



BASETROPHY GROUP HOLDINGS LIMITED

基地錦標集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8460



2025 ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Kui Ming (*Co-chairman*)
(*appointed on 10 September 2025*)
Mr. Chen Ping (*Co-chairman*)
(*appointed on 21 October 2025*)
Ms. Fong Pui Yin Vivian
Mr. Lu Jun (*appointed on 13 November 2025*)
Ms. Wu Yu (*appointed on 2 January 2026*)
Mr. Zhong Guoke (*appointed on 2 January 2026*)
Mr. Lau Chung Ho (*resigned on 10 September 2025*)
Mr. Leung Yat Fai Frankie Keith
(*resigned on 13 November 2025*)
Mr. Han Xu (*appointed on 2 October 2025 and*
resigned on 2 January 2026)
Mr. Li Aiming (*resigned on 2 January 2026*)

Independent non-executive Directors:

Mr. Lam Chee-yau Timothy
Mr. Li Dewen
Mr. Ng Ki Man

AUDIT COMMITTEE

Mr. Ng Ki Man (*Chairman*)
Mr. Lam Chee-yau Timothy
Mr. Li Dewen

REMUNERATION COMMITTEE

Mr. Ng Ki Man (*Chairman*)
Mr. Lam Chee-yau Timothy
Mr. Li Dewen

NOMINATION COMMITTEE

Mr. Lam Chee-yau Timothy (*Chairman*)
Mr. Li Dewen
Mr. Ng Ki Man
Ms. Fong Pui Yin Vivian (*appointed on*
10 September 2025)

AUDITOR

Infinity CPA Limited
Room 1501, 15/F, Olympia Plaza
255 King's Road
North Point, Hong Kong

COMPANY SECRETARY

Mr. Chan Kui Ming

AUTHORISED REPRESENTATIVES

Mr. Chan Kui Ming
Mr. Chen Ping (*appointed on 13 November 2025*)

LEGAL ADVISERS AS TO HONG KONG LAWS

KHOO & CO.
15/F & 16/F
Tern Centre Tower 2
251 Queen's Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B-31, 4/F
Park Fook Industrial Building
615-617 Tai Nan West Street
Cheung Sha Wan
Kowloon

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

Dah Sing Bank, Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

COMPANY'S WEBSITE

www.wbgroupfw.com.hk

STOCK CODE

8460

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board of Directors (the “**Board**”) of Basetrophy Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I am pleased to present the Group’s annual report for the financial year ended 31 December 2025. During the year under review, the Group navigated a complex macroeconomic environment with strategic agility, advancing its transformation while maintaining operational stability.

Our core businesses in foundation and site formation works in Hong Kong continued to operate steadily despite prevailing market headwinds. Although total revenue for 2025 decreased to approximately HK\$49.7 million due to reduced contract works from certain major customers, the Group recorded a notable improvement in gross profit margin to approximately 5.3%, primarily driven by the recognition of revenue from previously completed projects. This stability in our foundational engineering segment has underpinned the Group’s operational resilience and supported its expansion into higher-growth sectors.

In response to the need for revenue diversification and sustainable shareholder value creation, the Group has adopted a “dual-core” development strategy focused on Chinese liquor and functional agriculture. Progress has been made in the trading of premium agricultural products, particularly Xinhui Chenpi, and the Group has recently entered into a strategic cooperation agreement with Guangdong Haidaohong Agricultural Technology Co., Ltd.* (廣東海稻紅農業科技有限公司) for the marketing and distribution of seawater rice-related products. In addition, our strategic alliances within the Chinese liquor industry are expected to generate synergies, enhance the industrial value chain, and strengthen our competitive position in the PRC market.

The Group’s capital structure was further strengthened by the successful completion of a share placing in December 2025, with net proceeds significantly enhancing liquidity. As at year-end, cash and bank balances amounted to approximately HK\$21.7 million. To further improve share liquidity and broaden the investor base, the Board has proposed a change in board lot size to 5,000 shares, effective on 16 April 2026.

Looking ahead, we remain cautiously optimistic and committed to executing our diversified business strategy with discipline and foresight. I would like to express my sincere appreciation to our shareholders, business partners and employees for their continued support as we advance into a new phase of growth.

Co-Chairman and Executive Director

Chen Ping

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is (i) a contractor of foundation works in Hong Kong capable of foundation jobs which mainly include excavation and lateral support (ELS) works, sheet piling, pipe piling, pre-boring, pre-bored H-piling, mini-piling, and bored piling; (ii) a subcontractor for site formation works and other geotechnical engineering works such as slope works and other minor geotechnical works such as shotcreting; (iii) trading of alcoholic beverages in the People's Republic of China (the “**PRC**”); and (iv) trading of high-quality agricultural products, particularly Xinhui Chenpi, in the PRC.

The shares of the Company were listed on GEM of the Stock Exchange on 27 June 2017 (the “**Listing Date**”) by way of public offer.

For the year ended 31 December 2025, the Group recorded a net loss of approximately HK\$8.3 million as compared to a net loss of approximately HK\$4.2 million for the year ended 31 December 2024.

OUTLOOK

Amid the evolving economic environment in 2025, characterised by moderating global inflation, persistent geopolitical complexities and a gradual recovery in cross-border trade, the global economic landscape continues to present both challenges and opportunities. Notwithstanding the foregoing, the Group remains cautiously optimistic regarding its future prospects. The Group expects a steady and orderly recovery of the global economy, whilst acknowledging that uncertainties may persist alongside emerging growth drivers.

Looking ahead to 2026, the Group remains cautiously optimistic about the potential of its Chenpi trading business. As public health awareness grows, the market demand for premium Chinese herbal medicines and health foods continues to expand. The Group plans to further strengthen strategic cooperation with suppliers in the core production areas of Xinhui, optimize supply chain management, and explore an integrated online-and-offline sales model to enhance brand premium. The Board believes that by further developing the Chenpi trading business, it will help optimize the Group's capital structure and operational resilience, thereby creating long-term value for the shareholders.

In addition, the Group will continue to closely monitor developments in the alcoholic beverage trading market in mainland China, which is characterised by a sizeable consumer base and evolving consumption patterns. Leveraging its existing experience and resources, the Group will adopt a prudent approach in assessing market conditions and refining its business strategies to align with evolving demand dynamics.

As the Group navigates the complexities of the global economic environment, it remains committed to a disciplined and proactive approach in addressing challenges. The Group will place emphasis on enhancing operational resilience and maintaining strategic flexibility, thereby ensuring that it is well-positioned to respond to economic fluctuations and capture potential opportunities in 2026 and beyond.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The Directors believe the relatively significant risks relating to the Group's business are as follows:

- A significant portion of the Group's revenue was generated from contracts which were not recurrent in nature and were awarded by a few customers, and there is no guarantee that such customers will provide the Group with new business;
- As the Group from time to time engages subcontractors in its projects, the Group may have to bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the subcontractors; and
- There may be discrepancies between the ground investigation findings and the actual geological conditions of the site which may cause the Group to incur additional cost or result in potential claims which are not insured and adversely affect the Group's profitability as the related contracts are usually of a fixed sum without price adjustment mechanism.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the prospectus of the Company dated 14 June 2017 (the "**Prospectus**").

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2025, there was no material breach of or non-compliance of the applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$49.3 million or 49.8% from approximately HK\$99.0 million for the year ended 31 December 2024 to approximately HK\$49.7 million for the year ended 31 December 2025, mainly due to a substantial reduction in contract works from major customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Costs of sales

The Group's cost of sales decreased from approximately HK\$98.7 million for the year ended 31 December 2024 to approximately HK\$47.1 million for the year ended 31 December 2025, representing a decrease of approximately HK\$51.6 million or 52.3%. Such decrease was generally in line with the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2025 were approximately HK\$2.6 million, representing an increase of approximately 766.7% from approximately HK\$0.3 million for the year ended 31 December 2024. Such increase was mainly due to the increase in gross profit margin. The Group's gross profit margin for the year ended 31 December 2025 was approximately 5.3%, representing an increase of approximately 5.0 percentage points as compared to approximately 0.3% for the year ended 31 December 2024. Such increase was primarily due to some previously completed projects recognizing revenue during the year. The construction project process typically requires one to three years for the client to confirm the final account after the project is completed.

Other income

The other income decreased by approximately HK\$3 million from approximately HK\$3.7 million for the year ended 31 December 2024 to approximately HK\$0.7 million for the year ended 31 December 2025, primarily due to the decrease in income from machine rental.

Other gains and losses

The other gains and losses increased by approximately HK\$13.7 million from a loss of approximately HK\$11.4 million for the year ended 31 December 2024 to a gain of approximately HK\$2.3 million for the year ended 31 December 2025, primarily due to gain on disposal of property, plant and equipment and no impairment losses on property, plant and equipment in the current financial year.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 31 December 2025 were approximately HK\$13.1 million, representing a decrease of approximately HK\$4.4 million or 25.3% from approximately HK\$17.5 million for the year ended 31 December 2024, primarily due to decrease in staff costs and motor vehicle expense.

Finance costs

Finance costs of the Group decreased by approximately HK\$0.9 million from approximately HK\$1.4 million for the year ended 31 December 2024 to approximately HK\$0.5 million for the year ended 31 December 2025. Finance costs consist of interest on bank and other borrowings and lease liabilities.

Income tax expenses

For the years ended 31 December 2025, the Group did not record income tax expenses and recorded approximately HK\$0.7 million income tax expenses for the year ended 31 December 2024.

Loss for the year

For the year ended 31 December 2025, the Group recorded a loss attributable to owners of the Company of approximately HK\$6.4 million as compared to a loss attributable to owners of the Company of approximately HK\$4.2 million for the year ended 31 December 2024. The loss during the year was mainly attributed to (i) legal and professional fee; (ii) impairment losses on inventories; and (iii) depreciation on property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its liquidity and capital requirements primarily through cash generated from operations, borrowings, lease liabilities and equity contribution from shareholders.

As at 31 December 2025, the Group had cash and bank balances of approximately HK\$21.7 million (2024: approximately HK\$2.7 million).

As at 31 December 2025, the Group's total equity attributable to owners of the Company amounted to approximately HK\$60.4 million (2024: approximately HK\$49.1 million). As of the same date, the Group's total debt, comprising borrowings and lease liabilities, amounted to approximately HK\$3.2 million (2024: approximately HK\$9.9 million).

BORROWINGS AND GEARING RATIO

As at 31 December 2025, the Group had borrowings and lease liabilities of approximately HK\$3.2 million which was denominated in Hong Kong dollars (2024: approximately HK\$9.9 million). The Group's borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2025, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 5.3% (2024: approximately 19.9%).

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to capture future growth opportunities.

CHARGE ON GROUP ASSETS

As at 31 December 2025, the Group has pledged its certain property, plant and equipment with an aggregate net book value of approximately HK\$5.0 million (2024: approximately HK\$16.5 million).

As at 31 December 2024, the Group has pledged the payment for a life insurance policy of a bank with the carrying amount of approximately HK\$3 million. The life insurance was terminated during the year ended 31 December 2025 to secure the bank borrowings of the Group.

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2025, the Group had raised approximately HK\$Nil million borrowings in respect of such sale and leaseback arrangements (2024: approximately HK\$0.5 million).

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong dollars which is the functional currency of the Group, except for certain bank balances and payment for life insurance policy which are denominated in US\$. Since HK\$ is pegged to US\$, the Directors are of the view that the Group has limited exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENT

Discloseable Transaction – Disposal of Machinery

On 2 April 2025, Workbase Engineering Limited, a wholly-owned subsidiary of the Company, entered into a sale contract with Kin Pang Construction and Engineering Company Limited (the “**Purchaser**”) for the disposal of a machinery item (the “**Machinery**”) at a total consideration of HK\$6,120,000. The Machinery was used in the Group’s existing foundation works business. The Group has received the full consideration from the Purchaser. For details of this disposal, please refer to the Company’s announcement dated 2 April 2025.

CAPITAL STRUCTURE

As at 31 December 2025, the Company’s issued share capital was approximately HK\$26.6 million and the number of its issued ordinary shares was 265,608,018 of HK\$0.10 each.

References are made to the announcements of the Company dated 9 December 2025 and 30 December 2025 in respect of the issue of new shares by the Company under general mandate. On 9 December 2025, the Company entered into a placing agreement (the “**Placing Agreement**”) with China Demeter Securities Limited (the “**Placing Agent**”). Pursuant to the Placing Agreement, the Company agreed to place, through the Placing Agent on a best effort basis, up to 44,268,000 shares of the Company (the “**Placing Shares**”) to not less than six placees, who together with their respective ultimate beneficial owners, were third parties independent of, and not connected with, the Company and its connected persons or their respective associates. On the date of the Placing Agreement, the closing price was HK\$0.54 per Share as quoted on the Stock Exchange. The Board was of the view that (i) the Placing could strengthen the financial position and provide working capital to the Group; and (ii) the Placing could broaden the shareholder and capital base of the Company.

On 30 December 2025, the placing of 44,268,000 Placing Shares (the “**Placing**”) was completed, and all 44,268,000 Placing Shares, at a placing price of HK\$0.437 per Share under the general mandate, were successfully placed by the Placing Agent with no fewer than six placees, who together with their respective ultimate beneficial owners, were third parties independent of, and not connected with, the Company and its connected persons or their respective associates. The net proceeds from the Placing amounted to approximately HK\$18.6 million, and the net price (after deducting related costs and expenses of the Placing) under the Placing was approximately HK\$0.42 per placing Share. The aggregate nominal value of the Placing Shares under the Placing was HK\$4,426,800.

The actual use of net proceeds of the Placing is set out below.

Use of Net Proceeds	Net Proceeds HK\$'000	Net Proceeds	Unutilised Net Proceeds as at 31 December 2025 HK\$'000	Expected Timeline for Utilisation
		utilised during the year ended 31 December 2025 HK\$'000		
Working capital and general operating funds of the Group	5,580	–	5,580	Before December 2026
Investment in the alcoholic beverages trading business in the PRC	9,300	–	9,300	Before December 2026
Future opportunistic investments aligned with the Group	3,720	–	3,720	Before December 2026
Total	18,600	–	18,600	–

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had no material capital commitments (2024: Nil) contracted but not provided for property, plant and equipment.

SEGMENT INFORMATION

Segmental information of the Group is disclosed in Note 5 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as of 31 December 2025.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2025, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: Nil).

FINAL DIVIDENDS

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

INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group had 14 full-time employees working in Hong Kong and in the PRC (2024: 32). The total staff costs, including Directors' emoluments and mandatory provident funds contributions, of the Group were approximately HK\$6.3 million for the year ended 31 December 2025 (2024: approximately HK\$37.1 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees.

Details of the Company's share option schemes is set out in Note 26 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTOR

Mr. Chan Kui Ming (陳鉅銘) (“Mr. Chan”), aged 39, was appointed as an executive Director and co-chairman of the Board on 10 September 2025. Mr. Chan holds a degree of Master of Corporate Governance from the Open University of Hong Kong (currently known as Hong Kong Metropolitan University) and a degree of Bachelor of Commerce major in Accounting from the Curtin University of Technology. He is an associate member of The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. Mr. Chan has over 19 years’ experience in accounting, financial management and company secretarial services.

Mr. Chan has served as the Company Secretary since 30 April 2022. He was the company secretary of China Frontier Technology Group (a company listed on the Main Board of the Stock Exchange, stock code: 1661) from 23 January 2024 to 31 July 2024. He held the role of company secretary at Sino Vision Worldwide Holdings Limited and China Eco-Farming Limited, both of which have since been delisted from GEM of the Stock Exchange.

Mr. Chen Ping (陳平) (“Mr. Chen”), aged 43, was appointed as an executive Director on 21 October 2025 and as the co-chairman of the Board on 13 November 2025. He is the chairman of Guangdong Jiangmen Pipibao Tangerine Peel Company Limited* (廣東江門皮皮寶陳皮股份有限公司). Mr. Chen has over 10 years of senior management experience across multiple industries, with a global perspective and deep familiarity with domestic and international markets as well as capital environments in sectors such as agricultural technology, healthcare, and finance.

Ms. Fong Pui Yin Vivian (方佩賢) (“Ms. Fong”), aged 55, was appointed as an executive Director on 31 August 2021. Ms. Fong obtained a Bachelor of Arts degree from University of Toronto in June 1995.

Ms. Fong has extensive experience in leather products manufacturing and real estate development industry. Since July 2000, Ms. Fong has been serving as a vice managing director of Patty Company Limited. Ms. Fong has been serving as a director of Guangzhou Patty Leather Products Co., Limited* (廣州市芭迪皮革製品有限公司) since April 2003, the business activities of which include leather products manufacturing business. She has also been serving as an executive director of Links Development Limited and Yunfu Liancheng Real Estate Co. Limited* (雲浮市連城置業有限公司), since 2014 respectively.

Mr. Lu Jun (盧軍) (“Mr. Lu”), aged 50, was appointed as an executive Director on 13 November 2025. He is the president of marketing of Guangdong Jiangmen Pipibao Tangerine Peel Company Limited* (廣東江門皮皮寶陳皮股份有限公司). Mr. Lu served as the general manager of Anhui Yuanxin Construction Engineering Company Limited* (安徽省源鑫建設工程股份有限公司) from 2012 to 2017. Mr. Lu has over 20 years of business experience.

Ms. Wu Yu (吳宇) (“Ms. Wu”), aged 61, was appointed as an executive Director on 2 January 2026. She is a seasoned finance professional with over 30 years of extensive experience in financial management, strategic planning, and corporate management. Ms. Wu began her career as chief accountant at Zhanjiang Sugar Factory and subsequently served as finance manager at Zhanjiang Economic & Trade Group Company Limited. Since 2012, she has been financial controller of Guangdong Shengqiao Industrial Investment Company Limited* (廣東聖喬實業投資有限公司). Throughout her career, Ms. Wu has demonstrated profound expertise in financial accounting, cost control, budgeting, tax planning, and financial analysis.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhong Guoke (鍾國科) (“Mr. Zhong”), aged 63, was appointed as an executive Director on 2 January 2026. He is a senior business leader with a distinguished career spanning strategic planning, business model innovation, and nationwide channel expansion. He began his career in the area of overseas procurement and was subsequently appointed to a senior position in a PRC company. Between 2001 and 2015, he served as sales director of Amway (China) Daily Necessities Co., Ltd* (安利(中國)日用品有限公司). From 2018 to 2025, Mr. Zhong served as general manager and manager of the overseas procurement department at Runxun Telecommunications Group Co., Ltd* (潤迅通信集團有限公司). Mr. Zhong possesses significant experience in transforming regional businesses into nationally recognised brands within the consumer goods and health sector.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chee-yau Timothy (林子右) (“Mr. Lam”), aged 41, was appointed as the independent non-executive Director on 10 May 2021. He is also the chairman of the Nomination Committee and a member of each of the Remuneration Committee and the Audit Committee. Mr. Lam obtained a Bachelor of Arts (Philosophy), Bachelor of Laws and Master of Strategic Public Relations from the University of Sydney in Australia in April 2005, May 2007 and October 2011, respectively. He obtained a Master of Laws (Corporate and Commercial Law) from the University of New South Wales in Australia in May 2008. Mr. Lam also received a Master of Buddhist Studies and Master of Buddhist Counselling from the University of Hong Kong in December 2017 and December 2020, respectively.

Mr. Lam has over 20 years of experience in legal practice. He was admitted as a solicitor to the Supreme Court of New South Wales in Australia in December 2007 and admitted as a solicitor to the High Court of Hong Kong in April 2016. He is currently a partner of Hui & Lam Solicitors LLP, a Hong Kong law firm representing a range of clients in areas of corporate finance and company law.

Since December 2019, Mr. Lam has been a member of the Australian Institute of Company Directors and a fellow member of The Hong Kong Institute of Directors. Mr. Lam is also currently serving as a volunteer in the role of a Governor of the Board of the Children’s Cancer Foundation since May 2020.

Mr. Ng Ki Man (吳祺敏) (“Mr. Ng”), aged 40, was appointed as the independent non-executive Director on 4 September 2024. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. Mr. Ng is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group. Mr. Ng obtained a Bachelor of Business Administration (Honours) degree in Information Systems from the City University of Hong Kong in November 2008 and a Postgraduate Certificate in Professional Accounting in July 2009. Mr. Ng has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and Chartered Accountant of the Institute of Chartered Accountants in England and Wales since January 2012 and March 2012, respectively. Mr. Ng has over 16 years of experience in auditing and accounting services. From September 2015 to April 2016, Mr. Ng had been serving as the financial controller and company secretary of China Ruifeng Renewable Energy Holdings Limited (stock code: 527), a company listed on the Main Board of the Stock Exchange. Mr. Ng was the company secretary of Hao Tian International Construction Investment Group Limited (stock code: 1341) (formerly known as Clear Lift Holdings Limited), a company listed on the Main Board of the Stock Exchange, from April 2016 to February 2017. From October 2016 to September 2022, Mr. Ng had been an independent non-executive director of China Wantian Holdings Limited (stock code: 1854) (formerly known as Goal Forward Holdings Limited), a company listed on the Main Board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Dewen (李德文), aged 46, was appointed as the independent non-executive Director on 19 March 2024. He is also a member of each of the Nomination Committee, the Remuneration Committee, and the Audit Committee.

Mr. Li Dewen has over 11 years of experience in wholesale industry. Mr. Li Dewen is currently a manager in Guangzhou Huitian Trading Company Limited* (廣州市薈天商貿有限公司).

COMPANY SECRETARY

Mr. Chan Kui Ming (陳鉅銘), aged 39, the Co-chairman and Executive Director of the Company, holds a degree of Master of Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) and a degree of Bachelor of Commerce with major in Accounting from the Curtin University of Technology.

Mr. Chan has over 19 years of experience in accounting, financial management and company secretarial services. He is an associate member of each of The Hong Kong Institute of Chartered Secretaries (currently known as Hong Kong Chartered Governance Institute) and the Chartered Governance Institute. Mr. Chan has been the company secretary of Sino Vision Worldwide Holdings Limited (stock code: 8086, which was delisted on 30 June 2023) from April 2022 to July 2023, when the company was delisted from the GEM of the Stock Exchange. He has also been the company secretary of China Eco-Farming Limited (stock code: 8166, which was delisted on 16 August 2024) since May 2023, and the company secretary of Wisdom Sports Group (stock code: 1661) from January 2024 to July 2024.

* For identification purposes only

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Basetrophy Group Holdings Limited and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in the provision of foundation and site formation works and other geotechnical engineering works as a substructure subcontractor in Hong Kong and trading of alcoholic beverages in the PRC. Details of the principal activities of its subsidiaries are set out in the note 14 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year is set out in the “Chairman’s Statement” and “Management Discussion and Analysis” of this report.

DIVIDEND POLICY

The Board has adopted a dividend policy (the “**Dividend Policy**”) on 28 December 2018. Details of the Dividend Policy is disclosed below.

The Company adopts a general dividend policy that aims to provide Shareholders out of the Group’s profit attributable to shareholders in any financial year, subject to the criteria set out below.

Such declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the memorandum and articles of association of the Company.

In proposing any dividend payout, the Board shall also take into account, inter alia:

- the Group’s actual and expected financial performance;
- shareholders’ interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group’s debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group’s creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- the Group’s expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;

DIRECTORS' REPORT

- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis.

In addition to cash, dividends may be distributed in the form of shares subject to and in accordance with the procedures set out in the Company's memorandum and articles of association.

Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Pursuant to the Code Provision F.1.1 under Appendix 15 Corporate Governance Code and Corporate Governance Report, the Company should disclose the policy on payment of dividend in the annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income of this report. The state of affairs of the Group and the Company as at 31 December 2025 are set out in the consolidated statement of financial position and Note 33 to the consolidated financial statements, respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Thursday, 4 June 2026 (the "2026 AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 1 June 2026 to Thursday, 4 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 May 2026.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the five financial years is set out on page 122 in this report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in the note 16 to the consolidated financial statements.

DONATION

The Group did not make any charitable donations during the year ended 31 December 2025 (2024: Nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in the note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and the note 33 to the consolidated financial statements respectively.

SHARE OPTIONS SCHEMES

The Company conditionally adopted a share option scheme on 7 June 2017 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 1 January 2025 and 31 December 2025, the total number of share options available for grant under the scheme mandate were 10,000,000. No service provider sublimit was set under the Share Option Scheme.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2025 was nil, while the weighted average number of Shares in issue for the year ended 31 December 2025 was 265,608,018.

As at the date of this report, the number of Shares available for issue under the Share Option Scheme was 10,000,000 Shares, representing approximately 3.76% of the issued shares of the Company (i.e. 265,608,018).

As at the date of this report, there are 10,000,000 share options available for future grant.

A summary of the particulars of the Scheme as required under Rule 23.09 of the GEM Listing Rules is set out in the note 26 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the memorandum and articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2025 are set out in the note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company had no reserves available for distribution to owners (2024: Nil).

MAJOR CUSTOMERS AND SUPPLIERS AND SUBCONTRACTORS

During the year ended 31 December 2025, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 60%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 87%.

During the year ended 31 December 2025, the percentage of the Group's largest subcontractor was approximately 54% of the total direct costs for the period, while the percentage of the Group's five largest suppliers and subcontractors accounted for approximately 73% of the total direct costs.

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

DIRECTORS

The Board during the year and up to date of this report were as follows:

Executive Directors

Mr. Chan Kui Ming (<i>Co-chairman</i>)	(<i>appointed on 10 September 2025</i>)
Mr. Chen Ping (<i>Co-chairman</i>)	(<i>appointed on 21 October 2025</i>)
Ms. Fong Pui Yin Vivian	
Mr. Lu Jun	(<i>appointed on 13 November 2025</i>)
Ms. Wu Yu	(<i>appointed on 2 January 2026</i>)
Mr. Zhong Guoke	(<i>appointed on 2 January 2026</i>)
Mr. Lau Chung Ho	(<i>resigned on 10 September 2025</i>)
Mr. Leung Yat Fai Frankie Keith	(<i>resigned on 13 November 2025</i>)
Mr. Han Xu	(<i>appointed on 2 October 2025 and resigned on 2 January 2026</i>)
Mr. Li Aiming	(<i>resigned on 2 January 2026</i>)

Independent non-executive Directors

Mr. Lam Chee-yau Timothy
Mr. Li Dewen
Mr. Ng Ki Man

DIRECTORS' REPORT

In accordance with the memorandum and articles of association of the Company, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders of the Company after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting.

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year ended 31 December 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Directors' Report – Related Party Transaction and Continuing Connected Transactions" above and in the section headed "Relationship with our Controlling Shareholders" in the Prospectus, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (as defined in the GEM Listing Rules) or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders (as defined in the GEM Listing Rules) or their subsidiaries during the year ended 31 December 2025.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" below and the Scheme disclosures in the note 26 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' REPORT

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the controlling shareholders of the Company (the “**Controlling Shareholders**”) or their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflict of interests with the Group during year ended 31 December 2025.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10-12 of this report.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in the note 10 to the consolidated financial statements. The emolument of the number of the highest paid individuals who are not the Directors for the year ended 31 December 2025 are set out in the note 10(b) to the consolidated financial statements.

As at 31 December 2025, the Company did not have any senior management.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Remuneration Committee will meet at least once each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 December 2025 are set out in the note 2.17(ii) to the consolidated financial statements.

MANAGEMENT CONTRACTS

Save for the service agreements (for the executive Director) and letters of appointment (for the independent non-executive Directors) with the Company entered into with each of the Directors, no contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

DIRECTORS' REPORT

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

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in Shares

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of shareholding
Mr. Chan	Beneficial owner	750,000	0.28%
Mr. Chen	Beneficial owner	5,260,000	1.98%
Mr. Lu	Beneficial owner	5,400,000	2.03%

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2025, to the best of the knowledge and belief of the Company, the following person/entity, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' Report – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Capacity/Nature of interest	Number of Shares held/interested	Percentage of shareholding
Li Shaohui	Beneficial owner	51,000,000	19.20%

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2025, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' Report – Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the GEM Listing Rules)) during the year ended 31 December 2025.

As at 31 December 2025, there were no treasury shares (as defined under the GEM Listing Rules) held by the Company.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 22-35 of this report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2025.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company maintained the public float of not less than 25% of the issued share capital of the Company pursuant to Rule 13.37B of the GEM Listing Rules.

DIRECTORS' REPORT

As at 31 December 2025, the public float of the Company was approximately 76.50%. The composition of ownership of the issued shares in the Company listed on the Stock Exchange, and the Company's share capital structure, as at 31 December 2025 are set out below:–

Group of Shareholders	Number of Issued Shares held	Approximate % of Shareholding
(a) Non-public shareholders		
(i) Substantial shareholders and their close associates		
Li Shaohui	51,000,000	19.20%
(ii) Directors		
Mr. Chen Ping	750,000	0.29%
Mr. Chan Kui Ming	5,260,000	1.98%
Mr. Lu Jun	5,400,000	2.03%
<i>Sub-total of (a)</i>	62,410,000	23.50%
(b) Public shareholders	203,198,018	76.50%
Total number of issued shares	265,608,018	100.00%

The above statements are made on the basis of information publicly available to the Company or otherwise within the knowledge of the Directors as at the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2025 were audited by Infinity CPA Limited (“Infinity”). A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Infinity as auditor of the Company.

ON BEHALF OF THE BOARD
Basetrophy Group Holdings Limited
Chen Ping
Co-chairman and Executive Director

Hong Kong, 31 March 2026

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 of the GEM Listing Rules. During the year ended 31 December 2025, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Required Standard of Dealing**"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance during the year ended 31 December 2025.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

CORPORATE GOVERNANCE REPORT

DELEGATION BY THE BOARD

Daily operation and business management of the Group, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically to the Board of their work and business decisions.

Board Composition

The composition of the Board as at this report is set out as follows:

Executive Directors

Mr. Chan Kui Ming (<i>Co-chairman</i>)	(<i>appointed on 10 September 2025</i>)
Mr. Chen Ping (<i>Co-chairman</i>)	(<i>appointed on 21 October 2025</i>)
Ms. Fong Pui Yin Vivian	
Mr. Lu Jun	(<i>appointed on 13 November 2025</i>)
Ms. Wu Yu	(<i>appointed on 2 January 2026</i>)
Mr. Zhong Guoke	(<i>appointed on 2 January 2026</i>)
Mr. Lau Chung Ho	(<i>resigned on 10 September 2025</i>)
Mr. Leung Yat Fai Frankie Keith	(<i>resigned on 13 November 2025</i>)
Mr. Han Xu	(<i>appointed on 2 October 2025 and resigned on 2 January 2026</i>)
Mr. Li Aiming	(<i>resigned on 2 January 2026</i>)

Independent non-executive Directors

Mr. Lam Chee-yau Timothy
Mr. Li Dewen
Mr. Ng Ki Man

Biographical details of the Directors are set out in “Biographical Details of the Directors and Senior Management” on pages 10-12 of this report.

Mr. Chan Kui Ming has on 9 October 2025, Mr. Han Xu has on 2 October 2025, Mr. Chen Ping has on 21 October 2025, Mr. Lu Jun has on 13 November 2025, Ms. Wu Yu has on 2 January 2026 and Mr. Zhong Guoke has on 2 January 2026 obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules and has confirmed that he understood his obligations as a director of the Company.

The proportion of independent non-executive directors on the Board is higher than what is required by Rule 5.05A, 5.05 (1) and (2) of the GEM Listing Rules whereby independent non-executive Directors of a listed issuer must represent at least one-third of the board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group’s business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

CORPORATE GOVERNANCE REPORT

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018 which sets out the basis to achieve diversity on the Board. Details of the Board Diversity Policy is disclosed as below.

1. Purpose

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board.

2. Vision

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

3. Policy

When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

4. Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

5. Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy.

6. Review of the Board Diversity Policy

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

7. Disclosure of the Board Diversity Policy

A Summary of the Board Diversity Policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives will be disclosed in the annual corporate governance report.

CORPORATE GOVERNANCE REPORT

8. Board Composition

As at the date of this annual report, the Board comprises nine Directors. Two of the executive Directors are female. Three of the Directors are independent non-executive Directors, thereby promoting critical review and control of the management process.

Nomination Policy

The Board has adopted a nomination policy (the “**Nomination Policy**”) on 28 December 2018 which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the directors of the Company. Details of the Nomination Policy is disclosed as below.

1 Purpose

- 1.1 The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors.
- 1.2 The Nomination Policy aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company’s business.

2 Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the “**Criteria**”):

- (a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- (b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
- (c) Qualifications, including accomplishment and experience in the relevant industries the Company’s business is involved in;
- (d) Independence;
- (e) Reputation for integrity;
- (f) Potential contributions that the individual(s) can bring to the Board; and
- (g) Commitment to enhance and maximize shareholders’ value.

CORPORATE GOVERNANCE REPORT

3 Re-Election of Director at General Meeting

3.1 The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the criteria including but not limited to:

- (a) the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and
- (b) whether the retiring Director(s) continue(s) to satisfy the Criteria in section 2.

3.2 The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

4 Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

CORPORATE GOVERNANCE REPORT

5 Responsibility

The Board will be ultimately responsible for the selection, appointment and re-appointment of Directors.

6 Monitoring and Reporting

The Nomination Committee will assess and report annually, in the Corporate Governance Report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

7 Review of the Nomination Policy

The Nomination Committee will launch a formal process to review the Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

8 Disclosure of the Nomination Policy

8.1 A summary of the Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year will be disclosed in the annual corporate governance report.

8.2 In the circular to shareholders for proposing a candidate as an independent non-executive director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. All independent non-executive Directors possess suitable and appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years which may be terminated by not less than one month's notice in writing served by either party on the other and is subject to retirement by rotation and re-election in accordance with the memorandum and articles of association of the Company.

Pursuant to the letter of appointment between the Company and each of the independent non-executive Directors, the independent non-executive Directors have been appointed for an initial term of one year or three years which may be terminated by either party by giving no less than one month's written notice.

According to Article 108 of the memorandum and articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders of the Company.

Mr. Chan Kui Ming, Mr. Chen Ping, Ms. Fong Pui Yin Vivian, Mr. Lu Jun, Ms. Wu Yu, Mr. Zhong Guoke, Mr. Lam Chee-yau Timothy and Mr. Li Dewen will retire from office at the forthcoming annual general meeting of the Company to be held on Thursday, 4 June 2026. Mr. Chan, Mr. Chen, Ms. Fong, Mr. Lu, Ms. Wu, Mr. Zhong, Mr. Lam and Mr. Li, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Mr. Chan, Mr. Chen, Ms. Fong, Mr. Lu, Ms. Wu, Mr. Zhong, Mr. Lam and Mr. Li.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company is in the process of identifying a suitable candidate to fill the vacancy of the Chief Executive Officer. The Company will make further announcement in this regard as and when appropriate and in accordance with the requirements under the GEM Listing Rules.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the year ended 31 December 2025, the Company has provided and all Directors have attended training courses on the updates of the GEM Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the GEM Listing Rules.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.wbgroupfw.com.hk. All Board committees report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the Code Provision in the CG Code and disclosures in this report.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee was established on 7 June 2017. The chairman of the Remuneration Committee is Mr. Ng, the independent non-executive Director, and other members includes Mr. Lam and Mr. Li Dewen, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the website of the Stock Exchange and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee reviewed the remuneration packages of the appointment of Mr. Chan, Mr. Han, Mr. Chen and Mr. Lu as an executive Director by written resolution, and has held one meeting to review the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 December 2025. No Director or any of his or her associates is involved in deciding his or her own remuneration.

From 2025 onwards, the Remuneration Committee will also review the Scheme and other share schemes (if any) of the Company on an annual basis. During the year ended 31 December 2025, since there was no share option granted under the Scheme, no material matter relating to the Scheme has been reviewed by the Remuneration Committee.

Nomination Committee

The Nomination Committee was established on 7 June 2017. The chairman of the Nomination Committee is Mr. Lam, the independent non-executive Director, and other members included Mr. Ng and Mr. Li Dewen, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2025, the Nomination Committee reviewed and recommend the appointment of Mr. Chan, Mr. Han, Mr. Chen and Mr. Lu as an executive Director by written resolution; and to review and recommend the re-election of Directors.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee was established on 7 June 2017. The chairman of the Audit Committee is Mr. Ng, the independent non-executive Director, and other members included Mr. Lam and Mr. Li Dewen, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2025, the Audit Committee held two meetings to review and comment on the Company's 2024 annual results and 2025 interim results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2025 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year, the Chairman held a meeting with the independent non-executive Directors without the executive Directors present.

CORPORATE GOVERNANCE REPORT

Details of all Directors' attendance at the Board meeting and Board committees' meeting held during the year ended 31 December 2025 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2024 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors					
Mr. Lau Chung Ho	3/3	N/A	N/A	N/A	0/1
Mr. Leung Yat Fai Frankie Keith	3/3	N/A	N/A	N/A	1/1
Ms. Fong Pui Yin Vivian	4/4	N/A	N/A	N/A	1/1
Mr. Li Aiming	4/4	N/A	N/A	N/A	1/1
Mr. Chan Kui Ming	1/1	N/A	N/A	N/A	N/A
Mr. Han Xu	0/1	N/A	N/A	N/A	N/A
Mr. Chen Ping	1/1	N/A	N/A	N/A	N/A
Mr. Lu Jun	1/1	N/A	N/A	N/A	N/A

Independent non-executive Directors

Mr. Lam Chee-yau Timothy	4/4	2/2	1/1	1/1	1/1
Mr. Li Dewen	4/4	2/2	1/1	1/1	0/1
Mr. Ng Ki Man	4/4	2/2	1/1	1/1	0/1

COMPANY SECRETARY

The company secretary of the Company (the “**Company Secretary**”) assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The role of the Company Secretary was performed by Mr. Chan. For the year ended 31 December 2025, Mr. Chan undertook no less than 15 hours of relevant professional training to update his skill and knowledge. The biographies of Mr. Chan is set out in the section headed “Biographical Details of the Directors and Senior Management” of this report.

INDEPENDENT AUDITORS' REMUNERATION

Infinity CPA Limited is appointed as the external auditors of the Company. The fee paid and payable in respect of audit services and non-audit services amounted to approximately HK\$650,000 and HK\$nil respectively for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of one or more shareholders holding not less than 10% of the voting rights in the share capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;
- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and Management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 December 2025 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

Under Code Provision D.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and the Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;
- control the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the GEM Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

- (i) Corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.wbgroupfw.com.hk;
- (ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) Corporate information is made available on the Company's website;
- (iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and
- (v) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong. For the year ended 31 December 2025, the Board reviewed the shareholder communication policy and considered that the policy has been properly implemented and is effective.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This report is the “Environmental, Social and Governance Report” (collectively “**the ESG Report**”) published by the Group, which discloses the Group’s measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders’ confidence and understanding on the Group.

REPORTING STANDARDS

The ESG Report is prepared in accordance with the “Environmental, Social and Governance Reporting Code” (“**ESG Code**”) of the Stock Exchange set out in Appendix C2 of the GEM Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance (“**ESG**”) performance of the Group. The information in the ESG Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group.

REPORTING YEAR

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

REPORTING SCOPE

The Group is a construction contractor in Hong Kong principally providing foundation and site formation works and other geotechnical engineering works in Hong Kong and trading of alcoholic beverages in the People’s Republic of China (the “**PRC**”). Based on the principle of materiality disclosure and reporting, this ESG Report covers the ESG performance of the Group’s key business activities carried out in Hong Kong, which include the segments of provision of foundation and site formation works and other geotechnical engineering works which represent the Group’s major source of revenue and income.

After the comprehensive completion of data collection system and the Group’s deepening in its ESG work, the Group has identified certain ESG issues relevant to the Group, which have been assessed by considering their materiality and importance to the Group’s principal activities, stakeholders as well as the Group. Those identified ESG issues and key performance indicators (“**KPIs**”) have been disclosed in the ESG Report.

REPORTING PRINCIPLES

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

Materiality – The materiality assessment was conducted to identify material issues. Materiality of issues was reviewed and confirmed by the Board and senior management of the Company. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details.

Quantitative – The standards and methodologies used in the calculation of relevant data, as well as the assumptions used were disclosed in the ESG Report.

Consistency – The preparation of this ESG Report was substantially consistent with the previous year. Explanation was provided regarding data with changes in the scope of disclosure and calculation methodologies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Completeness – Covered the relevant scope and information for material topics, for readers of this report to have a good understanding of the Group's sustainability performance during the stated reporting period.

ESG GOVERNANCE

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, and thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has overall and ultimate responsibilities for the Group's ESG strategy and ensuring the effectiveness of the relevant ESG policies.

The Group has established dedicated teams composed of staff from main departments of the Group to manage ESG issues within each business division of the Group and to continuously monitor and measure the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group. The dedicated team would report annually on ESG issue to the Board. On the other hand, the Board regularly reviews progress against ESG targets and approves relevant ESG policies.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

FORWARD-LOOKING STATEMENTS

This ESG Report contains forward-looking statements which are based on the current expectations, estimations, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this ESG Report.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is integral to formulating the Group's ESG strategies. It enables the Group to define key objectives, establish relevant policies, and identify and assess areas of materiality. Through stakeholder engagement, the Group can understand wide-ranging views and identify material environmental and social issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of its ESG performance, but also enables it to improve its performance based on their feedback. Therefore, the Group has engaged in open and regular communication with its stakeholder groups including shareholders and investors, clients, employees, suppliers, sub-contractors and government. Over the years, the Group has continued to fine-tune its sustainability focus, addressing pressing issues. Stakeholders' expectations have been taken into consideration by utilising diversified engagement channels as shown below:

Stakeholders and Engagement Methods

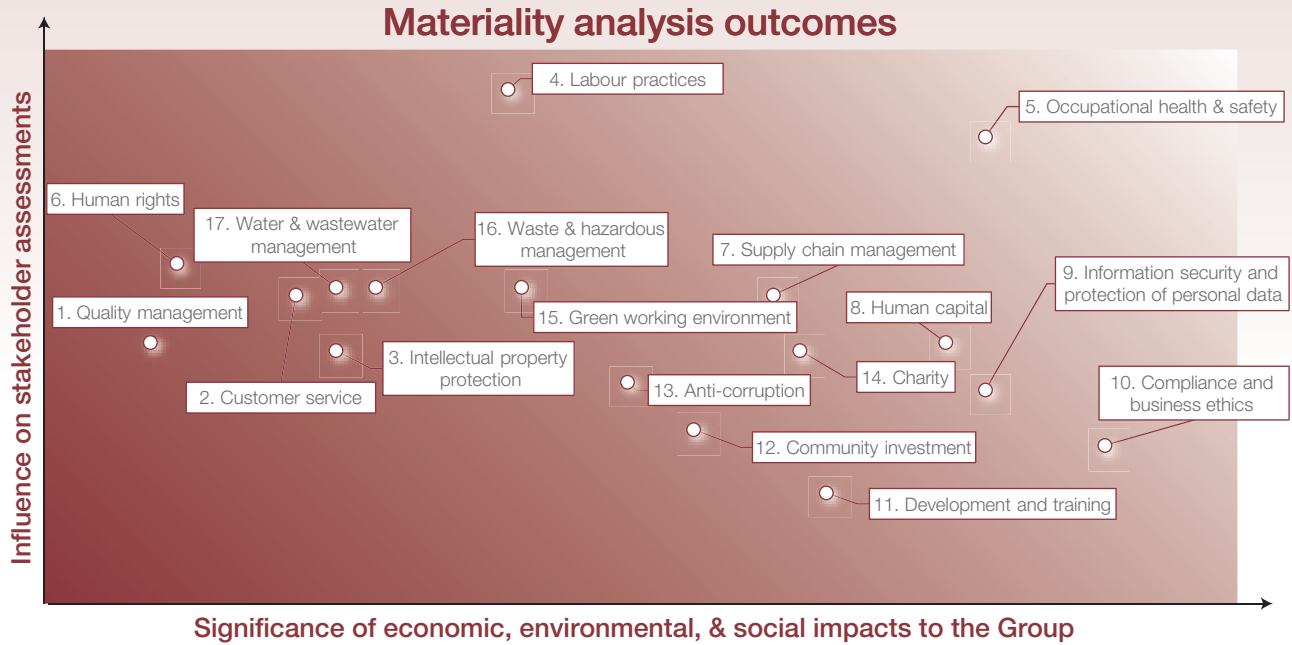
Stakeholders	Interests and expectations	Engagement channels
Shareholders and investors	<ul style="list-style-type: none"> • Return on investment • Corporate strategy and governance • Risk mitigation and management 	<ul style="list-style-type: none"> • Annual General Meeting • Interim and annual reports, corporate websites • Announcements, notices of meetings, circulars
Clients	<ul style="list-style-type: none"> • Robust project management • Full compliance with regulations • Sustainability performance of operations 	<ul style="list-style-type: none"> • Interim and annual reports, corporate websites • Regular meetings and communication
Employees	<ul style="list-style-type: none"> • Remuneration, compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and wellbeing 	<ul style="list-style-type: none"> • Provide leisure activities and increase cohesion • In-house training programmes • Performance reviews and appraisals • Promote career development and enhance competence at all levels
Suppliers	<ul style="list-style-type: none"> • Long-term partnership • Ethical business practices • Supplier assessment criteria 	<ul style="list-style-type: none"> • Procurement processes • Audits and assessments
Sub-contractors	<ul style="list-style-type: none"> • Effective project management • Occupational health and safety • Ethical business practices • Sub-contractor's assessment criteria 	<ul style="list-style-type: none"> • Annual health, safety and environment seminars • Training sessions • Regular progress meetings • Audits and assessments
Government	<ul style="list-style-type: none"> • Laws and regulation compliance 	<ul style="list-style-type: none"> • Review latest laws regularly • Inspection

The Group will continuously maintain communication with stakeholders and collect opinions of stakeholders through different engagement channels. At the same time, the Group strives to continuously improve its ESG initiatives to better align the expectations of stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The following 17 ESG issues relevant to our business were considered during the materiality analysis process:



Categories	Economic	Society	Environmental
Interests and concerns	<ul style="list-style-type: none"> 1. Quality management 2. Customer service 3. Intellectual property protection 	<ul style="list-style-type: none"> 4. Labour practices 5. Occupational health & safety 6. Human rights 7. Supply chain management 8. Human capital 9. Information security and protection of personal data 10. Compliance and business ethics 11. Development and training 12. Community investment 13. Anti-corruption 14. Charity 	<ul style="list-style-type: none"> 15. Green working environment 16. Waste & hazardous management 17. Water & wastewater management

By reviewing the Group’s operations, the Group has identified key ESG issues and assessed the importance of related matters to the Group’s businesses and stakeholders. Based on the material ESG issues identified, feedback is collected from the relevant internal and external stakeholders of the Group.

The results of the materiality assessment for the Reporting Period are consistent with the previous period. The Group has identified occupational health & safety as the most important topic to our stakeholders. The Group will continue to manage critical issues by adopting policies and guidelines to further enhance the Group’s ESG governance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE CHANGE

Climate change is one of the most complicated challenges faced by humanity in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Over-emission of greenhouse gases is the main factor in causing global climate change. To achieving a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. The Group will continuously monitor and mitigate climate change risks through adoption of various comprehensive environmental policies and measures. These efforts include promoting energy-saving practices and habits across workplace operations to reduce our emission.

The Group reviews and identifies climate-related risk annually while conducting risk assessment. The Group has identified the following significant climate related issues which have impacted and/or may have an impact on its operations:

Risk	Impact on the Group	Response
Physical Risk:		
<i>Acute risk:</i>		
Extreme weather such as typhoons and torrential rains	<ul style="list-style-type: none"> Weather-related events such as storms, floods, fires or heatwaves that cause damage to construction site facilities and operations 	<ul style="list-style-type: none"> Formulate emergency response plans and continuously improve emergency response mechanisms for natural disasters Comply with the Group's safety management policy
<i>Chronic risk:</i>		
Continuous high temperature, drought, etc.	<ul style="list-style-type: none"> Higher temperature requires the Group to purchase more cooling equipment, which would increase operating cost 	<ul style="list-style-type: none"> Develop and apply more energy efficient cooling equipment Maintain comprehensive insurance coverage on assets
Transition risks:		
<i>Policy and legal risks:</i>		
Changes in environmental-related regulations	<ul style="list-style-type: none"> The energy price may increase due to energy efficiency requirements Full compliance with regulations Failure to comply with regulations could increase the compliance workload and expose the Group to legal action or claims 	<ul style="list-style-type: none"> Scientifically arrange production plans, carefully deploy production organisations, and improve operational efficiency Closely monitor changes in environmental laws, regulations and policies, and respond to them in a timely manner
<i>Market risk:</i>		
Consumers demand for green and low carbon products	<ul style="list-style-type: none"> Failure to effectively meet consumer demand for green low-carbon products 	<ul style="list-style-type: none"> Introduce the latest energy-saving technology and equipment in workplace if applicable In-house training programmes Promote resources saving

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GREENHOUSE GAS (“GHG”) EMISSIONS

During the course of operations, GHG emissions are mainly produced from vehicle usage and electricity consumption in Hong Kong’s office and construction sites.

Scope 1 – Combustion of fuels in mobile sources controlled by the Group

During the operations of the Group, there are GHG emissions result from the intense usage of vehicles.

The Group strictly controls the emissions of GHG through the establishment of a comprehensive data collection system. This system helps the Group to monitor the monthly usage of vehicles to maintain the efficiency at a prominent level.

Scope 2 – Electricity purchased from power companies

Apart from the direct emissions of GHG, indirect emissions are also generated from electricity consumption in the Hong Kong’s office and construction sites.

Scope 3 – Other indirect emissions

In the Hong Kong’s office and construction sites, there are GHG emissions due to electricity used for processing fresh water and sewage by government departments and paper waste disposed at landfills.

The summary of GHG emissions from the operations are shown in the following table:

Summary of GHG emissions

Types of GHG	2025 CO ₂ equivalent emission	2024 CO ₂ equivalent emission
Scope 1 – Direct emissions (tonnes)	52.16	81.61
Scope 2 – Energy indirect emissions (tonnes)	6.90	5.31
Scope 3 – Other indirect emissions (tonnes)	0.72	–
Total	59.78	86.92
Intensity of GHG emissions per number of employees (tonnes)	19.93	3.48

Compared to the last financial year, the total amount of GHG emissions has decreased due to decrease in contract works. The Group targets to maintain the low level of GHG emissions in the future. In order to reduce GHG emissions, the Group would encourage to reduce the usage of private car for travel between construction sites and replace by public transportations.

The Group has initiated a 3% of Scope 1 and 2 emissions reduction in term of intensity in coming 5 years using the 2021 Report Year as a baseline.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT PROTECTION

Emissions

Emissions from the course of operation

Major emissions from construction sites are air pollutants, noise, waste and effluents. The Group manages these emissions and is committed to seeking practical means to reduce their impact on the environment.

To reduce noise nuisance in surrounding environment, the Group has been implementing equipment that reduces noise emission, such as low-noise transformers, air receivers and hand-held breakers. Where necessary, the Group applies construction noise permit for every site that passed different testing of the Environmental Protection Department (i.e. acceptable noise levels, sound power levels for percussive piling and summation of noise levels). The Group recognises that noise challenges are unique to each project and there is always room to further reduce noise in communities surrounding the construction sites. In this regard, the Group is considering to implement a yearly review to evaluate the internal noise abatement procedures, especially for projects at noise-sensitive areas.

To deal with effluents from construction sites, the Group has developed a set of procedures which meet the requirements under the Water Pollution Control Ordinance and its subsidiary regulation in order to obtain license from the Water Pollution Control Ordinance at each site. For instance, sediment traps or basins are provided to abstract wastewater and remove waste particles from on-site systems. The Group aims to minimise various discharges like muddy underground water and bentonite slurries from excavation work and/or bore piling activities to limit the impact to the environment. The impact includes siltation in drainage pipes which may lead to blockage and eventually flooding risks, visual nuisance and hazard to the aquatic life and increase in turbidity of the receiving water which may adversely affect the ecosystem.

Emissions from vehicle usage

During the Group's operation in Hong Kong, the usage of private cars and light goods vehicles generate the emissions of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and Particulate Matter ("PM"). The approximate amount of NOx, SOx and PM produced from the Group's operation in Hong Kong are shown in the following table:

Air pollutants from vehicle usage

Types of key air pollutants	2025	2024
NOx emissions (tonnes)	0.19	0.29
SOx emissions (tonnes)	0.0003	0.0005
PM emissions (tonnes)	0.015	0.023

Compared to the last financial year, three types of emissions (NOx, SOx and PM) in 2025 has slightly decreased. The Group would continue the work to become a low carbon organisation and target to maintain the emission of air pollution at lower than one tonne.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In respect of reducing the NO_x, SO_x and PM emissions, the Group has formulated and educated employees about the following measures so as to help achieve the environmental friendly approach including (i) avoid peak hour traffic and (ii) encourage the use of public transport instead of private car.

During the Report Period, the Group was not aware of any material non-compliance with the environmental laws and regulations in respect of both emissions from the course of operations and vehicle usage.

Hazardous waste emissions

Due to the business nature, the Group's operation does not directly generate any material hazardous waste.

Non-hazardous waste emissions

For the provision of foundation services, the Group may generate non-hazardous solid waste and office paper waste during its operations. The inert Construction and Demolition ("C&D") material is disposed through logistic service provider trucks that are authorised by Environmental Protection Department of Hong Kong Government ("EPD"). The waste is disposed at public landfills whereas the non-inert and mixed C&D waste are disposed at three strategic landfills. With the logistic service provider that is authorised by EPD to handle inert C&D material, illegal dumping can be avoided. The figures of non-hazardous waste produced are as follows:

Non-hazardous solid waste	2025	2024
Mixed C&D waste disposal at government waste disposal facilities (tonnes)	–	17.40
Inert C&D waste disposal at government waste disposal facilities (tonnes)	–	3,894.60
Office paper	0.10	–
Total	0.10	3,912.00
Intensity of total non-hazardous waste produced per number of employees	0.03	156.48

Due to the nature of the construction work performed during the Reporting period, the C&D waste disposed has significantly decreased compare with previous period.

The Group is dedicated to proper management of non-hazardous waste. Specific area at the site is assigned for the temporary storage of non-hazardous waste. The waste is then gathered by logistic service provider that is authorised by EPD and delivered to the public landfills.

To reduce the production of non-hazard waste in construction sites in the future, the Group will continue to explore the opportunity to re-use excavated materials for backfilling slope stabilisation and reclamation. The Group targets to reduce 5% of the non-hazardous waste produced in term of intensity compare with 2021 Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Use of Resources

The Group adheres to the concept of energy conservation and emission reduction to achieve green production. The major resources used by the Group are electricity and water consumed in office and various project sites in Hong Kong. In addition, petrol and diesel are major non-renewable fuel consumed by the Group. The Group aims to improve energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout the operation, and to save resources.

The Group records and analyzes water consumption regularly. After identifying the causes of high rates of water consumption, the Group will take remedial action to minimise water use. Throughout the years, the Group has placed a strong emphasis on minimising the usage of electricity and water during the Group's daily operations.

The total water consumption in cubic metres and intensity during the Reporting Period are shown in the table below:

Water Consumption	2025	2024
Total water consumption (cubic metres)	5	6
Intensity of total water consumption per number of employees (cubic metres)	1.67	0.24

Compared to the last financial year, the total water consumption has remained at low level, there was no projects in which the site water consumption required to be borne by the Group. The Group would conduct regular water consumption analysis and internal training for all employees to create a sense of urgency in monitoring of water usage. The Group will continue its ongoing efforts to maintain low water consumption. During the Reporting Period, the Group did not encounter any issue in sourcing water that is fit for purpose. Using 2021 Report Year as a baseline, the Group has initiated a 3% water consumption deduction target in term of intensity.

Energy consumption

The major energy consumed by the Group are non-renewable fuel ("NRF") including diesel and petrol and the purchase of energy in the form of electricity.

The Group determines to maximise energy conservation in its office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade its equipment by purchasing electrical appliances with high efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature while using less energy.

To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time. The total electricity consumption in kilowatt hour (kWh) and intensity are shown in the table below:

Energy Consumption	2025	2024
Purchase of energy (kWh)	18,162	14,345
NRF consumed (kWh)	206,330	318,605
Total energy consumption (kWh)	224,492	332,950
Intensity of total energy per number of employees (kWh)	74,831	13,318

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The energy consumption has decreased due to reduction of contract works from major customers. The Group believes the energy conservation norm has been developed among all staff through internal training. During the Reporting Period, the Group strictly implemented the energy conservation guideline. The Group has initiated a 3% energy consumption reduction target in term of intensity in coming 5 years using the 2021 Report Year as a baseline.

THE ENVIRONMENT AND NATURAL RESOURCES

To develop a green approach at the project sites and office, the Group has set up various environmental system management practices as part of its effort to develop an environmental management system that supports sustainable development.

With the implementation of the ISO9001 Quality Management System, the management is responsible for monitoring the operation in projects sites in accordance with the ISO9001 Quality Management System. The Group has given careful consideration to minimise all significant impact on the environment resources and to monitor environmental performance in a timely manner.

Implemented practice

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Maximise the use of natural light and energy-saving lighting systems
- Apply optimal temperature setting of air-conditioning
- Encourage duplex printing
- Reuse of single-side used paper

As a socially responsible enterprise, protecting nature and the environment has become an integral part of the Group's corporate culture/important value. The Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

Packaging material

Due to the business nature of the Group, the Group did not produce any finished products during the Reporting Period. Therefore, the Group does not consume significant amounts of package materials for product packaging.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment and selection, performance management, promotion, employment termination, training and development.

As the Group is principally engaged in construction related works, manual work is generally required in most positions. The Group aims to refrain from any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace via implementation of human resources management policy. The above measures have helped ensure that every employee is treated equally and fairly.

The Group has always strictly observed the relevant legislations in Hong Kong regarding the equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong) and etc. in Hong Kong. During the Report Period, the Group was not aware of any material non-compliance with the applicable employment laws and regulations.

The Group has its internal procedures to record employees' information in order to review employment practices regularly so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure no employment of child labour and forced labour in any form.

The Group also strives to establish harmonious labour relationships and create a happy working environment, promote a positive and healthy lifestyle, and lift the spirit of local workforce, encourage and strengthen internal communication through organising diversified employee activities.

During the Reporting Period, all staff in reporting scope are full-time employee and work in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment Key Performance Indicators (Employee)

Total workforce structure as at 31 December 2025

Gender	Age			Number of employees by gender	Total number of employees	2025 ratio of number of male to female employees	2024 ratio of number of male to female employees
	below 30	30–50	over 50				
Male	–	1	2	3	3	100%/0%	80%/20%
Female	–	–	–	–			
Total	–	1	2	3			

Employees turnover rate in the Reporting Period

	2025	2024 ¹
Employee total turnover rate	171.4% ²	424.8% ²
By age group		
Age below 30	– ³	1,200.0% ³
Age 30–50	155.6% ³	461.1% ³
Age over 50	178.9% ³	356.9% ³
By gender		
Male	165.2% ³	479.1% ³
Female	200.0% ³	71.4% ³

Note 1: Employees turnover rate for FY2024 has been adjusted to improve comparability.

Note 2: Employee total turnover rate = Total number of employees leaving employment during the year / ((Total number of employees at the beginning of the Reporting Period + Total number of employees at the end of the Reporting Period) / 2) * 100%.

Note 3: Employee turnover rate by category = Total number of employees leaving employment during the year by category / ((Total number of employees at the beginning of the Reporting Period + Total number of employees at the end of the Reporting Period) / 2) * 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Group is an investment holding company incorporated in the Cayman Islands whilst its headquarter is located in Hong Kong. The nature of its daily operation is mainly office-based where the safety risk is limited. The Hong Kong headquarter has been equipped with fire-fighting facilities including fire extinguishers and participates in the fire drill organised by the building regularly.

The Group is committed to providing and maintaining a safe and healthy working environment for the employees and ensuring the safety of others affected by the Group's operation. The Group strictly requires employees to comply with the company safety policy and guidelines which clearly specify work flows, all kinds of safety measures and guidance as well as employees' responsibilities for their health and safety at our workplace.

The Group has also established a risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits.

For employees whose workplace is primarily based in project site, the Group provides "site specific induction training" to the employee before they commence their work at the project site in accordance with, but not limited to, the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong). Thereafter, they are given refresher talks regularly depending on the amount of changes to the site condition. The Group also provides tool-box talks, aiming to heighten employees' awareness of workplace hazards and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). During the Report Period, the Group was not aware of any material non-compliance with the applicable laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures set. Subsequently, the Group follows the procedures in accordance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident (2024 and 2023 : Nil).

Health and Safety Key Performance Indicators (Employee)

	2025	2024	2023
Number of work injuries	–	3	–
Rate of work injury (per hundred employees)	–	12	–
Number of loss days due to work injuries	272 ⁴	312	–

Note 4: The number of loss days due to work injuries was due to injury case occurring in pervious year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development And Trainings

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in personal development and job-related training courses. During the Reporting Period, the Group formulates quality management training programs to update our staff with the most updated standard of ISO9001, in order to maintain the highest standard of professionalism by its employees. Such training programs include training on quality assurance of business processes and testing of raw materials obtained from suppliers.

In daily operation, the Group provides induction training for new employees and experienced employees act as mentors to guide newcomers. The Group believes such arrangement can be the best way to facilitate communication and team spirit, as well as improve technical skills and managerial capability and encourage the learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that could help the necessary protection for talent reserves for corporate development. The Group evaluates the training needs of its employees annually to ensure that employees are offered with suitable and appropriate training according to their job nature and position.

Training and Development Key Performance Indicators (Employee)

Trained staff	Senior managerial level ⁵	Managerial level ⁵	General staff ⁵	Percentage	2025 Overall percentage of employees trained ⁶	2024 Overall percentage of employees trained ⁶
				of employees receiving training by gender ⁵		
Male	50%	–	50%	100%	67%	4%
Female	–	–	–	–		
	50%	–	50%	100%		

Note 5: Percentage of employees trained in the relevant categories = Employees in the category who took part in training/Total number of employees in the category who took part in training x 100%.

Note 6: Percentage of employees trained = Total number of employees who took part in training/Total number of employees at the end of the Reporting Period x 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Average training hours	Senior managerial level ⁷	Managerial level ⁷	General staff ⁷	Average training hours by gender ⁷	2025 Overall average training hours ⁸	2024 Overall average training hours ⁸
Male	3.50 hours	–	7.00 hours	4.67 hours	4.67 hours	0.04 hour
Female	–	–	–	–		
Overall	3.50 hours	–	7.00 hours	4.67 hours		

Note 7: Average training hours = Total number of training hours in the category/Total number of employees in the category at the end of the Reporting Period.

Note 8: Average training hours per employee = Total number of training hours/Total number of employees at the end of the Reporting Period.

LABOUR STANDARDS

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). The Group has also developed rigorous and systematic measures for recruitment and selection to prevent itself from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges the employees' working hours based on the statutory working hour standards and entitles them to paid leaves and sick leaves in accordance with the relevant labour laws in Hong Kong.

During the Reporting Period, the Group has not identified any material non-compliance with the relevant laws and regulations in respect of the prevention of child labour and forced labour that would result in material impact to the Group.

SUPPLY CHAIN MANAGEMENT

The Group implements supplier management in accordance with internal guidance which governs the engagement of suppliers/subcontractors. Suppliers/Subcontractors are chosen subjecting to screening and evaluation procedures among the suppliers/subcontractors based on the quality and price. Also, to ensure suppliers/subcontractors capability in quality assurance, safety and environmental responsibility, field visit and investigation is conducted, which includes a comprehensive review of management systems that are accredited with ISO9001 standards. The investigation reviews the production capacity, technology level, quality assurance capabilities, supply capacity, safety and environment management qualifications if needed. Only the qualified suppliers/subcontractors complied with regulatory requirements are eligible for supplier/subcontractor selection by the Group. The Group also carries out regular assessment on suppliers'/subcontractors' overall capabilities, assets position, nature of business, reputation in the industry, quality of products, goods delivery and compliance with law and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customers are becoming more concerned about environmental issues and stress the importance of using environmentally friendly materials. As such, Group will continue to act as a corporate citizen in communicating and stressing environmental issues to its suppliers. Supplier's service or product with minimal adverse environmental impacts would be one of the significant considerations of the Group in the selection of new supplier.

Each subcontractor and supplier is reviewed after completion of their contracts. In cases of major non-performance of approved subcontractor or supplier, the Group will review their suitability to remain on the approved list.

Number of critical suppliers cooperated with the Group during the Reporting Period

Region	2025	2024
Hong Kong	45	390

PRODUCT AND SERVICE RESPONSIBILITY

The Group is committed to providing high-quality services and guarantees that the quality of Group's projects is in line with industry standards and sustainability requirements. In addition, the Group is always striving to achieve higher standards.

The Group has always focused on quality control in project construction since its incorporation. In respect of human resources, the Group has a team of project managers with rich experience in undertaking various pile work construction projects. In respect of systems, the Group has a quality management system that complies with the ISO9001 standard, and has procedures in place to manage non-conformity detected during construction process. When non-conforming work is identified, the Group will review the situation and prevent such substandard work from continuing or re-occurring. If a defect is likely to recur, the Group will require the subcontractor to take remedial action and closely supervise these works whenever practicable. The Group also carry out trainings and established a management system covering various aspects including management of quality of construction staff, quality control on raw material, site management and quality management system, so as to ensure the timely and efficient completion of our projects. During the Reporting Period, no material complaint was received regarding the services provided by the Group.

During the Reporting Period, due to the business nature of the Group, there were no recalls concerning the provision and use of the Group's products due to safety and health reasons. In addition, there were no material complaints received relating to the provision and use of products and services that have a significant impact on the Group's operations. Further, the Group was not aware of any material non-compliance with the applicable laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROTECTION OF INTELLECTUAL PROPERTY RIGHT AND CONSUMER PRIVACY

The Group recognises the importance of the protection over intellectual property right and consumer privacy. The Group has obtained appropriate licenses for the software in its business operations.

Meanwhile, the Group handles all information provided by clients, employees and business partner in accordance with Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and related laws and regulations to ensure those information is under proper protection.

ANTI-CORRUPTION

The Group is committed to maintain the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the Employee Handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the Chairman of the Audit Committee for any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the Employee Handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserve the right to take further actions against such person.

The Group plans to host regular trainings delivered by representatives from regulators and professionals to all Directors and employees in regards to anti-corruption policies and procedures so as to maintain employees' awareness on anti-corruption best practices.

During the Reporting Period, the Group complied with the relevant laws and regulations regarding anti-corruption and money laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees (2024: Nil).

COMMUNITY INVESTMENT

The Group understands well the importance of making positive contribution to the community where it operates and considers community benefits as one of its social responsibility. The Group considers that enterprises and communities are inseparable as a whole. Enterprise development has played a leading role in the economic and social development of the community, such as providing employment opportunities and increasing taxes. At the same time, enterprise development is also inseparable from community's support and help. In order to better fulfil its social responsibilities, the Group is very concerned about environmental and health issues and sponsor the relevant activities or organisations when necessary.

The Group will continue to explore other means to contribute more to the community and strive to facilitate the building of a healthy and sustainable society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental and social performance indicators have been summarised in the following tables:

Environmental performance indicators

Aspect A1: Emissions

Performance indicator		2025 Data	2024 Data	The Stock Exchange ESG Reporting Guide KPI
Emission	Total NOx emissions (tonnes)	0.19	0.29	KPI A1.1
	Total SOx emissions (tonnes)	0.0003	0.0005	KPI A1.1
	Total PM emissions (tonnes)	0.015	0.023	KPI A1.1
	Total GHGs emissions – scope 1 (tonnes)	52.16	81.61	
	Total GHGs emissions – scope 2 (tonnes)	6.90	5.31	
	Total GHGs emissions – scope 3 (tonnes)	0.72	–	
	Intensity of GHG per number of employee (tonnes)	19.93	3.48	
Non-hazardous waste	Mixed construction & demolition waste (tonnes)	–	17.40	KPI A1.4
	Inert construction & demolition waste (tonnes)	–	3,896.4	KPI A1.4
	Office paper (tonnes)	0.10	–	KPI A1.4
	Intensity of total non-hazardous waste produced per number of employee (tonnes)	0.03	156.48	KPI A1.4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A2: Use of resources

Performance indicator		2025 Data	2024 Data	The Stock Exchange ESG Reporting Guide KPI
Energy	Total energy consumption (kWh)	224,492	332,950	KPI A2.1
	Intensity of total energy consumption per number of employees (kWh)	74,831	13,318	KPI A2.1
Water	Total water consumption (cubic metres)	5	6	KPI A2.2
	Intensity of total water consumption per number of employees (cubic metres)	1.67	0.24	KPI A2.2

Social performance indicators

Aspect B1: Employees

Performance indicator		2025 Data	2024 Data	The Stock Exchange ESG Reporting Guide KPI
Number of employees	By gender:			KPI B1.1
	– Male	3	20	
	– Female	–	5	
By age				KPI B1.1
	– Age below 30	–	–	
	– Age 30–50	1	8	
	– Age over 50	2	17	
Employee turnover rate	By gender			KPI B1.2
	– Male (%)	165.2	479.1	
	– Female (%)	200.0	71.4	
	By age			KPI B1.2
	– Age below 30 (%)	–	1,200.0	
	– Age 30-50 (%)	155.6	461.1	
	– Age over 50 (%)	178.9	356.9	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B2: Health and safety

Performance indicator				The Stock Exchange ESG Reporting Guide KPI
	2025 Data	2024 Data	2023 Data	
Number of work injuries	–	3	–	KPI B2.1
Rate of work injury (per hundred employees)	–	12	–	KPI B2.1
Number of loss days due to work injuries	272	312	–	KPI B2.2

Aspect B3: Development and training

Performance indicator			The Stock Exchange ESG Reporting Guide KPI
	2025 Data	2024 Data	
The percentage of employees receiving training	By gender		KPI B3.1
	– Male (%)	100	
	– Female (%)	–	
Average training hours completed per employee	By category		KPI B3.2
	– Senior managerial level (%)	50	
	– Managerial level (%)	–	
	– General staff (%)	50	
The percentage of employees receiving training	By gender		KPI B3.2
	– Male (hours)	4.67	
	– Female (hours)	–	
Average training hours completed per employee	By category		KPI B3.2
	– Senior managerial level (hours)	3.50	
	– Managerial level (hours)	–	
	– General staff (hours)	7.00	

Aspect B5: Supply Chain Management

Performance indicator			The Stock Exchange ESG Reporting Guide KPI
	2025 Data	2024 Data	
Number of critical suppliers	By region		KPI B5.1
	– Hong Kong	45	

INDEPENDENT AUDITORS' REPORT



Infinity CPA Limited

Room 1501, 15th Floor, Olympia Plaza
255 King's Road, North Point, Hong Kong

TO THE MEMBERS OF BASETROPHY GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Basetrophy Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 62-121, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from construction contracts
- Valuation of inventories

INDEPENDENT AUDITORS' REPORT *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Recognition of revenue from construction contracts

Refer to notes 2.21 and 5 to the consolidated financial statements

Our audit procedures in relation to recognition of revenue from construction contracts included:

We identified recognition of revenue from construction contracts as a key audit matter due to the significance of the revenue to the consolidated financial statements and the significant judgements and estimates in determining the revenue of the construction contracts to be recognised for the year.

- obtained an understanding of the key controls over recognition of revenue from construction contracts;
- checked contract revenue recognised for construction projects by tracing to certificates/progress payment application issued by in-house surveyor, on sample basis;
- assessed the reasonableness of the Group's assumptions on progress of completion of the construction contracts at the end of the year by discussed with project managers to understand the progress of construction projects and evaluated whether their progress was consistent with the stage of completion of construction projects estimated by the management for all projects in progress during the year; and
- conducted site visits, on a sample basis, to observe the existence of the construction work and discussed with site project manager for the progress of the construction work and the status of each project, and evaluated whether the project progress was consistent with the agreed timetable and the agreed timetable and the Group's financial accounting records.

The Group recognised revenue from construction contracts for provision of services of foundation and site formation work of approximately HK\$49,418,000 for the year ended 31 December 2025.

Contract revenue is recognised progressively over time using output method, based on the estimated total revenue for the contracts entered into by the Group and direct measurements of the value of construction services delivered or surveys of value of work transferred to customers, with reference to the progress payment application from in-house surveyor.

INDEPENDENT AUDITORS' REPORT *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Valuation of inventories

Refer to notes 2.20, 4(c) and 24 to the consolidated financial statements

Our audit procedures in relation to valuation of inventories included:

We identified the write-down of inventories as a key audit matter due to the significant balances of these assets at the end of the reporting period and the significant judgements and estimates exercised by the Group's management in determining the allowance of inventories.

- obtained an understanding of the key controls over the process of assessment for valuation of inventories;
- observed the physical conditions of the Group's inventories during the attendance of physical inventory count to identify any damaged or obsolete inventory items and followed up if those identified items were included in the management assessment;
- tested samples of inventory items to supporting documents on a sample basis to assess their costs;
- tested the accuracy of the ageing of inventories to the supporting documents on a sample basis and discussed long-aged inventories with management to identify any slow-moving or obsolete items;
- assessed the reasonableness of key assumptions applied to the NRV assessment;
- evaluated the independence, competence, objectivity and experience of the Valuer engaged by management;
- discussed with the Valuer to understand the valuation methodology applied and market information and assumptions used to determine the valuation of inventories; and
- assessed the reasonableness of market information and key assumptions applied to the NRV assessments.

As at 31 December 2025, the net carrying amount of inventories amounted to approximately HK\$57,257,000 (net of provision for write-down of inventories of approximately HK\$1,770,000). Inventories represented 56.9% of the Group's total assets and were considered significant balances.

The Group's inventories are stated at the lower of cost and net realisable value ("NRV") which requires management's significant judgement and estimation of the NRV of the inventories, with the assistance of an external valuer (the "Valuer") based on consideration on the key assumptions including future sales quantities and estimated future selling prices and selling expenses of the respective inventories according management's review of the condition and ageing of inventories and the identification of obsolete and slow-moving inventory items.

INDEPENDENT AUDITORS' REPORT *(continued)*

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the audit committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT *(continued)*

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITORS' REPORT *(continued)*

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

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

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

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

Infinity CPA Limited

Certified Public Accountants

Chan Kin Ming

Practising certificate number P07802

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	49,701	98,971
Cost of sales and service	8	(47,074)	(98,681)
Gross profit		2,627	290
Other income	5	675	3,732
Other gains/(losses), net	6	2,262	(11,442)
Selling and distribution costs		-	(2,214)
Administrative and other operating expenses	8	(13,116)	(17,548)
(Provision for)/reversal of expected credit losses, net	7	(296)	24,983
Operating loss		(7,848)	(2,199)
Finance costs	11	(493)	(1,364)
Loss before tax		(8,341)	(3,563)
Income tax expense	12	-	(665)
Loss for the year		(8,341)	(4,228)
Other comprehensive (expense)/income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(139)	19
Other comprehensive (expense)/income for the year, net of tax		(139)	19
Total comprehensive expense for the year		(8,480)	(4,209)
(Loss)/profit attributable to:			
Owners of the Company		(6,413)	(4,270)
Non-controlling interests		(1,928)	42
		(8,341)	(4,228)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(6,510)	(4,247)
Non-controlling interests		(1,970)	38
		(8,480)	(4,209)
		2025	2024
Loss per share attributable to owners of the Company			
Basic and diluted (HK cent)	13	(2.89)	(2.48)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	5,202	11,161
Right-of-use assets	17	728	–
Payment for a life insurance policy	19	–	2,983
		5,930	14,144
Current assets			
Inventories	24	57,257	1,846
Trade and other receivables	20	8,253	72,194
Contract assets	21	7,562	3,598
Cash and bank balances	23	21,670	2,672
		94,742	80,310
Total assets		100,672	94,454
EQUITY			
Capital and reserves			
Share capital	25	26,561	22,134
Reserves		33,818	26,967
Equity attributable to owners of the Company		60,379	49,101
Non-controlling interests		(1,468)	502
Total equity		58,911	49,603

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	27	849	1,590
Lease liabilities	17	444	1,006
		1,293	2,596
Current liabilities			
Trade and other payables	29	38,535	34,934
Tax payable		12	22
Borrowings	27	627	5,969
Lease liabilities	17	1,294	1,330
		40,468	42,255
Total liabilities		41,761	44,851
Total equity and liabilities		100,672	94,454
Net current assets		54,274	38,055
Total assets less current liabilities		60,204	52,199

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Mr. Chan Kui Ming
Director

Mr. Chen Ping
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium*	Other reserve*	Translation reserve*	Retained earnings*	Sub-total		
	HK\$'000 (Note 25)	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2024	11,500	48,256	1	15	(18,260)	41,512	464	41,976
Loss for the year	-	-	-	-	(4,270)	(4,270)	42	(4,228)
Exchange differences arising on translation of foreign operations	-	-	-	23	-	23	(4)	19
Total comprehensive expense	-	-	-	23	(4,270)	(4,247)	38	(4,209)
Issue of shares	10,634	1,202	-	-	-	11,836	-	11,836
At 31 December 2024 and 1 January 2025	22,134	49,458	1	38	(22,530)	49,101	502	49,603
Loss for the year	-	-	-	-	(6,413)	(6,413)	(1,928)	(8,341)
Exchange differences arising on translation of foreign operations	-	-	-	(97)	-	(97)	(42)	(139)
Total comprehensive expense	-	-	-	(97)	(6,413)	(6,510)	(1,970)	(8,480)
Issue of shares	4,427	13,361	-	-	-	17,788	-	17,788
At 31 December 2025	26,561	62,819	1	(59)	(28,943)	60,379	(1,468)	58,911

* These reserve accounts comprise the consolidated reserves of HK\$33,818,000 (2024: HK\$26,967,000) in the consolidated statement of financial position.

Note:

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	30	(2,383)	2,919
Cash flows from investing activities			
Settlement of amount due from a director		1,760	–
Purchases of property, plant and equipment		–	(612)
Proceeds from sale of property, plant and equipment		6,750	1,979
Proceeds from redemption of life insurance		2,983	–
Net cash from investing activities		11,493	1,367
Cash flows from financing activities			
Drawdown of bank borrowings		–	4,500
Drawdown of other borrowing		–	550
Interest paid on bank and other borrowings		(399)	(1,213)
Interest paid on lease liabilities		(94)	(151)
Proceeds from issue of shares under placing		17,788	–
Proceeds from issue of right shares, net of transaction costs		–	11,836
Repayments of bank borrowings		(2,500)	(12,316)
Repayments of lease liabilities		(1,328)	(1,889)
Repayments of other borrowings		(3,576)	(7,768)
Net cash from/(used in) financing activities		9,891	(6,451)
Net increase/(decrease) in cash and cash equivalents		19,001	(2,165)
Cash and cash equivalents at beginning of year		2,672	4,837
Effects of foreign exchange rate changes		(3)	–*
Cash and cash equivalents at end of year	23	21,670	2,672

* Less than HK\$1,000

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

Basetrophy Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 June 2017.

In the opinion of the directors (the “**Directors**”) of the Company, the Company has no immediate and ultimate holding Company or ultimate controlling party.

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the Company’s principal place of business is Flat B-31, 4th Floor, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in provision of foundation and related works in Hong Kong and trading of alcoholic beverages in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which includes all Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”), and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations (collectively referred to as “**Interpretations**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) (collectively referred to as “**HKFRS Accounting Standards**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for the assets at fair value through profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.1 Basis of preparation *(continued)*

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.1 Basis of preparation *(continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements, carrying forward many of the requirements in HKAS 1 unchanged and complementing them with new requirements. 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 HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual reporting 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 consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.4 Foreign currency translation *(continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

Machinery and equipment	10%–20%
Leasehold improvements	Over lease term
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.5 Property, plant and equipment *(continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.7 Leases *(continued)*

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.7 Leases *(continued)*

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.8 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“**OCI**”) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“**FVTPL**”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.8 Financial assets *(continued)*

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.9 Trade and other receivables

Trade receivables are amounts due from customers for services performed and sale of goods in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.13 Contract assets and contract liabilities

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

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

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

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in such a case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.16 Current and deferred income tax *(continued)*

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates a defined contribution plan and pays contributions to a privately administered pension insurance plan on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The employees employed by the Group's subsidiaries in the PRC are members of state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of the PRC is to make the specified contributions under the schemes.

(iii) Long service payment

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payment under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payment in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.17 Employee benefits *(continued)*

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.20 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Costs of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold/utilised, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.21 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “**control**” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customers.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.21 Revenue recognition *(continued)*

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.21 Revenue recognition *(continued)*

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

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

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

2.23 Related parties

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

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(continued)*

2.23 Related parties *(continued)*

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (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 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.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

2.24 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of profit or loss and other comprehensive income as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

Foreign exchange risk

The majority of the Group's transactions are denominated in HK\$ except for certain bank balances and payment for a life insurance policy which are denominated in US\$. Since HK\$ is pegged to US\$, the Group has limited exposure to foreign exchange risk.

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed rate borrowings. The Group's exposure to cash flow interest-rate risk arises from its bank deposits and bank borrowings. These deposits and bank borrowings bear interests at variable rates varied with the then prevailing market condition. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("**HIBOR**") and Prime rate arising from the Group's HK\$ denominated bank borrowing.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

As at 31 December 2025, the Group did not have any variable-rate borrowings. As at 31 December 2024, if the interest rate on all variable-rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's loss after income tax for the year would have been increased/decreased by approximately HK\$60,000, mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(ii) Credit risk

Credit risk arises mainly from trade and other receivables, contract assets and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets and contract assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In respect of cash at banks, the credit risk is considered to be low as the counterparties are reputable banks. Therefore, expected credit loss rate of cash at banks are assessed to be close to zero and no provision was made.

In respect of trade and other receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable and contract assets balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 December 2025, there were two (2024: one) customers which individually contributed over 10% of the Group's trade receivables and contract assets. The aggregate amounts of trade receivables and contract assets from these customers amounted to 58% (2024: 47%) of the Group's total trade receivables and contract assets as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been assessed individually with significant balances and the remaining balances are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking information. The Group also makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

The Group will reclassify the internal credit rating of the trade receivables and contract assets from performing to write-off based on the repayment history of the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

The table below details the credit risk exposures, which represent the gross carrying amount at the end of the reporting period, of the Group's financial assets and other item which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost						
Trade receivables	20	N/A	Performing	Lifetime ECL – not credit-impaired	2,155	6,163
		N/A	Doubtful	Lifetime ECL – not credit-impaired	1,058	524
		N/A	In default	Lifetime ECL – credit-impaired	3,655	1,098
					6,868	7,785
Other receivables and deposits (Including amounts due from a director and related companies)	20	N/A	Performing	12m ECL	2,757	62,370
Bank balances	23	A1 to Aa1	N/A	12m ECL	21,670	2,617
Other item						
Contract assets	21	N/A	Performing	Lifetime ECL – not credit-impaired	7,485	1,119
		N/A	Doubtful	Lifetime ECL – not credit-impaired	–	395
		N/A	In default	Lifetime ECL – credit-impaired	979	4,394
					8,464	5,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

The loss allowance for trade receivables and contract assets were determined as follows:

	Weighted average expected credit loss rate	Gross carrying amount HK\$'000	Expected credit loss HK\$'000	Net carrying amount HK\$'000
At 31 December 2025				
Trade receivables (Note 20)				
Provision on individual basis	37.48%	6,868	2,574	4,294
Contract assets (Note 21)				
Provision on individual basis	10.66%	8,464	902	7,562
At 31 December 2024				
Trade receivables (Note 20)				
Provision on individual basis	11.18%	7,785	870	6,915
Contract assets (Note 21)				
Provision on individual basis	39.10%	5,908	2,310	3,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(ii) Credit risk *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets:

	Trade receivables		Contract assets		Total HK\$'000
	Lifetime ECL – not credit- impaired	Lifetime ECL – credit- impaired	Lifetime ECL – not credit- impaired	Lifetime ECL – credit- impaired	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	1,298	922	2,084	24,366	28,670
Impairment losses reversed, net	(1,156)	(194)	(2,058)	(22,082)	(25,490)
At 31 December 2024 and 1 January 2025	142	728	26	2,284	3,180
Impairment losses, net	(141)	1,845	412	(1,820)	296
At 31 December 2025	1	2,573	438	464	3,476

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Net impairment losses on trade receivables and contract assets recognised approximately HK\$296,000 (2024: net reversal of impairment losses HK\$25,490,000). During the year ended 31 December 2024, the debtors settled certain amounts with the Group, leading to a reversal of the impairment losses by the Group.

The Group assessed the 12m ECL of the other receivables and considered that the ECL allowance for these receivables is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 December 2025				
Trade and other payables	38,535	–	38,535	38,535
Borrowings	724	905	1,629	1,476
Lease liabilities	1,344	459	1,803	1,738
	40,603	1,364	41,967	41,749
At 31 December 2024				
Trade and other payables	34,934	–	34,934	34,934
Borrowings	6,229	1,767	7,996	7,559
Lease liabilities	1,405	1,027	2,432	2,336
	42,568	2,794	45,362	44,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities divided by the total equity.

The gearing ratios of the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Total interest-bearing liabilities	1,476	7,559
Equity attributable to the owners of the Company	60,390	49,101
Gearing ratio	2%	15%

3.3 Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

	Note	2025 HK\$'000	2024 HK\$'000
Level 2			
Recurring fair value measurements			
Payment for a life insurance policy	18	–	2,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(i) Fair value hierarchy *(continued)*

There were no transfers between levels 1, 2 and 3 during the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Progress towards completion of construction works

The Group recognises its contract revenue over time by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period, measured based on the surveys of work performed to date of the individual contract of construction works relative to total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Allowance for inventories

The Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventories and judgements on the conditions of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise. As at 31 December 2025, the carrying amount of inventories was approximately HK\$57,257,000 (2024: HK\$1,846,000). The impairment allowance for inventories was recognised as at 31 December 2025 was approximately HK\$1,770,000 (2024: HK\$2,000,000).

(c) Deferred tax

The Group recognises deferred tax assets and liabilities for anticipated tax based on estimates of when the deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made. Critical accounting estimates relate to the profit forecasts used to determine the extent to which deferred tax assets are recognised from available losses and the period over which they are estimated.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income and other gain recognised during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue		
Foundation and related works	49,418	96,410
Sales of alcoholic beverages	283	2,561
	49,701	98,971
Other income		
Bank interest income	1	1
Fair value gain on assets at FVTPL	–	80
Machine rental income	323	2,701
Scrap income	79	612
Others	272	338
	675	3,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)* Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000
Represented by:		
Timing of revenue recognition		
At a point in time	283	2,561
Over time	49,418	96,410
	49,701	98,971
Types of goods or service		
Foundation and related works	49,418	96,410
Sales of alcoholic beverages	283	2,561
	49,701	98,971

Performance obligations for contracts with customers

- i) The Group provides services of foundation and site formation works and other geotechnical engineering works to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue for these works is therefore recognised over time using output method, i.e. based on surveys of the relevant services completed by the Group to date with reference to certificates issued by customers or payment applications confirmed by internal surveyor. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in these contracts under HKFRS 15.
- ii) Revenue from alcoholic beverages trading is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location and the customers obtain physical possession of the goods and accept the significant risks and rewards of ownership of the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the Group's right to consideration becomes unconditional, as only the passage of time is required before payment is due. The contracts signed with the customers are fixed price contracts.

Transaction price allocated to the remaining performance obligations from contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 2024 and the expected timing of recognising revenue are as follows:

	2025 HK\$'000	2024 HK\$'000
Foundation and related works		
Within 1 year	40,872	43,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Segment information

The management has determined the operating segments based on the reports reviewed by the directors of the Company, which are used to assess performance and allocate resources. The management assesses the performance of the following operating segments as below:

- (i) Foundation and related works business Provides services of foundation and site formation works and other geotechnical engineering works to customers
- (ii) Alcoholic beverages trading business Trading and distribution of alcoholic beverages

The segment revenue and results for the year ended 31 December 2025 are as follows:

	Foundation and related works HK\$'000	Alcoholic beverages trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue from external customers	49,418	283	-	49,701
Segment results	(1,158)	(2,017)	(4,673)	(7,848)
Finance costs				(493)
Loss before tax				(8,341)
Income tax expense <i>(Note 12)</i>				-
Loss for the year				(8,341)
Other segment items included in the consolidated statement of profit or loss are as follows:				
Depreciation of property, plant and equipment	2,991	-	68	3,059
Depreciation of right-of-use assets	176	-	-	176
Gain on disposal of property, plant and equipment	(3,851)	-	-	(3,851)
Impairment losses on inventories	-	1,770	-	1,770
Provision for ECL on trade receivables	1,704	-	-	1,704
Reversal of ECL on contract assets	(1,408)	-	-	(1,408)
Gain on early termination of other borrowings	(7)	-	-	(7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

The segment revenue and results for the year ended 31 December 2024 are as follows:

	Foundation and related works HK\$'000	Alcoholic beverages trading HK\$'000	Unallocated HK\$'000	Total HK\$'000
Revenue from external customers	96,410	2,561	-	98,971
Segment results	5,560	(1,075)	(6,684)	(2,199)
Finance costs				(1,364)
Loss before tax				(3,563)
Income tax expense <i>(Note 12)</i>				(665)
Loss for the year				(4,228)

Other segment items included in the consolidated statement of profit or loss are as follows:

Fair value gain on assets at fair value through profit or loss	-	-	(80)	(80)
Depreciation of property, plant and equipment	4,365	22	69	4,456
Depreciation of right-of-use assets	1,837	-	-	1,837
Loss on disposal of property, plant and equipment	1,123	-	-	1,123
Written off of retention receivables	507	-	-	507
Impairment losses on inventories	-	2,000	-	2,000
Impairment losses on property, plant and equipment	6,000	-	-	6,000
Impairment losses on right-of-use assets	2,319	-	-	2,319
Reversal of ECL of trade receivables	(1,350)	-	-	(1,350)
Reversal of ECL of contract assets	(24,140)	-	-	(24,140)

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2025 HK\$'000	2024 HK\$'000
Segment assets		
Foundation and related works	22,088	85,997
Alcoholic beverages trading	58,950	3,143
Total reportable segment assets	81,038	89,140
Unallocated corporate assets	19,634	5,314
Consolidated assets	100,672	94,454

Note: All assets are allocated to operating segments other than certain cash and bank balances and payment for a life insurance policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION *(continued)*

Segment information *(continued)*

	2025 HK\$'000	2024 HK\$'000
Segment liabilities		
Foundation and related works	27,624	38,170
Alcoholic beverages trading	7,513	6,321
Total reportable segment liabilities	35,137	44,491
Unallocated corporate liabilities	6,624	360
Consolidated liabilities	41,761	44,851

Note: All liabilities are allocated to operating segments other than certain other payables and accruals and tax payable.

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	For the year ended 31 December		As at 31 December	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
The PRC	283	2,561	–	–
Hong Kong	49,418	96,410	5,930	11,161
	49,701	98,971	5,930	11,161

Note: Non-current assets excluded payment for a life insurance policy.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A [^]	29,873	28,483
Customer B [^]	N/A*	19,516
Customer C [^]	N/A*	13,551
Customer D [^]	N/A*	9,765

[^] The foundation and related works segment.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

6 OTHER GAINS/(LOSSES), NET

	2025 HK\$'000	2024 HK\$'000
Gain/(loss) on disposal of property, plant and equipment	3,851	(1,123)
Gain on early termination of other borrowing	7	–
Gain on termination of right-of-use assets	174	–
Impairment losses on inventories	(1,770)	(2,000)
Impairment losses on property, plant and equipment	–	(6,000)
Impairment losses on right-of-use assets	–	(2,319)
	2,262	(11,442)

7 (PROVISION FOR)/REVERSAL OF EXPECTED CREDIT LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
(Provision for)/reversal of impairment losses on trade receivables and contract assets, net <i>(note 3.1(ii))</i>	(296)	25,490
Written off of contract assets	–	(507)
	(296)	24,983

8 EXPENSES BY NATURE

	2025 HK\$'000	2024 HK\$'000
Cost of sales and service		
Staff costs <i>(Note 9)</i>	2,773	33,302
Depreciation of property, plant and equipment	1,415	3,850
Depreciation of right-of-use assets	176	560
Cost of alcoholic beverages expensed	162	513
Other construction contract costs <i>(Note)</i>	42,548	60,456
	47,074	98,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

8 EXPENSES BY NATURE *(continued)*

	2025 HK\$'000	2024 HK\$'000
Administrative and other operating expenses		
Auditors' remuneration	715	650
Depreciation of property, plant and equipment	1,645	606
Depreciation of right-of-use assets	-	1,277
Insurance	112	216
Leasing expenses	71	171
Motor vehicle expenses	1,118	2,808
Legal and professional fee	3,331	1,103
Staff costs (<i>Note 9</i>)	3,308	3,111
Other expenses	2,816	7,606
	13,116	17,548
(Provision for)/reversal of ECL, net		
– Trade receivables	(1,704)	1,350
– Contract assets	1,408	24,140
– Written off of contract assets	-	(507)
	(296)	24,983

Note: Other construction contract costs included but are not limited to construction materials, subcontracting charges and repair and maintenance.

9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	6,139	35,871
Provision for long service payments	-	161
Depreciation of right-of-use assets in respect of staff quarters	-	960
Retirement scheme contributions		
– defined contribution plan	122	902
	6,261	37,894

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

10 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year ended 31 December 2025 and 2024 are set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2025					
<i>Executive directors</i>					
Mr. Chan Kui Ming (<i>co-chairman</i>) (<i>Note b</i>)	-	-	-	-	-
Mr. Chen Ping (<i>co-chairman</i>) (<i>Note c</i>)	-	-	-	-	-
Mr. Lau Chung Ho (<i>Chief Executive Officer</i>) (<i>Note e</i>)	-	1,080	-	12	1,092
Mr. Leung Yat Fai Frankie Keith (<i>Chairman</i>) (<i>Note f</i>)	-	-	-	-	-
Ms. Fong Pui Yin	-	-	-	-	-
Mr. Han Xu (<i>Note g</i>)	-	-	-	-	-
Mr. Li Aiming	-	83	-	-	83
Mr. Lu Jun (<i>Note h</i>)	-	-	-	-	-
<i>Independent non-executive directors</i>					
Mr. Ng Ki Man (<i>Note a</i>)	-	144	-	-	144
Mr. Lam Chee-yau Timothy	-	96	-	-	96
Mr. Li Dewen (<i>Note d</i>)	-	-	-	-	-
	-	1,403	-	12	1,415
Year ended 31 December 2024					
<i>Executive directors</i>					
Mr. Lau Chung Ho (<i>Chief Executive Officer</i>)	-	1,560*	-	18	1,578
Mr. Leung Yat Fai Frankie Keith (<i>Chairman</i>)	-	-	-	-	-
Ms. Fong Pui Yin	-	-	-	-	-
Ms. Du Wanfen (<i>Note i</i>)	-	-	-	-	-
Mr. Li Aiming	-	-	-	-	-
<i>Independent non-executive directors</i>					
Mr. Ng Ki Man (<i>Note a</i>)	-	-	-	-	-
Mr. Ngok Ho Wai (<i>Note j</i>)	-	-	-	-	-
Mr. Lam Chee-yau Timothy	-	-	-	-	-
Mr. Tao Ming Lee Martin (<i>Note k</i>)	-	-	-	-	-
Mr. Li Dewen (<i>Note d</i>)	-	-	-	-	-
	-	1,560	-	18	1,578

* Included in the amount is staff allowance paid for director amounted to HK\$180,000 (2024: HK\$360,000) for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

10 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' and chief executive's emoluments *(continued)*

Notes:

- (a) Mr. Ng Ki Man has resigned as an independent non-executive Director with effect from 2 June 2023 and re-appointed on 4 September 2024.
- (b) Mr. Chan Kui Ming has been appointed as an executive Director with effect from 10 September 2025.
- (c) Mr. Chen Ping has been appointed as executive Director with effect from 21 October 2025.
- (d) Mr. Li Dewen has been appointed as an independent non-executive Director with effect from 19 March 2024.
- (e) Mr. Lau Chung Ho has resigned as an executive Director on 10 September 2025.
- (f) Mr. Leung Yat Fai Frankie Keith has resigned as an executive Director on 13 November 2025.
- (g) Mr. Han Xu has been appointed as an executive Director with effect from 2 October 2025 and resigned on 2 January 2026.
- (h) Mr. Lu Jun has been appointed as an executive Director with effect from 13 November 2025.
- (i) Ms. Du Wanfen has resigned as an executive Director on 4 September 2024.
- (j) Mr. Ngok Ho Wai has resigned on 4 September 2024.
- (k) Mr. Tao Ming Lee Martin has resigned on 19 March 2024.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors shown above were mainly for their services as directors of the Company.

During the year ended 31 December 2025, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil). During the year ended 31 December 2025, five (2024: one) director of the Group waived emoluments in an aggregate amount of approximately HK\$465,000 (2024: HK\$408,000).

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, one (2024: one) of them is a director for the year ended 31 December 2025 whose emoluments are disclosed above. The emoluments in respect of the remaining four (2024: four) individuals for the year ended 31 December 2025 are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	2,074	2,154
Retirement scheme contributions	56	64
	2,130	2,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

10 BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(b) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument band (in HK\$)		
Nil–HK\$1,000,000	4	4

During the year ended 31 December 2025, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2024: Nil).

11 FINANCE COSTS

	2025	2024
	HK\$'000	HK\$'000
Interest on lease liabilities	94	151
Interest on bank and other borrowings	389	1,213
	493	1,364

12 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits during the years ended 31 December 2025 and 2024.

PRC Enterprise Income Tax of the subsidiaries of the Company in the PRC has been provided at applicable rates on the estimated assessable profits for the years ended 31 December 2025 and 2024. The applicable rates which may be lower than the standard rate of corporate tax at 25% represent the tax concessionary rates available to the small and medium-size enterprises in the PRC and are shown as follows:

Band of profits	Applicable rates
Within Renminbi (“RMB”) 1 million	2.5%
Between RMB1 to RMB3 million	5%
Over RMB3 million	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

12 INCOME TAX EXPENSE *(continued)*

	2025 HK\$'000	2024 HK\$'000
Current Tax:		
– PRC Enterprise Income Tax	–	5
Under-provision in prior years		
– Hong Kong Profits Tax	–	660
Income tax expenses	–	665

The income tax on the Group's loss before tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(8,341)	(3,563)
Calculated at a tax rate of 16.5%	(1,376)	(588)
Effect of different tax rates of subsidiaries operating in the PRC	(342)	(69)
Income not subject to tax	(635)	(4,430)
Expenses not deductible for tax purposes	1,646	3,138
Tax loss not recognised	707	1,954
Under provision of tax for prior year	–	660
Income tax expenses	–	665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

13 LOSS PER SHARE

	2025	2024
Loss attributable to owners of the Company (HK\$'000)	(6,413)	(4,270)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (in thousand)	221,582	171,846
Basic and diluted loss per share (HK cent)	(2.89)	(2.48)

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share of the years ended 31 December 2024 had been adjusted to take into effect of the rights issue as if it had been effective on 1 January 2024. Diluted loss per share is equal to the basic loss per share as there was no dilutive potential shares for the year ended 31 December 2025 and 2024.

14 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2025 and 2024:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Percentage of interest held	
				2025	2024
Wide View Enterprises Limited 群景企業有限公司	BVI, limited liability company	Investment Holding	Registered capital USD100	100% (direct)	100% (direct)
Workbase Engineering Limited	Hong Kong, limited liability company	Provision of foundation and related works	Ordinary share HK\$1,000	100% (indirect)	100% (indirect)
Jiu De Jiu Pin (Chengdu) Wine Industry Co., Ltd.* (九德玖品(成都)酒業有限公司)	PRC, limited liability company	Alcoholic beverages trading in the PRC	Registered capital RMB12,280,000	51% (indirect)	51% (indirect)
Jiude Yuexiang (Sichuan) Technology Co., Ltd.* formerly known as Sichuan Ti Xian Ji Supply Chain Management Co., Ltd.* 九德悦享(四川)科技有限公司(前稱:四川提鮮季供應鏈管理有限公司)	PRC, limited liability company	Alcoholic beverages trading in the PRC	Registered capital RMB10,000,000	100% (indirect)	100% (indirect)
Master Grant Investment Hong Kong Limited	Hong Kong, limited liability company	Sales and production of Chenpi and relevant product	Ordinary share HK\$10,000	100% (indirect)	100% (indirect)

* For identification purposes only.

15 DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 December 2025 (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

16 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2024	30,090	405	774	17,447	48,716
Additions	–	–	–	612	612
Disposals	–	–	–	(4,280)	(4,280)
At 31 December 2024	30,090	405	774	13,779	45,048
Accumulated depreciation and impairment loss					
At 1 January 2024	(17,042)	(405)	(770)	(6,392)	(24,609)
Charge for the year <i>(Note 8)</i>	(2,020)	–	(3)	(2,433)	(4,456)
Impairment losses	(6,000)	–	–	–	(6,000)
Eliminated on disposals	–	–	–	1,178	1,178
At 31 December 2024	(25,062)	(405)	(773)	(7,647)	(33,887)
Net carrying amount					
At 31 December 2024	5,028	–	1	6,132	11,161
Cost					
At 1 January 2025	30,090	405	774	13,779	45,048
Disposals	(12,442)	–	–	(1,053)	(13,495)
Exchange differences	–	–	–	1	1
At 31 December 2025	17,648	405	774	12,727	31,554
Accumulated depreciation and impairment loss					
At 1 January 2025	(25,062)	(405)	(773)	(7,647)	(33,887)
Charge for the year <i>(Note 8)</i>	(1,415)	–	(1)	(1,644)	(3,060)
Eliminated on disposals	10,182	–	–	414	10,596
Exchange differences	–	–	–	(1)	(1)
At 31 December 2025	(16,295)	(405)	(774)	(8,878)	(26,352)
Net carrying amount					
At 31 December 2025	1,353	–	–	3,849	5,202

Certain property, plant and equipment with an aggregate net carrying amount of approximately HK\$4,969,000 (2024: HK\$10,452,000) were pledged to secure the other borrowings (note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2025, the Group has raised approximately HK\$Nil (2024: HK\$550,000) borrowings in respect of such sale and leaseback arrangements.

Impairment assessment

As at 31 December 2024, the directors of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment with carrying amounts of approximately HK\$5,202,000 for foundation and related works business. The Group estimates the recoverable amounts of those certain property, plant and equipment based on higher of fair value less costs of disposal and value in use. The recoverable amounts are determined based on fair value less costs of disposal. The carrying amounts of certain property, plant and equipment exceed the recoverable amounts and impairment of approximately HK\$6,000,000 has been recognised during the year ended 31 December 2024.

17 LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Right-of-use assets		
Premises	728	–
Lease liabilities		
Current	1,294	1,330
Non-current	444	1,006
	1,738	2,336
Lease liabilities payable		
Within 1 year	1,294	1,330
Between 1 and 2 years	444	1,006
	1,738	2,336

Additions to the right-of-use assets during the 2025 financial year were approximately HK\$904,000 (2024: HK\$2,103,000).

Derecognitions of the right-of-use assets during the 2024 financial year were approximately HK\$805,000.

Impairment losses of the right-of-use assets were approximately HK\$2,319,000 during the year ended 31 December 2024 for foundation and related works business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

17 LEASES *(continued)*

(a) Amounts recognised in the consolidated statement of financial position

(continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
Premises	176	1,837
Interest expense (included in finance costs) <i>(Note 11)</i>	94	151
Expense relating to short-term leases (included in cost of sales and administrative and other operating expenses)	71	171

The total cash outflow for leases in 2025 was approximately HK\$1,422,000 (2024: HK\$2,040,000).

The Group has obtained the right to use other properties as its warehouses and offices through tenancy agreements. The leases typically run for an initial period of 2 to 3 years. Leases payments are usually increased every 3 years to reflect market rentals.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Amortised cost	28,721	72,669
Insurance policy measured at FVTPL	-	2,983
Financial liabilities		
Amortised cost	41,749	44,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

19 PAYMENT FOR A LIFE INSURANCE POLICY

In 2018, the Group entered into a life insurance policy with an insurance company to insure an executive director of the Company. Under the life insurance policy (the “**Policy**”), the beneficiary and policy holder is the Group and the total insured sum is approximately US\$1,000,000 (approximately HK\$7,800,000). The Group paid an upfront premium for the Policy of approximately US\$391,000 (approximately HK\$3,061,000) and may surrender any time and receive cash based on the cash value of the Policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors of the Company, the cash value of the Policy provided by the insurance company is the best approximation of its fair value, which is categorised within Level 2 of the fair value hierarchy.

The payment for a life insurance policy was pledged to secure the bank borrowings of the Group which are summarised in the note 27 to the consolidated financial statements. The life insurance was redeemed during the year ended 31 December 2025 upon settlement of the bank borrowings.

20 TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables <i>(Note (a) and (b))</i>	6,868	7,785
Less: Provision for impairment losses	(2,574)	(870)
	4,294	6,915
Amounts due from directors <i>(Note 22(a))</i>	18	1,777
Amounts due from related companies <i>(Note 22(b))</i>	712	608
Other receivables <i>(Note (c))</i>	1,462	1,048
Rental and other deposits <i>(Note (c) and (d))</i>	565	58,937
Prepayments	1,202	2,909
	8,253	72,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

20 TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 days to 120 days. Some credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. Trade receivables are mainly denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on date of payment certificates issued by customers or invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	-	1,421
31-60 days	2,155	835
61-90 days	-	1,205
Over 90 days	4,713	4,324
	6,868	7,785

As at 31 December 2025, trade receivables of approximately HK\$4,713,000 (2024: HK\$1,623,000) were past due. Based on past experience and forward-looking estimates, the amounts are considered as recoverable.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- (d) As at 31 December 2024, the deposits of approximately HK\$56,793,000 were paid to suppliers for supply chain of alcoholic beverages business.

21 CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Contract assets	8,464	5,908
Less: Provision for impairment losses	(902)	(2,310)
	7,562	3,598

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The contract assets are transferred to trade receivables when the rights become unconditional. The amount of contract assets of approximately HK\$5,193,000 was transferred to trade receivables during the year ended 31 December 2025.

Included in contract assets comprises retention receivables of approximately HK\$1,790,000 (2024: HK\$714,000) as at 31 December 2025, after recognition of impairment loss of approximately HK\$900,000 (2024: HK\$340,000), the carrying amount of retention receivables was approximately HK\$891,000 (2024: HK\$374,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

21 CONTRACT ASSETS *(continued)*

Retention receivables represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of construction contracts, in accordance with the terms specified in the relevant contracts. The retention money is normally maximum amount of 5% to 10% of the total contract sum and the certain amounts. Generally, upon satisfactory completion of contract work as set out in the contract, partial of the retention money of such contract work will be released to the Group, while the remaining will be released to the Group upon the expiration of the defects liability period.

The retention receivables, before recognition of impairment loss, would be settled, based on the expiry of the defect liability period, at the end of the reporting period as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	1,790	714

22 AMOUNTS DUE FROM DIRECTORS AND RELATED COMPANIES

(a) Amounts due from directors

Name of director	Maximum balance during the year HK\$'000	2025 HK\$'000	2024 HK\$'000
Fong Pui Yin Vivian <i>(Note)</i>	1,760	–	1,760
Li Aiming <i>(Note)</i>	18	18	17
		18	1,777

Note: Fong Pui Yin Vivian and Li Aiming are the executive directors of the Company.

The amounts due were unsecured, interest-free and repayment on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

22 AMOUNTS DUE FROM DIRECTORS AND RELATED COMPANIES *(continued)*

(b) Amounts due from related companies

Name of companies	Maximum balance during the year HK\$'000	2025 HK\$'000	2024 HK\$'000
Sichuan Ti Xian Ji Pin Pai Management Development Co., Ltd. [#] (四川提鮮記品牌管理發展有限公司)	455	455	440
Shu Wo Ji Pin (Chengdou) Technology Development Co., Ltd. [#] (鼠我極品(成都)科技發展有限公司)	173	173	132
Jiu De Niu Shang Business Management Corporation Co., Ltd. [#] (九德牛商企業管理股份有限公司)	3	3	3
Jiude Jiupin Supply Chain Co., Ltd. [#] (九德玖品供應鏈有限公司)	61	61	14
Jiude Yuexiang (Sichuan) Technology Co., Ltd. [#] (九德悅享(四川)科技有限公司)	20	20	19
		712	608

The amounts due from related companies were unsecured, interest-free and repayable on demand. These related companies are controlled by a close family member of a key management personnel of the Company.

[#] For identification purposes only.

23 CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Cash at banks	21,615	2,617
Cash on hand	55	55
	21,670	2,672

Notes:

- (a) The carrying amount of cash and bank balances were denominated in HK\$ and RMB. Cash and bank balances of the Group include an amount of approximately HK\$20,000 (2024: HK\$35,000) was denominated in RMB and kept in Mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.
- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

24 INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	57,257	1,846

25 SHARE CAPITAL

	Note	Ordinary shares of HK\$0.1 each	Amount HK\$'000
Authorised:			
1 January 2024		300,000,000	30,000
Increase	(i)	2,700,000,000	270,000
At 31 December 2024, 1 January 2025 and 31 December 2025			
		3,000,000,000	300,000
Issued and fully paid:			
1 January 2024		115,000,000	11,500
Shares issued pursuant to rights issue	(ii)	106,340,018	10,634
At 31 December 2024 and 1 January 2025			
		221,340,018	22,134
Shares issued pursuant to placing	(iii)	44,268,000	4,427
At 31 December 2025			
		265,608,018	26,561

Note:

- (i) On 6 June 2024, the authorised share capital was increased from HK\$30,000,000 divided into 300,000,000 ordinary shares to HK\$300,000,000 divided into 3,000,000,000 ordinary shares by the creation of an additional 2,700,000,000 new shares.
- (ii) On 11 July 2024, the Company completed a rights issue of 106,340,018 rights shares at the subscription price of HK\$0.12 per rights share on the basis of three rights shares for every one share of the Company (the "Rights Issue"). The net proceeds from rights issue were approximately HK\$11,836,000 after deducting directly attributable costs of approximately HK\$925,000. The results of the rights issue are set out in the Company's announcement dated 11 July 2024.
- (iii) On 30 December 2025, the Company completed a placing of 44,268,000 ordinary shares to independent third parties, which were issued at a subscription price of HK\$0.437 per share for a total cash consideration under the general mandate, before share issuing expenses, of HK\$19,345,000 in which, as to HK\$13,361,000 was recognised as share premium during the year ended 31 December 2025. The related issuing expenses of approximately HK\$1,557,000 was reduced from the share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

26 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 7 June 2017 as to attract and retain the best available personnel, to provide additional incentive to the eligible participants and to promote the success of the business of the Group under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, substantial shareholder, consultant or adviser, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participant to the grant of any option shall be determined by the Board of Directors from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue as at the listing date. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to any participant (including both exercised and outstanding options) under the Scheme, in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of such limit must be separately approved by shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee of the option). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including option exercised, cancelled and outstanding) in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders at a general meeting of the Company, with voting to be taken by way of poll.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

26 SHARE OPTION SCHEME *(continued)*

An offer for the grant of share options might be accepted in writing within 7 days inclusive of the day on which such offer was made. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board of Directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

The subscription price shall be a price solely determined by the Board of Directors and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme will remain in force for a period of ten years commencing on 7 June 2017, subject to early termination provisions contained in the Scheme.

No option has been granted by the Company under the Scheme since its adoption and there was no share option outstanding as at 31 December 2025 and 2024.

27 BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Non-current		
Other borrowing <i>(Notes b and c)</i>	849	1,590
Current		
Bank borrowings <i>(Notes a, c and d)</i>	–	2,500
Other borrowing <i>(Notes b and c)</i>	627	3,469
	627	5,969
Total borrowings	1,476	7,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

27 BORROWINGS *(continued)*

Note:

(a) Bank borrowings

The bank borrowings are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	-	2,500

The carrying amounts of the bank borrowings are denominated in HK\$.

(b) Other borrowing

The other borrowings, including interest payable are as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	724	3,469
In the second year	905	1,590
	1,629	5,059

The other borrowing is secured by the Group's machinery and equipment with an aggregate net carrying amount of approximately HK\$4,969,000 (2024: HK\$10,452,000) as at 31 December 2025 and guaranteed by personal guarantee given by Mr. Lau Chung Ho, a director of the Company. Mr. Lau Chung Ho was a substantial shareholder of the Company and ceased in year ended 31 December 2025.

The carrying amounts of all other borrowing are denominated in HK\$.

(c) The interest rates per annum of borrowings are as follows:

	2025	2024
Bank borrowings	-	4.8% to 5.9%
Other borrowing	7%	9% to 15%

(d) These facilities:

- (i) are secured by a payment of a life insurance policy as at 31 December 2024 (Note 19)); and
- (ii) are subject to the fulfilment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Company regularly monitors its compliance with these covenants. As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached.

These facilities has been terminated during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

28 DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Tax depreciation allowances HK\$'000	ECL provision HK\$'000	Tax loss HK\$'000	Total HK\$'000
At 1 January 2024	3,101	(558)	(2,543)	–
(Credited)/charged to profit or loss <i>(Note 12)</i>	(1,814)	530	1,284	–
At 31 December 2024 and 1 January 2025	1,287	(28)	(1,259)	–
Charged/(credited) to profit or loss <i>(Note 12)</i>	(742)	(44)	786	–
At 31 December 2025	545	(72)	(473)	–

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$34.3 million (2024: HK\$19.2 million) available for offset against future profits. A deferred tax assets has been recognised in respect of approximately 2.9 million (2024: HK\$8.5 million) of such loss for the year ended 31 December 2025.

As at 31 December 2025, no deferred tax asset has been recognised in respect of unused tax losses of approximately HK\$11.6 million (2024: HK\$10.7 million) due to the unpredictability of future profit streams. Tax losses of PRC entities amounting to approximately HK\$2.1 million (2024: HK\$1.0 million) will expire 5 years after the losses were incurred, and the remaining tax losses have no expiry date and can be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

29 TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (<i>Note a</i>)	6,336	13,431
Accrued employee benefit expenses	1,174	53
Amounts due to directors (<i>Note b</i>)	11,451	5,576
Amounts due to related companies (<i>Note c</i>)	4,550	4,905
Amounts due to non-controlling interests (<i>Note d</i>)	236	278
Other accruals and payables (<i>Note e</i>)	8,190	3,494
Provision for long services payment	1,315	1,740
Retention payables (<i>Note f</i>)	5,283	5,457
	38,535	34,934

Note:

- (a) The ageing analysis of trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	1,295	426
31–60 days	2,000	381
61–90 days	–	270
Over 90 days	3,041	12,354
	6,336	13,431

Trade payables generally have credit terms ranging from 30 days to 60 days.

The trade payables are non-interest-bearing and are normally settled within one year.

- (b) The amounts due to directors are unsecured, interest free and repayable on demand.
- (c) The amounts due to related companies are unsecured, interest free and repayable on demand. The related companies are controlled by a close family member of Mr. Li Aiming, a executive director of the Company. He has resigned as executive director of the Company on 2 January 2026.
- (d) The amounts due to non-controlling interests are unsecured, interest free and repayable on demand.
- (e) Other accruals and payables primarily consist of legal and professional fees.
- (f) All of the retention payables are expected to be settled within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

30 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of loss before tax to net cash from operating activities

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(8,341)	(3,563)
Adjustments for:		
– Depreciation of property, plant and equipment	3,060	4,456
– Depreciation of right-of-use assets	176	1,837
– Fair value gain on financial assets at FVTPL	–	(80)
– Gain on early termination of other borrowing	(174)	–
– Gain on termination of right-of-use assets	(7)	(40)
– (Gain)/loss on disposal of property, plant and equipment	(3,851)	1,123
– Impairment losses on inventories	1,770	2,000
– Impairment losses on property, plant and equipment	–	6,000
– Impairment loss on right-of-use assets	–	2,319
– Interest expense	493	1,364
– Net impairment loss/(reversal) on trade receivables and contract assets	296	(25,490)
– Written off of retention receivables	–	507
Operating loss before working capital changes	(6,578)	(9,567)
Decrease/(increase) in trade and other receivables	62,279	(42,560)
(Increase)/decrease in inventories	(57,153)	152
(Increase)/decrease in contract assets	(2,556)	55,777
Decrease in contract liabilities	–	(500)
(Increase)/decrease in trade and other payables	1,635	(1,199)
Cash (used in)/generated from operations	(2,373)	2,103
Enterprise Income Tax refund/(paid)	(10)	12
Hong Kong Profits Tax refund	–	804
Net cash (used in)/generated from operating activities	(2,383)	2,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

30 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings	Other borrowings	Lease liabilities	Total liabilities from financing activities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	10,316	12,277	2,967	25,560
Cash flows	(7,816)	(7,218)	(1,889)	(16,923)
Non-cash changes				
– addition to right-of-use assets	–	–	2,103	2,103
– Derecognition	–	–	(805)	(805)
Gain on termination of right-of-use assets	–	–	(40)	(40)
At 31 December 2024	2,500	5,059	2,336	9,895
At 1 January 2025	2,500	5,059	2,336	9,895
Cash flows	(2,500)	(3,576)	(1,328)	(7,404)
Non-cash changes				
– addition to right-of-use assets	–	–	904	904
– Derecognition	–	–	–	–
Gain on termination of right-of-use assets	–	–	(174)	(174)
Gain on termination of other borrowings	–	(7)	–	(7)
At 31 December 2025	–	1,476	1,738	3,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

31 RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties during the year:

Key management personnel compensation

The emoluments of the directors (executive and non-executive) of the Group during the year ended 31 December are disclosed in the note 10 to the consolidated financial statements.

32 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

At the end of the reporting period, the Group did not have any material contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

<i>Note</i>	2025 HK\$'000	2024 HK\$'000
ASSETS		
Non-current assets		
Investments in subsidiaries	11,200	11,200
	11,200	11,200
Current assets		
Prepayments	15	24
Amount due from a director	–	1,759
Amounts due from subsidiaries	29,647	27,440
Cash and bank balances	19,516	374
	49,178	29,597
Total assets	60,378	40,797
EQUITY		
Capital and reserves		
Share capital	26,561	22,134
Reserves <i>33(b)</i>	27,205	18,327
Total equity	53,766	40,461
LIABILITIES		
Non-current liabilities		
Lease liabilities	–	7
	–	7
Current liabilities		
Accruals	4,732	253
Amount due to a director	1,880	–
Lease liabilities	–	76
	6,612	329
Total liabilities	6,612	336
Total equity and liabilities	60,378	40,797
Net current assets	42,566	29,268
Total assets less current liabilities	53,766	40,468

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Mr. Chan Kui Ming
Director

Mr. Chen Ping
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(b) Reserve movement

	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	48,256	30,601	(49,324)	29,533
Loss and total comprehensive expense for the year	–	–	(12,408)	(12,408)
Issue of shares	1,202	–	–	1,202
At 31 December 2024	49,458	30,601	(61,732)	18,327
At 1 January 2025	49,458	30,601	(61,732)	18,327
Loss and total comprehensive expense for the year	–	–	(4,483)	(4,483)
Issue of shares	13,361	–	–	13,361
At 31 December 2025	62,819	30,601	(66,215)	27,205

Special reserve

Special reserve represents the difference between the total equity of Wide View Enterprises Limited acquired pursuant to the reorganisation over the nominal value of the Company's shares issued in exchange thereof.

34 EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 20 March 2026, in which the Board proposes to change the board lot size for trading in the shares of the Company on GEM of the Stock Exchange from 20,000 shares per board lot to 5,000 shares per board lot. Dealings in the Shares in board lots of 5,000 shares of the Company each are expected to commence at 9:00 a.m. on Thursday, 16 April 2026. For details of the timetable for the change in board lot size, please refer to the announcement of the Company dated 20 March 2026.

35 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

FINANCIAL SUMMARY

For the year ended 31 December

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	49,701	98,971	97,150	86,480	88,812
Gross profit	2,627	290	13,319	16,264	10,913
Loss before income tax	(8,341)	(3,563)	(21,083)	(7,040)	1,136
Loss for the year	(8,341)	(4,228)	(20,295)	(6,478)	586
Total assets	100,672	94,454	104,305	105,504	103,157
Total liabilities	41,761	44,851	62,329	43,897	36,908
Net assets	58,911	49,603	41,976	61,607	66,249
Capital and reserves attributable to the equity holders of the Company					
Share Capital	26,561	22,134	11,500	11,500	11,000
Reserves	33,818	26,967	30,012	49,784	55,249
Non-controlling interests	(1,468)	502	464	323	–
Total equity	58,911	49,603	41,976	61,607	66,249