>77,250</b>	<b>20,887</b>	<b>98,137</b>

Certain of the Group's leasehold land is pledged to a bank as security for a banking facility granted to the Group (note 22).

Certain of the Group's leased warehouse is subleased to a third party under an operating lease, further summary details of which are disclosed below under the heading "The Group as a lessor".

## Notes to Financial Statements

31 December 2025

## 14. LEASES (Cont'd)

## The Group as a lessee (Cont'd)

## (b) Lease liabilities

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

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	23,176	13,300
New leases	10,608	21,565
Accretion of interest recognised during the year	1,025	656
Payments	(12,825)	(12,345)
Termination of leases	(670)	–
	<u>21,314</u>	<u>23,176</u>
Analysed into:		
Current portion	11,778	11,007
Non-current portion	9,536	12,169

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	1,025	656
Depreciation charge of right-of-use assets	15,731	15,317
Expenses relating to short-term leases (included in cost of sales)	19,797	24,525
Gain on lease modification, net	(21)	–
	<u>36,532</u>	<u>40,498</u>

## (d) The total cash outflows for leases are disclosed in note 28(c) to the financial statements.

## Notes to Financial Statements

31 December 2025

**14. LEASES (Cont'd)****The Group as a lessor**

The Group subleases certain of its leased warehouse (note (a)) under an operating lease arrangement. Rental income recognised by the Group from the lease during the year was HK\$384,000 (2024: HK\$384,000).

As at 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under a non-cancellable operating lease with its tenant are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	384	384
After one year but within two years	352	384
After two years but within three years	–	352
Total	<u>736</u>	<u>1,120</u>

**15. INVENTORIES**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Raw materials	14,598	32,645
Spare parts and others	10,685	9,963
Total	<u>25,283</u>	<u>42,608</u>

**16. TRADE RECEIVABLES**

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

## Notes to Financial Statements

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## 16. TRADE RECEIVABLES (Cont'd)

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	59,874	149,703
Impairment	(687)	(1,541)
Net carrying amount	<u>59,187</u>	<u>148,162</u>

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 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	58,526	147,078
91 to 180 days	–	432
181 to 365 days	–	–
Over 365 days	661	652
Total	<u>59,187</u>	<u>148,162</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At beginning of the year	1,541	4,510
Impairment loss written back (note 7)	(854)	(226)
Amount written off as uncollectible	–	(2,743)
At end of year	<u>687</u>	<u>1,541</u>

## 16. TRADE RECEIVABLES (Cont'd)

The decrease in the loss allowance was mainly due to decrease in trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on remaining trade receivables. The provision rates are based on historical loss records for groupings of days past due or for groupings of various customer segments with similar loss patterns (i.e., by customer type of different credit risks). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

### As at 31 December 2025

	Past due				Total	
	Current	Less than 90 days	91 to 180 days	181 to 365 days		Over 365 days
Expected credit losses rate	0.04%	0.03%	–	–	50.15%	1.15%
Gross carrying amount (HK\$'000)	49,129	9,417	–	–	1,328	59,874
Expected credit losses (HK\$'000)	18	3	–	–	666	687

### As at 31 December 2024

	Past due				Total	
	Current	Less than 90 days	91 to 180 days	181 to 365 days		Over 365 days
Expected credit losses rate	0.04%	0.04%	0%	–	69.49%	1.03%
Gross carrying amount (HK\$'000)	138,893	8,241	432	–	2,137	149,703
Expected credit losses (HK\$'000)	53	3	–	–	1,485	1,541

## Notes to Financial Statements

31 December 2025

## 17. CONTRACT ASSETS AND CONTRACT LIABILITIES

## (a) Contract assets

	<b>31 December 2025</b> <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>	1 January 2024 <i>HK\$'000</i>
Contract assets arising from:			
Construction services	<b>359,335</b>	564,733	640,859
Others	<b>1,464</b>	1,464	1,460
	<b>360,799</b>	566,197	642,319
Impairment	<b>(2,374)</b>	(2,380)	(2,426)
Net carrying amount	<b>358,425</b>	563,817	639,893

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2025 and 2024 was the result of certification of construction services and settlement of retention receivables. The Group's trading terms and credit policy with customers are disclosed in note 16 to the financial statements.

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within one year	<b>319,390</b>	521,684
After one year	<b>39,035</b>	42,133
Total contract assets	<b>358,425</b>	563,817

## 17. CONTRACT ASSETS AND CONTRACT LIABILITIES (Cont'd)

### (a) Contract assets (Cont'd)

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

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	2,380	2,426
Impairment loss written back (note 7)	(6)	(46)
At the end of the year	<u>2,374</u>	<u>2,380</u>

Included in the above impairment allowance for contract assets is an allowance for an individually impaired contract asset of HK\$2,048,000 (2024: HK\$2,048,000) which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Except for the specific impairment allowance mentioned above, an impairment analysis is performed at each reporting date on the remaining contract assets 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 historical loss records of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type of different credit risks). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	2025	2024
Expected credit loss rate	0.09%	0.06%
Gross carrying amount (HK\$'000)	358,751	564,149
Expected credit losses (HK\$'000)	326	332

As at 31 December 2024, included in contract assets was an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK\$236,000 and was recoverable on credit terms similar to those offered to the major customers of the Group. TBC is controlled by Mr. Fung, who is an executive director of the Company.

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## 17. CONTRACT ASSETS AND CONTRACT LIABILITIES (Cont'd)

## (b) Contract liabilities

	<b>31 December 2025 HK\$'000</b>	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Contract liabilities arising from:			
Construction services	<u>75,712</u>	<u>20,308</u>	<u>17,326</u>

Contract liabilities include short-term advances received to deliver construction services. The increase in contract liabilities in 2025 and 2024 was the result of increase in billings for construction services near end of 2025 and 2024.

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2025 HK\$'000</b>	2024 HK\$'000
Prepayments and deposits	12,798	12,174
Other receivables	14,525	17,239
Less: Impairment	<u>(293)</u>	<u>(293)</u>
Total	<u>27,030</u>	29,120
Less: Deposits classified as non-current assets	<u>(1,395)</u>	<u>(1,395)</u>
Current portion	<u><u>25,635</u></u>	<u><u>27,725</u></u>

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

	<b>2025 HK\$'000</b>	2024 HK\$'000
At beginning and end of year	<u>293</u>	<u>293</u>

In the opinion of the directors, the impairment of HK\$293,000 (2024: HK\$293,000) was specific in nature which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Expected credit losses on the remaining other receivables balances are estimated by applying a loss rate approach with reference to historical loss record of the Group. Based on the historical loss records and economic conditions, the directors are of the opinion that the expected credit losses of the remaining other receivables are minimal.

## Notes to Financial Statements

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## 19. PLEDGED TIME DEPOSIT, TIME DEPOSITS WITH ORIGINAL MATURITY OF OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	<i>Note</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Time deposits		<b>882,226</b>	661,702
Cash and bank balances		<b>167,088</b>	230,369
Subtotal		<b>1,049,314</b>	892,071
Less: Pledged time deposit			
– Pledged for a bank borrowing	22	<b>(5,460)</b>	(5,460)
Less: Non-pledged time deposits with original maturity of over three months		<b>(410,251)</b>	(155,122)
Cash and cash equivalents		<b>633,603</b>	731,489
		<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Denominated in:			
Renminbi (“RMB”)		<b>23,473</b>	22,381
HK\$		<b>714,571</b>	838,361
United States dollars (“US\$”)		<b>311,073</b>	31,144
Other currencies		<b>197</b>	185
Total		<b>1,049,314</b>	892,071

RMB is not freely convertible into other currencies, however, under the Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for various periods ranging from 3 weeks to 12 months (2024: 3 weeks to 6 months) depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

## Notes to Financial Statements

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**20. TRADE AND RETENTION PAYABLES, ACCRUALS AND PROVISION**

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

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables:		
Within 90 days	<b>115,579</b>	252,951
91 to 180 days	<b>51</b>	180
Over 180 days	<b>24</b>	23
Total trade payables	<b>115,654</b>	253,154
Retention payables	<b>49,923</b>	49,435
Accruals	<b>197,273</b>	186,175
Provision	<b>7,417</b>	26,307
Total	<b>370,267</b>	515,071

The trade and retention payables are non-interest-bearing. Trade payables are normally settled on 90-day terms. For retention payables in respect of construction contracts, the due dates are normally within one year after the completion of the construction work.

As at 31 December 2025, retention payables amounting to HK\$44,845,000 (2024: HK\$41,197,000) were expected to be payable within twelve months after the end of the reporting period.

Provision mainly represented provision for foreseeable losses on construction contracts. During the year ended 31 December 2025, provision of HK\$10,702,000 (2024: HK\$16,824,000) was made and the balance of HK\$23,740,000 (2024: HK\$7,702,000) was utilised. In addition, provision of HK\$5,852,000 (2024: HK\$753,000) was reversed during the year ended 31 December 2025.

**21. OTHER PAYABLES AND RECEIPTS IN ADVANCE**

Other payables are non-interest-bearing and have an average term of one month.

## 22. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Secured:						
Instalment loans	2.5–5.1	2026–2031	<u>79,989</u>	2.8–6.3	2025–2031	<u>104,477</u>
Analysed into:						
Bank borrowings repayable:						
Within one year or on demand				24,743		24,476
In the second year				24,909		24,646
In the third to fifth years, inclusive				15,563		34,925
Beyond five years				14,774		20,430
Total				<u>79,989</u>		<u>104,477</u>
Portion due within one year, classified as current liabilities				<u>(24,743)</u>		<u>(24,476)</u>
Non-current portion				<u>55,246</u>		<u>80,001</u>

As at 31 December 2025, the Group's secured instalment loans were secured by the pledge of a time deposit of HK\$5,460,000 (2024: HK\$5,460,000) (note 19), and mortgages over certain leasehold land of HK\$77,037,000 (2024: HK\$80,750,000) (note 14(a)) and a building of HK\$22,021,000 (2024: HK\$26,087,000) (note 13) of the Group.

In addition, the Company has executed guarantees in respect of borrowing facilities granted to certain of its subsidiaries (note 30).

The bank borrowings of the Group bear interest at floating interest rates. The carrying amounts of the bank borrowings approximate to their fair values.

The Group's bank borrowings are denominated in Hong Kong dollars.

Certain secured instalment loan of HK\$39,905,000 (2024: HK\$59,792,000) is subject to financial covenants that net gearing ratio and tangible net worth of the Group are required to be maintained at least at a specified level. The Group considered there is no indication that it will have difficulties in complying with these covenants.

## Notes to Financial Statements

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## 23. LEASE LIABILITIES

	2025			2024		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current:						
Lease liabilities (note 14(b))	5.375	2026	<u>11,778</u>	5.375	2025	<u>11,007</u>
Non-current:						
Lease liabilities (note 14(b))	5.375	2027–2028	<u>9,536</u>	5.375	2026–2027	<u>12,169</u>
Analysed into:						
Lease liabilities repayable:						
Within one year				11,778		11,007
In the second year				9,474		5,303
In the third to fifth years, inclusive				62		6,866
Total				<u>21,314</u>		<u>23,176</u>

## 24. DEFERRED TAX

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

## Deferred tax liabilities

	Right-of-use assets HK\$'000	Withholding taxes HK\$'000	Allowance in excess of related depreciation HK\$'000	Total HK\$'000
At 1 January 2024	(2,563)	(267)	(17,635)	(20,465)
Deferred tax credited/(charged) to the statement of profit or loss during the year	(4,770)	(16)	3,570	(1,216)
Exchange realignment	–	10	–	10
At 31 December 2024 and 1 January 2025	<u>(7,333)</u>	<u>(273)</u>	<u>(14,065)</u>	<u>(21,671)</u>
Deferred tax credited to the statement of profit or loss during the year	1,807	1	4,856	6,664
Exchange realignment	–	(13)	–	(13)
At 31 December 2025	<u>(5,526)</u>	<u>(285)</u>	<u>(9,209)</u>	<u>(15,020)</u>

## 24. DEFERRED TAX (Cont'd)

The components and movements in deferred tax liabilities and assets during the year are as follows: (Cont'd)

### Deferred tax assets

	Lease liabilities HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2024	2,648	8,628	11,276
Deferred tax credited to the statement of profit or loss during the year	4,779	788	5,567
At 31 December 2024 and 1 January 2025	<b>7,427</b>	<b>9,416</b>	<b>16,843</b>
Deferred tax charged to the statement of profit or loss during the year	<b>(1,742)</b>	<b>(4,972)</b>	<b>(6,714)</b>
At 31 December 2025	<b><u>5,685</u></b>	<b><u>4,444</u></b>	<b><u>10,129</u></b>

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

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	2,533	4,792
Deferred tax liabilities	<b>(7,424)</b>	<b>(9,620)</b>
	<b><u>(4,891)</u></b>	<b><u>(4,828)</u></b>

The Group has tax losses arising in Hong Kong of HK\$254,664,000 (2024: HK\$343,802,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses of HK\$227,730,000 (2024: HK\$286,736,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by its subsidiaries established in the Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

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

# Notes to Financial Statements

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## 25. SHARE CAPITAL

### Shares

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Authorised: 6,000,000,000 ordinary shares of HK\$0.10 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid: 3,366,035,709 ordinary shares of HK\$0.10 each	<u>336,603</u>	<u>336,603</u>

### Share options

Details of the Company's share option scheme are included in note 26 to the financial statements.

## 26. SHARE OPTION SCHEME

On 3 December 2020, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares of the Company in issue at any time.

A summary of the Share Option Scheme of the Company is as follows:

Purpose	To reward participants who have contributed or may contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.
Participants	A person who is entitled to participate in the Share Option Scheme, being any full-time or part-time employees, executives, officers or directors (including executive, non-executive and independent non-executive directors) of the Group or any of the interested entities and any advisors, consultants, distributors, contractors, suppliers, agents, providers, customers, business ally or joint venture partners, promoters, service providers of any member of the Group who, in the sole and absolute opinion of the board of directors of the Company (the "Board"), will contribute to or benefit or have contributed to or benefited the business, development and growth (and/or any other aspect whatsoever) of the Group and/or any of the interested entities.
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	336,603,570 ordinary shares and 10% of the issued share capital, on the basis of 3,366,035,709 shares in issue as at the date of the Company's special general meeting on 3 December 2020.
Maximum entitlement of each participant	Shall not exceed 1% of the issued share capital of the Company in any 12-month period.

## 26. SHARE OPTION SCHEME (Cont'd)

A summary of the Share Option Scheme of the Company is as follows: (Cont'd)

Period within which the securities must be taken up under an option	To be determined by the Board on a case-by-case basis at its absolute discretion and notified to the grantee thereof, provided that the expiry date of the said period shall not be later than ten (10) years from the date of grant of the option concerned.
Minimum period for which an option must be held before it can be exercised	To be determined at the discretion of the Board.
Amount payable on acceptance	HK\$10. The period within which the acceptance amount must be made is 21 days from (and including) the date of grant. The relevant amounts for acceptance of the relevant options granted under the Share Option Scheme were paid in full by the respective grantees within the prescribed period and no loan was involved.
Basis for determining the exercise price	<p>In respect of any particular option:</p> <p>the price per share payable to the Company on the exercise of the option as may be decided upon and prescribed by the Board on a case-by-case basis, bearing in mind the purpose of the Share Option Scheme, in its absolute discretion upon the grant of the option, provided that such exercise price shall not be less than the highest of the following:</p> <ul style="list-style-type: none"> <li>(a) the nominal value of a share;</li> <li>(b) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; and</li> <li>(c) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date of grant of the option, or</li> </ul> <p>where applicable, the exercise price for the option concerned (referred to (a) to (c) above) as may be adjusted by the Board from time to time pursuant to the rules of the Share Option Scheme concerning adjustments of, inter alia, the exercise price upon the occurrence of any relevant event as defined in the Share Option Scheme.</p>
The remaining life of the scheme	The Share Option Scheme remains in force for a period of ten (10) years commencing from 3 December 2020 and expiring at the close of business hours of the Company on 2 December 2030.

Further details of the Share Option Scheme were set out in the Company's circular dated 12 November 2020.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

## Notes to Financial Statements

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## 26. SHARE OPTION SCHEME (Cont'd)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options '000	Weighted average exercise price <i>HK\$ per share</i>	Number of options '000
At beginning of year	0.49	155,100	0.49	162,100
Lapsed during the year	0.49	(155,100)	0.49	(7,000)
At end of year		—	0.49	155,100

The exercise prices and exercise periods of the share options outstanding as at that end of the reporting period are as follows:

2024 Number of options '000	Exercise price* <i>HK\$ per share</i>	Exercise periods
46,530	0.49	1-1-2022 to 24-5-2025
46,530	0.49	1-1-2023 to 24-5-2025
62,040	0.49	1-1-2024 to 24-5-2025
<u>155,100</u>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

During the year, a total of 155,100,000 share options lapsed in accordance with the terms of the Share Option Scheme and the respective share option reserve of HK\$27,457,000 was released.

At the end of the reporting period and as at the date of approval of these financial statements, the Company had no share options outstanding under the Share Option Scheme.

## 27. 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 of the financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiary registered in the PRC has been transferred to statutory reserves which are restricted as to use.

## Notes to Financial Statements

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## 28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$10,608,000 (2024: HK\$21,565,000) and HK\$10,608,000 (2024: HK\$21,565,000), respectively, in respect of lease arrangements for buildings.

## (b) Changes in liabilities arising from financing activities

## 2025

	Trade and retention payables, accruals and provision HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000	Interest-bearing bank borrowings HK\$'000
At 1 January 2025	515,071	–	23,176	104,477
Changes from financing activities	(3,591)	(151,472)	(12,825)	(24,601)
New leases	–	–	10,608	–
Termination of leases	–	–	(670)	–
Interest expenses	3,584	–	1,025	113
Dividends declared	–	151,472	–	–
Changes classified as operating cash flows	(144,797)	–	–	–
At 31 December 2025	<u>370,267</u>	<u>–</u>	<u>21,314</u>	<u>79,989</u>

## 2024

	Trade and retention payables, accruals and provision HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000	Interest-bearing bank borrowings HK\$'000
At 1 January 2024	435,065	–	13,300	128,564
Changes from financing activities	(6,006)	(84,151)	(12,345)	(24,198)
New leases	–	–	21,565	–
Interest expenses	5,977	–	656	111
Dividends declared	–	84,151	–	–
Changes classified as operating cash flows	82,574	–	–	–
Changes classified as investing cash flows	(2,539)	–	–	–
At 31 December 2024	<u>515,071</u>	<u>–</u>	<u>23,176</u>	<u>104,477</u>

## Notes to Financial Statements

31 December 2025

## 28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

## (c) Total cash outflow for leases

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

	2025 HK\$'000	2024 HK\$'000
Within operating activities	19,797	24,525
Within financing activities	12,825	12,345
Total	<u>32,622</u>	<u>36,870</u>

## 29. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Property, plant and equipment	<u>1,948</u>	<u>2,431</u>

## 30. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2025 HK\$'000	2024 HK\$'000
Guarantees in respect of performance bonds in relation to construction projects	<u>266,679</u>	<u>354,156</u>

## 31. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank borrowings are included in note 22 to the financial statements.

### 32. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had the following transactions and balances with related parties during the year:

#### (a) Outstanding balance with a related party

Details of the Group's balance with its related company as at the end of the reporting period are included in note 17 to the financial statements.

Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 December	Maximum amount outstanding	31 December
	2025	during the year	2024
	HK\$'000	HK\$'000	HK\$'000
TBC	—	236	236

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

	2025	2024
	HK\$'000	HK\$'000
Short term employee benefits	46,408	46,128
Post-employment benefits	54	54
Total compensation paid to key management personnel	<u>46,462</u>	<u>46,182</u>

Further details of directors' remuneration are included in note 8 to the financial statements.

## Notes to Financial Statements

31 December 2025

## 33. 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:

## Financial assets

	<b>2025</b> <b>Financial</b> <b>assets</b> <b>at amortised</b> <b>cost</b> <b>HK\$'000</b>	2024 Financial assets at amortised cost HK\$'000
Trade receivables	59,187	148,162
Other receivables	14,232	16,946
Pledged time deposit	5,460	5,460
Time deposits with original maturity of over three months	410,251	155,122
Cash and cash equivalents	633,603	731,489
Total	<u>1,122,733</u>	<u>1,057,179</u>

## Financial liabilities

	<b>2025</b> <b>Financial</b> <b>liabilities</b> <b>at amortised</b> <b>cost</b> <b>HK\$'000</b>	2024 Financial liabilities at amortised cost HK\$'000
Trade and retention payables	165,577	302,589
Other payables	1,680	2,475
Interest-bearing bank borrowings	79,989	104,477
Lease liabilities	21,314	23,176
Total	<u>268,560</u>	<u>432,717</u>

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include time deposits with original maturity of over three months, cash and cash equivalents, pledged time deposit, other receivables, trade receivables, trade and retention payables, other payables, interest-bearing bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes to these financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

#### Credit risk

The Group's principal financial assets are time deposits with original maturity of over three months, cash and cash equivalents, pledged time deposit and trade and other receivables.

#### 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.

#### As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Contract assets*	–	–	–	360,799	360,799
Trade receivables*	–	–	–	59,874	59,874
Financial assets included in prepayments, deposits and other receivables					
– Normal**	14,232	–	–	–	14,232
– Doubtful**	–	–	293	–	293
Pledged time deposit					
– Not yet past due	5,460	–	–	–	5,460
Time deposits with original maturity of over three months					
– Not yet past due	410,251	–	–	–	410,251
Cash and cash equivalents					
– Not yet past due	633,603	–	–	–	633,603
<b>Total</b>	<b>1,063,546</b>	<b>–</b>	<b>293</b>	<b>420,673</b>	<b>1,484,512</b>

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

## Credit risk (Cont'd)

## Maximum exposure and year-end staging (Cont'd)

As at 31 December 2024

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contract assets*	–	–	–	566,197	566,197
Trade receivables*	–	–	–	149,703	149,703
Financial assets included in prepayments, deposits and other receivables					
– Normal**	16,946	–	–	–	16,946
– Doubtful**	–	–	293	–	293
Pledged time deposit					
– Not yet past due	5,460	–	–	–	5,460
Time deposits with original maturity of over three months					
– Not yet past due	155,122	–	–	–	155,122
Cash and cash equivalents					
– Not yet past due	731,489	–	–	–	731,489
<b>Total</b>	<b>909,017</b>	<b>–</b>	<b>293</b>	<b>715,900</b>	<b>1,625,210</b>

\* 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 16 and 17 to the financial statements, respectively.

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

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Interest rate risk

The Group's exposure to changes in interest rates (e.g., HIBOR) is mainly attributable to its interest-bearing bank borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors the Group's interest rate exposure and considers entering into interest rate swaps to reduce its exposure to interest rate fluctuations should the need arise.

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

	Increase in interest rate	Decrease in profit before tax HK\$'000	Decrease in equity* HK\$'000
<b>2025</b>			
Bank borrowings	100 basis points	801	–
<b>2024</b>			
Bank borrowings	100 basis points	1,047	–

\* Excluding retained profits

#### Foreign exchange risk

The Group operates mainly in Hong Kong and the Chinese Mainland with most of its transactions settled in HK\$ and Renminbi. Certain of the Group's monetary assets and liabilities are denominated in US\$. The Group is exposed to foreign exchange risk arising from the exposure of Renminbi and US\$ against HK\$. The Group considered the impact on equity from the change in US\$ exchange rate was minimal at the end of the reporting period since HK\$ is pegged to US\$. During the years ended 31 December 2024 and 2025, the Group's borrowings were denominated in HK\$.

Management monitors the Group's currency exposure on an ongoing basis and considers entering into forward currency contracts when the need arises.

The Group did not expose to any significant foreign currency risk as at 31 December 2025 and 2024.

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## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

## Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

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

	2025				Total HK\$'000
	On demand HK\$'000	Less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade and retention payables	–	160,499	5,078	–	165,577
Other payables	–	1,680	–	–	1,680
Interest-bearing bank borrowings	–	27,251	43,565	14,944	85,760
Lease liabilities	–	12,575	9,726	–	22,301
Guarantees in respect of performance bonds in relation to construction projects	266,679	–	–	–	266,679
<b>Total</b>	<b>266,679</b>	<b>202,005</b>	<b>58,369</b>	<b>14,944</b>	<b>541,997</b>

  

	2024				Total HK\$'000
	On demand HK\$'000	Less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade and retention payables	–	294,351	8,238	–	302,589
Other payables	–	2,475	–	–	2,475
Interest-bearing bank borrowings	–	28,856	65,579	21,118	115,553
Lease liabilities	–	11,823	12,739	–	24,562
Guarantees in respect of performance bonds in relation to construction projects	354,156	–	–	–	354,156
<b>Total</b>	<b>354,156</b>	<b>337,505</b>	<b>86,556</b>	<b>21,118</b>	<b>799,335</b>

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. The Group's policy is to maintain the gearing ratio not exceeding 50%. Net debt includes trade and retention payables, other payables, interest-bearing bank borrowings and lease liabilities, less pledged time deposit, time deposits with original maturity of over three months and cash and cash equivalents. Capital includes total equity of the Group. The gearing ratios as at the end of the reporting periods were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade and retention payables	165,577	302,589
Other payables	1,680	2,475
Interest-bearing bank borrowings	79,989	104,477
Lease liabilities	21,314	23,176
Less: Pledged time deposit	(5,460)	(5,460)
Time deposits with original maturity of over three months	(410,251)	(155,122)
Cash and cash equivalents	(633,603)	(731,489)
Net cash	<b>(780,754)</b>	<b>(459,354)</b>
Total equity	<b>1,150,140</b>	<b>1,239,224</b>
Gearing ratio	<b>N/A</b>	<b>N/A</b>

## Notes to Financial Statements

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## 35. 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 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Interests in subsidiaries	<u>525,422</u>	<u>735,232</u>
<b>CURRENT ASSETS</b>		
Amount due from a subsidiary	175,491	175,491
Prepayments and other receivables	3,272	1,953
Time deposits with original maturity of over three months	238,083	74,542
Cash and cash equivalents	<u>77,404</u>	<u>119,547</u>
Total current assets	<u>494,250</u>	<u>371,533</u>
<b>CURRENT LIABILITIES</b>		
Trade payables and accruals	645	762
Other payables	<u>141</u>	<u>1,513</u>
Total current liabilities	<u>786</u>	<u>2,275</u>
<b>NET CURRENT ASSETS</b>	<u>493,464</u>	<u>369,258</u>
Net assets	<u>1,018,886</u>	<u>1,104,490</u>
<b>EQUITY</b>		
Issued capital	336,603	336,603
Reserves (note)	<u>682,283</u>	<u>767,887</u>
Total equity	<u>1,018,886</u>	<u>1,104,490</u>

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## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

Note:

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

	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	2,481	668,294	28,698	168,105	867,578
Loss for the year	–	–	–	(15,540)	(15,540)
Total comprehensive expenses for the year	–	–	–	(15,540)	(15,540)
Transfer of share option reserve upon expiry of share options	–	–	(1,241)	1,241	–
2023 final dividend declared and paid (note 11)	–	–	–	(50,491)	(50,491)
2024 interim dividend declared and paid (note 11)	–	–	–	(33,660)	(33,660)
At 31 December 2024 and 1 January 2025	<b>2,481</b>	<b>668,294</b>	<b>27,457</b>	<b>69,655</b>	<b>767,887</b>
Profit for the year	–	–	–	<b>65,868</b>	<b>65,868</b>
Total comprehensive income for the year	–	–	–	<b>65,868</b>	<b>65,868</b>
Transfer of share option reserve upon expiry of share options	–	–	(27,457)	27,457	–
2024 final dividend declared and paid (note 11)	–	–	–	(84,151)	(84,151)
2025 interim dividend declared and paid (note 11)	–	–	–	(67,321)	(67,321)
At 31 December 2025	<b>2,481</b>	<b>668,294</b>	<b>–</b>	<b>11,508</b>	<b>682,283</b>

The contributed surplus of the Company included the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1991 prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor amounting to HK\$29,950,000. In addition, pursuant to special resolutions passed at the annual general meeting of the Company held on 7 August 2015 and 12 June 2019, the entire amounts of HK\$563,861,000 and HK\$10,004,289,000 standing to the credit of share premium account of the Company as at 7 August 2015 and 31 December 2018, respectively, were cancelled, and the corresponding balance arising therefrom was credited to the contributed surplus account of the Company. The Company declared and paid dividends with an aggregate amount of HK\$9,929,806,000 out of the contributed surplus in prior years. Under the Bermuda Companies Act 1981, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

## 36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 20 March 2026.