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Application Proof of



Arrano International Holdings Limited

安聯國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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Arrano International Holdings Limited

安聯國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation)
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation and the [REDACTED])
[REDACTED] : Not more than [REDACTED] per [REDACTED] and expected to be not less than [REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund))
Nominal value : HK\$0.01 per Share
Stock code : [REDACTED]

Sole Sponsor



[REDACTED], [REDACTED] and [REDACTED]



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Prior to making an investment decision, prospective investors should carefully consider all the information set out in this document, including the risk factors set out in the section headed “Risk Factors” in this document.

The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or about [REDACTED] (Hong Kong time). The [REDACTED] will be not more than [REDACTED] per [REDACTED] and is currently expected to be not less than [REDACTED] per [REDACTED], unless otherwise announced. Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the maximum [REDACTED] of [REDACTED] for each [REDACTED] together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] should be lower than [REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] (for itself and on behalf of the [REDACTED]) and us are unable to reach an agreement on the [REDACTED] by 12:00 noon on [REDACTED] (Hong Kong time), the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] range stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, a notice of such reduction will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.arrano.com.hk, not later than the morning of the last day for lodging applications under the [REDACTED]. Further details are set out in the sections headed “Structure and Conditions of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

Investors of the [REDACTED] should note that the [REDACTED] (for itself and on behalf of the [REDACTED]) is entitled, in its absolute discretion, to terminate the [REDACTED] Agreement with immediate effect by giving notice in writing to our Company if any of the events set forth under the paragraph headed “[REDACTED]” in this document occurs at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED].

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy any security in any other jurisdictions or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering and sale of the [REDACTED] in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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	<i>Page</i>
CHARACTERISTICS OF GEM	i
EXPECTED TIMETABLE	ii
CONTENTS	v
SUMMARY	1
DEFINITIONS	11
GLOSSARY OF TECHNICAL TERMS	23
FORWARD-LOOKING STATEMENTS	25
RISK FACTORS	27
WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES ...	47
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	48

CONTENTS

	<i>Page</i>
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]	51
CORPORATE INFORMATION	55
INDUSTRY OVERVIEW	57
REGULATORY OVERVIEW	69
HISTORY, CORPORATE STRUCTURE AND REORGANISATION	87
BUSINESS	94
CONNECTED TRANSACTIONS	154
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	159
DIRECTORS AND SENIOR MANAGEMENT	170
SHARE CAPITAL	189
SUBSTANTIAL SHAREHOLDERS	191
FINANCIAL INFORMATION	193
FUTURE PLANS AND USE OF [REDACTED]	239
[REDACTED]	252
STRUCTURE AND CONDITIONS OF THE [REDACTED]	262
HOW TO APPLY FOR [REDACTED]	269
APPENDIX I — ACCOUNTANTS’ REPORT	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III — SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT	III-1
APPENDIX IV — STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this document. Since this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a security services provider in Hong Kong principally engaged in the provision of (i) Security Guarding Services; and (ii) Electronic Security Solutions Services. We have built a solid market presence by leveraging our operational expertise, commitment to service quality, and proven ability to secure and manage large-scale and operationally demanding security projects.

During the Track Record Period, we serve a diverse customer base in Hong Kong and has built a strong reputation through major projects, particularly the Three-runway System Project. Our experience managing security operations for this large-scale infrastructure project has strengthened our capabilities and helped secure other significant contracts, including the Air Cargo Terminal Project.

Due to the notable increase in adoption of electronic technology solutions in the security market, we have strengthened our capabilities in the Electronic Security Solutions Services segment, particularly in our CCTV-related services, 4S and robotic security solutions, to further enhance our ability to provide integrated security solutions to customers with specialised operational and technical requirements. With our secured major CCTV Contract from a well-established telecommunications service provider and our personnel holding the relevant security permit, we are well-positioned to capture the growing demand in the electronic security solutions industry.

In addition, we established Arrano Huilun (an indirect non-wholly owned subsidiary) together with Guangzhou Huilun in 2026 to research, develop and commercialise robotic and automatic solutions to capture the forecasted notable expansion in the Hong Kong security robotics segment.

OUR BUSINESS MODEL

We principally provide (i) Security Guarding Services; and (ii) Electronic Security Solutions Services. Our Security Guarding Services mainly involve the deployment and management of security personnel for customers’ sites, premises and events. The services generally include manned guarding, patrolling, crowd control, site access control, visitor and vehicle control, surveillance and monitoring, event security and related operational manpower support. We also provide consultancy services relating to security services, including strategic manpower planning and the development of solutions to address issues arising from daily operations. Depending on customers’ needs, we may also provide ancillary facility support services together with our security guarding services.

Our Electronic Security Solutions Services mainly involve design, installation, testing, maintenance and technical support of electronic security systems. During the Track Record Period, revenue from this segment was mainly derived from CCTV-related design, installation, testing, commissioning, warranty and maintenance works. We also intend to further develop technology-enabled security solutions, including security robots, research and development, and centralised monitoring functions.

SUMMARY

OUR PROJECTS

During the Track Record Period and up to the Latest Practicable Date, the initial contract sums for our projects ranged from less than HK\$15,000 to HK\$295.5 million. During the Track Record Period, we recognised revenue of approximately HK\$138.7 million, HK\$187.7 million and HK\$31.9 million for the respective periods. Our Directors confirm that there were no loss-making contracts during the Track Record Period and up to the Latest Practicable Date.

Backlog, project movement and the total revenue estimated to be recognised

The following table sets out the backlog and project movement during the Track Record Period and up to the Latest Practicable:

	FY2024/ as at 31 December 2024	FY2025/ as at 31 December 2025	3M2026/ as at 31 March 2026	As at the Latest Practicable Date
Opening number of projects	10	11	21	27
Add: Number of new projects awarded to us (including projects awarded but not yet commenced)	13	18	17	7
Less: Number of projects completed	12	8	11	6
Ending number of projects	11	21	27	28

As at the Latest Practicable Date, we had 28 projects in our backlog with revenue of approximately HK\$220 million expected to be recognised after the Latest Practicable Date.

OUR CUSTOMERS

During the Track Record Period, our major customers include the HKIA Operator, the Air Cargo Terminal Operator, Jones Lang LaSalle, construction contractors, telecommunications service providers and property management companies. For FY2024, FY2025 and 3M2026, revenue generated from our top five customers, in aggregate, accounted for approximately HK\$136.7 million, HK\$174.5 million and HK\$28.8 million, respectively. Our largest customer for FY2024, FY2025 and 3M2026 represents approximately 77.0%, 45.5% and 34.3%, respectively.

In addition, save for one of our five largest customers in FY2024 and FY2025, which supplied technology and software services in FY2024, none of our five largest customers or suppliers in each year of the Track Record Period was also our supplier or customer respectively, during the Track Record Period. For details, please refer to the paragraph “Business – Our customers – Top customer who was also our supplier”.

OUR SUPPLIERS AND SUBCONTRACTORS

During the Track Record Period, our suppliers were mainly (i) subcontractors providing security manpower and (ii) suppliers supporting operational needs, such as the provision of water and sanitation services, fuel and equipment, and transportation. For FY2024, FY2025 and 3M2026, purchase amounts from our top five suppliers and subcontractors, in aggregate, accounted for approximately HK\$15.3 million, HK\$19.2 million and HK\$1.0 million, respectively, representing approximately 79.8%, 67.1% and 57.8% of our total purchases for the respective periods.

SUMMARY

In FY2024, Subcontractor A, our largest supplier who was also our subcontractor, accounted for the largest portion of our purchases. During the early stages, we primarily engaged Subcontractor A for the provision of security manpower in respect of the Three-runway Contract. However, as our Group have progressively built up our own workforce and also the Three-runway Contract has been progressing towards completion, our reliance on Subcontractor A has been reduced during the Track Record Period. In 3M2026, we did not engage Subcontractor A at all. For details, please refer to the paragraph “Business – Our suppliers and subcontractors – Our subcontractors”.

OUR OPERATION

Our process of the provision of our security services involves the following major steps: (i) obtaining security service agreement, (ii) preparation, including staffing and procurement, (iii) provision of security services and (iv) renewal of agreement or completion of one-off event/project-based contract.

We recruit our employees for security manpower from the open market, primarily through the publication of job advertisements and referrals. As at 31 December 2024, 31 December 2025, 31 March 2026 and the Latest Practicable Date, we had a total of 491, 469 and 431 and 446 employees (of which 65, 59, 54 and 47 were imported workers), respectively. We maintain a pool of casual employees to handle ad hoc and urgent work requests from our clients. Our employees as at the Latest Practicable Date Comprised 350 full-time and 96 casual employees. As at Latest Practicable Date, 426 of our employees had obtained and validly held the Security Personnel Permits, of which: 397 employees were allowed to perform Category A Security Work and Category B Security Work, and 34 employees were allowed to perform Category D Security Work.

While the average monthly labour costs of imported workers and domestic workers are comparable, our Group employed imported workers for the relevant three-runway system projects due to the following reasons: (i) average employee turnover rate for imported workers was notably lower than that of domestic workers during Track Record Period and (ii) the remote location of the three-runway system projects made it difficult to recruit domestic workers. For further details, please refer to the paragraph headed “Business – Our Employees” of this document.

SALES AND MARKETING

During the Track Record Period, we mainly secured new business primarily through quotation and open tender. By leveraging our established customer base and reputation in Hong Kong’s security service industry, we minimise reliance on extensive marketing campaign. Instead, we focus on promoting our Group by maintaining business relationships with existing and potential customers through regular communication, as well as our website.

We generally charge our customers on an actual usage basis or fixed-fee basis, depending on the nature of services provided. Usually, provision of manpower services is based on re-measurement basis which reflects the actual usage resulting from variation orders, and provision of other services such as consulting and installation and maintenance of security system is on fixed-fee basis. Our pricing is generally determined using a cost-plus pricing model. Such service fees are payable on a monthly basis or upon completion of services.

COMPETITIVE LANDSCAPE OF SECURITY SERVICES MARKET IN HONG KONG

According to the Frost & Sullivan Report, the security services market in Hong Kong is competitive and fragmented. There are approximately over 1,450 industry participants in the security services industry in Hong Kong in 2025, with approximately over 780, 15 and 800 industry participants respectively registered under Type I, Type II and Type III security work type license as of 2025. In 2025, the top five players in the security services market (including all type I, II and III licensed companies) in Hong Kong contributing to approximately 9.3% market shares in terms of revenue. Further, according to the Frost & Sullivan Report, there are

SUMMARY

approximately 15 licensed security companies in Hong Kong engaged in security robotics, spanning from strategic technology sourcing and pilot planning to active commercial sales and implementation. For further details, please refer to the paragraph headed “Industry Overview – Competitive Landscape of Security Services Market in Hong Kong” in this document.

OUR COMPETITIVE STRENGTHS

We believe that our achievements and future growth prospects are attributable to the following competitive strengths, namely (i) proven track record in security industry, (ii) capability to obtain operational demanding and manpower intensive projects, (iii) well-positioned to provide Electronic Security Solution Services, and (iv) solid management team and consultancy team.

BUSINESS STRATEGIES AND FUTURE PLANS

We intend to strengthen our market position, increase our market share and capitalise on the growth opportunities in the security services industry in Hong Kong by implementing the following key strategies, namely (i) continued pursuit of project opportunities and strengthened financial capacity to support business expansion, (ii) acquiring vehicles to enhance project execution capacity and operational efficiency, (iii) development of our own-branded security robots and technology-enabled integrated security solutions, and (iv) establishing a centralised intelligent security monitoring platform and control room to enhance service quality, scalability and technology integration.

CONTINUING CONNECTED TRANSACTIONS

As of the Latest Practicable Date, Arrano Huilun is an indirect non-wholly owned subsidiary of our Company, owned as to 61%, 33% and 6% by Arrano Technology, Guangzhou Huilun, and an Independent Third Party, respectively. On 17 July 2026, our Company and Guangzhou Huilun entered into a products and services procurement framework agreement (the “**Procurement Framework Agreement**”), pursuant to which Guangzhou Huilun and its associates may, among others, supply robotic products and robotic equipment, and provide robotics-related research and development and customisation and other ancillary services to members of our Group. As Guangzhou Huilun is a substantial shareholder of Arrano Huilun, Guangzhou Huilun and its associates are connected persons of the Company at the subsidiary level under the GEM Listing Rules. In view of the above, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to, among others, the announcement requirement under Rule 20.33 of the GEM Listing Rules. Accordingly, we have applied for, [and the Stock Exchange has granted us,] a waiver from strict compliance with such requirement under the GEM Listing Rules. For further details, please refer to the “Connected Transactions” and “Waiver from Strict Compliance with the GEM Listing Rules” sections of the document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following sets out a summary of the combined statements of profit or loss and other comprehensive income during the Track Record Period as derived from the Accountants’ Report, the full text of which is set out in Appendix I to this document. This summary should be read in conjunction with the aforesaid Accountants’ Report and the section headed “Financial Information” in this document.

SUMMARY

	FY2024 (HK\$'000)	FY2025 (HK\$'000)	3M2025 (HK\$'000) (unaudited)	3M2026 (HK\$'000)
Revenue	138,663	187,708	48,655	31,918
Cost of services	(101,988)	(139,536)	(36,280)	(23,904)
Gross profit	36,675	48,172	12,375	8,014
Other income	575	492	159	264
Other expense	(2,300)	(260)	(260)	–
Impairment losses under expected credit loss model, net	(1,000)	–	–	–
Administrative and selling expenses	(11,336)	(14,171)	(2,361)	(2,685)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(334)	(277)	(79)	(78)
Profit before taxation	21,883	27,806	7,394	5,005
Income tax expense	(4,478)	(5,239)	(1,582)	(751)
Profit and total comprehensive income for the year/period	17,405	22,567	5,812	4,254

The increase in our revenue, gross profit and net profit in FY2025 as compared to FY2024 was mainly contributed by the increase in revenue from the increased number of new projects and growth in revenue from ongoing projects. Our overall gross profit margin remained relatively stable at approximately 26.4% and 25.7% for FY2024 and FY2025, respectively. This stability in gross profit margin was primarily due to the proportional increase in both revenue and cost of services during FY2025. While our revenue increased, the associated costs of services, such as direct labour costs and other direct costs, also rose in line with revenue growth.

The decrease in our revenue, gross profit and net profit in 3M2026 as compared to 3M2025 was mainly attributable to the decrease in revenue from our Security Guarding Services segment, primarily due to the lower revenue contribution from the Three-runway Contract as the activity level and manpower requirements at the Three-runway System Project Site decreased during 3M2026. Such decrease was partially offset by revenue contributed from new and expanded security granting projects, including the KT project, and the continued revenue contributed from the Air Cargo Terminal Project. During 3M2026, we also recorded revenue from our Electronic Security Solutions segment following the commencement of the CCTV Contract, whereas no such revenue was recorded for 3M2025. Our overall gross profit margin remained relatively stable at approximately 25.4% and 25.1% for 3M2025 and 3M2026, respectively. Despite the fact that the gross profit margin of our Electronic Security Solutions was relatively higher, it had limited impact on our overall gross profit margin since this segment only counted for a small portion of our overall revenue during 3M2026.

Our net profit increased by approximately HK\$5.2 million or 29.7% from approximately HK\$17.4 million for FY2024 to approximately HK\$22.6 million for FY2025 and our net profit decreased by approximately HK\$1.6 million or 26.8% from approximately HK\$5.8 million for 3M2025 to approximately HK\$4.3 million for 3M2026. For further details, please refer to the paragraph headed “Financial Information – Description of selected items from the combined statements of profit or loss and other comprehensive income” in this document.

SUMMARY

Summary of Combined Statements of Financial Position

The following table sets forth a summary of our combined statements of financial position for the periods indicated:

	As at 31 December		As at 31 March
	2024	2025	2026
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Non-current assets	12,151	2,586	2,240
Current assets	54,776	79,870	64,548
Total assets	66,927	82,456	66,788
Current liabilities	43,149	46,882	32,964
Non-current liabilities	775	4	–
Total liabilities	43,924	46,886	32,964
Net current assets	11,627	32,988	31,584
Net assets	23,003	35,570	33,824

Our current assets during the Track Record Period mainly consist of trade and other receivables, contract assets, amounts due from shareholders, loan to a related company, pledged bank deposit, bank balances and cash of approximately HK\$54.8 million as at 31 December 2024, HK\$79.9 million as at 31 December 2025 and HK\$64.5 million as at 31 March 2026 in aggregate. Our current liabilities during the Track Record Period mainly consist of trade and other payables, lease liabilities, income tax payable, contract liabilities and bank borrowings of approximately HK\$43.1 million as at 31 December 2024, HK\$46.9 million as at 31 December 2025 and HK\$33.0 million as at 31 March 2026 in aggregate. Our non-current liabilities mainly consist of lease liabilities of approximately HK\$0.8 million as at 31 December 2024, HK\$4,000 as at 31 December 2025 and nil as at 31 March 2026 in aggregate. Our net assets increased from approximately HK\$23.0 million as at 31 December 2024 to HK\$35.6 million as at 31 December 2025, mainly attributable to the increase in prepayments, deposits and other receivables and bank balances and cash. Our net assets then decreased to approximately HK\$33.8 million as at 31 March 2026, mainly attributable to the decrease in trade receivables and contract assets. For further details, please refer to the paragraph headed “Financial Information – Description of selected items from the combined statements of financial position” in this document.

Summary of Cash Flow Statements

The following table sets forth a summary of our cash flows information for the periods indicated:

	FY2024	FY2025	3M2025	3M2026
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
			(unaudited)	
Net cash generated from operating activities	4,423	19,003	15,654	4,424
Net cash used in investing activities	(12,226)	(2,058)	(1,891)	(5,298)
Net cash used in financing activities	(1,940)	(4,212)	(1,417)	(732)
Net (decrease) increase in cash and cash equivalents	(9,743)	12,733	12,346	(1,606)
Cash and cash equivalents at end of the year	638	13,371	12,984	11,765

For further details, please refer to the paragraph headed “Financial Information – Liquidity and capital resources” in this document.

SUMMARY

Cost of services

The table below provides a breakdown of our cost of services during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
	Cost of services	% of total cost of services	Cost of services	% of total cost of services	Cost of services	% of total cost of services	Cost of services	% of total cost of services
	(HK\$'000)		(HK\$'000)		(HK\$'000) (unaudited)		(HK\$'000)	
Direct labour costs	78,558	77.0	108,109	77.5	31,498	86.8	21,622	90.5
Subcontracting fees	11,028	10.8	18,946	13.6	2,165	6.0	72	0.3
Costs of operations equipment	2,760	2.7	3,566	2.5	441	1.2	565	2.4
Costs of site office equipment	2,196	2.2	1,666	1.2	511	1.4	345	1.4
Transportation	1,131	1.1	1,343	0.9	229	0.6	235	1.0
Patrol vehicle expenses	1,105	1.1	926	0.7	237	0.6	215	0.9
Amortisation of contract costs	4,287	4.2	1,805	1.3	714	2.0	263	1.1
Insurance expenses	–	–	931	0.7	201	0.6	249	1.0
Depreciation	–	–	20	0.0	–	–	19	0.1
Others	923	0.9	2,224	1.6	284	0.8	319	1.3
Total	101,988	100.0	139,536	100.0	36,280	100.0	23,904	100.0

For further details, please refer to the paragraph headed “Financial Information – Description of selected items from the combined statements of profit or loss and other comprehensive income – Cost of services” in this document.

KEY FINANCIAL RATIOS

The following tables set forth the key financial ratios of our Group during the Track Record Period:

	For the year ended 31 December		For the three months ended 31 March	
	2024	2025	2025 (unaudited)	2026
Gross profit margin (%)	26.4	25.7	25.4	25.1
Net profit margin (%)	12.6	12.0	11.9	13.3
Return on equity (%)	75.7	63.4	N/A	N/A
Return on total assets (%)	26.0	27.4	N/A	N/A
Interest coverage (times)	83.0	111.7	107.4	71.8

	As at 31 December 2024	2025	As at 31 March 2026
Current Ratio (times)	1.3	1.7	2.0
Quick Ratio (times)	1.3	1.7	2.0
Gearing Ratio (%)	26.3	12.6	24.4

SUMMARY

For details, please refer to the paragraph headed “Financial Information – Key financial ratios” in this document.

RISK FACTORS

We face risks including those set out in the section headed “Risk Factors” in this document. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our [REDACTED]. Some of the major risks that we face include: (i) most of our revenue during the Track Record Period was derived from projects awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance, (ii) project-based nature of our revenue and termination or non-renewal of our security service contracts may materially and adversely affect our business, financial condition and results of operations, (iii) risk related to the recoverability of contract asset, (iv) we may not be able to procure new security service contracts as planned, (v) our robotics solutions business is at an early stage and may not achieve the expected commercial adoption, and (vi) the implementation of our cooperation with Guangzhou Huilun may not proceed as planned.

NON-COMPLIANCE AND LITIGATION

As confirmed by our Directors, we had not been involved in any incidents which, in the opinion of our Directors, constituted either a material impact non-compliance or systemic non-compliance, and we had complied with all applicable Hong Kong laws and regulations for our business activities and operations in all material respects during the Track Record Period and up to the Latest Practicable Date. Due to the nature of our industry, we may be subject to employees’ compensation and personal injury claims. During the Track Record Period and up to the Latest Practicable Date, our Group was named as defendant in seven litigation claims primarily involving workplace injuries or accidents. Four of these cases had been either settled or discontinued, while the remaining three were still pending as at the Latest Practicable Date and were being handled by the solicitors appointed by the insurer under the relevant insurance arrangements.

Our Directors confirm that, to the best of their knowledge after making all reasonable enquiries, and save for the legal proceedings set out above, as at the Latest Practicable Date: (i) no member of our Group was engaged in any litigation, arbitration, or claim of material importance; and (ii) there was no litigation, arbitration, or claim pending or threatened by third parties against any member of our Group that would have a material adverse effect on our Group’s results of operations or financial condition.

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and that the [REDACTED] is not exercised, the total estimated [REDACTED] expenses in relation to the [REDACTED] (including [REDACTED] commission), which are payable by us are estimated to be approximately HK\$[REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. Of such amount, approximately HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] were charged to profit or loss for FY2024, FY2025 and 3M2026, respectively, approximately HK\$[REDACTED] is expected to be charged to profit or loss for FY2026, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon [REDACTED].

USE OF [REDACTED]

Assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED] from HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), the total net [REDACTED] from the [REDACTED] (after deducting [REDACTED] fees and related expenses in connection with the [REDACTED]) are estimated to be approximately HK\$[REDACTED].

SUMMARY

Our Directors presently intend to use such net [REDACTED] for the following purposes: (a) approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for expanding our security services offerings; (b) approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for enhancing sales and marketing capabilities for business development; (c) approximately HK\$[REDACTED], representing approximately [REDACTED] of the net [REDACTED] from the [REDACTED], will be used for the enhancement of our security services infrastructure, by establishing a centralised intelligent security monitoring platform and control room in Hong Kong and recruiting additional staff, and improving our operational efficiency by establishing reception, transmission and communication of signals to and from the sites we manage; (d) approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for optimising and advancing core technology and establishment of demonstration and support centre for security robot; and (e) approximately HK\$[REDACTED], representing [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used as our general working capital and general corporate purposes.

For details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this document.

OUR CONTROLLING SHAREHOLDERS

Upon completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), our Company will be held as to [REDACTED]% by Fong 1119 and [REDACTED] by HFTT. As (i) each of Fong 1119 and HFTT will be entitled to exercise 30% or more of the voting power at general meetings of our Company; (ii) Mr. Fong and Ms. Lam controls Fong 1119 and HFTT, respectively (and hence controls Fong 1119 and HFTT’s voting interests in our Company), each of Fong 1119, HFTT, Well Smart, Mr. Fong and Ms. Lam will be regarded as our Controlling Shareholders upon [REDACTED].

[REDACTED] STATISTICS

Number of [REDACTED] under the [REDACTED]:	[REDACTED] Shares (subject to the [REDACTED])	
[REDACTED]:	Not more than HK\$[REDACTED] per [REDACTED] and expected to be not less than HK\$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)	
	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalisation ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalisation is based on [REDACTED] Shares expected to be in issue immediately following the completion of the [REDACTED] and the [REDACTED] but does not take into account any Shares which may be issued and allotted upon the exercise of the [REDACTED].

SUMMARY

- (2) For further details regarding the assumptions and calculation methods used, please refer to the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this document.

DIVIDENDS

During the Track Record Period, our Group declared dividends of HK\$15.0 million, HK\$10.0 million and HK\$6.0 million in respect of the years ended 31 December 2023, 2024 and 2025, respectively. As at the Latest Practicable Date, all dividends declared had been fully settled. We have established a dividend policy that considers various factors, including our actual and expected financial performance, retained earnings, distributable reserves, general economic conditions and the business cycle of our core business. No dividend has been declared or paid by our Company subsequent to 31 March 2026 and up to the Latest Practicable Date, and our Directors currently have no intention to declare or pay any dividend prior to the [REDACTED]. We do not have any fixed or pre-determined dividend payout ratio. The recommendation and payment of dividends are subject to the absolute discretion of our Board, and any declaration of final dividends for a financial year will also be subject to the approval of our Shareholders. Any declaration, payment and the amount of the dividends will be subject to our constitutional documents and the Companies Act. Our historical dividend payments should not be regarded as an indication of our future dividend policy.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Following 31 March 2026, we continued to expand our business and project portfolio. Subsequent to the Track Record Period and up to the Latest Practicable Date, we secured seven new projects across both our Security Guarding Services and Electronic Security Solutions Services segments, including two projects from new customers engaged in docking assistance services at a cross-boundary passenger ferry terminal and IoT and security systems services, respectively. As at the Latest Practicable Date, we had 28 projects in our backlog. We had also submitted 13 tenders pending results, with an aggregate estimated contract sum of approximately HK\$800 million, covering both of our business segments and including government-related and public infrastructure projects. Between 31 March 2026 and 31 May 2026, our unaudited revenue increased from approximately HK\$31.9 million to approximately HK\$53.8 million, while our unaudited gross profit increased from approximately HK\$8.0 million to approximately HK\$13.7 million, demonstrating our continued business growth following the Track Record Period.

[Our Directors confirm that, up to the date of this document, there has been no material adverse change to our financial, operational and/or trading position since 31 March 2026, being the date to which our most recent audited combined financial statements were prepared, and there has been no event since 31 March 2026 and up to the date of this document that would materially affect the information shown in our audited combined financial information included in the Accountants’ Report set out in Appendix I to this document.]

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Technical terms in relation to our Group’s industry and business operations are explained in “Glossary of Technical Terms” in this document.

“3M2025”	the three months ended 31 March 2025
“3M2026”	the three months ended 31 March 2026
“Accountants’ Report”	the accountants’ report of our Group prepared by the Reporting Accountants set out in Appendix I to this document
“Aegiswing”	Aegiswing Limited, a company incorporated in the BVI with limited liability on 10 March 2025, a direct wholly-owned subsidiary of our Company
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Air Cargo Terminal Operator”	a private company principally engaged in the handling of air cargo at the HKIA
“Air Cargo Terminal Project”	includes all contracts entered into between our Group and the Air Cargo Terminal Operator in relation to the provision of security services at an air cargo terminal at the HKIA
“Arrano Cleaning”	Arrano Cleaning Services Limited (安聯清潔服務有限公司), a company incorporated in Hong Kong with limited liability on 4 May 2022 and an indirect wholly-owned subsidiary of our Company
“Arrano Group”	ARRANO GROUP HOLDINGS LIMITED (安聯集團控股有限公司), a company incorporated in Hong Kong with limited liability on 20 August 2020 and an indirect wholly-owned subsidiary of our Company
“Arrano Huilun”	Arrano Huilun (Hong Kong) Limited (安聯慧倫(香港)有限公司), a company incorporated in Hong Kong with limited liability on 3 July 2026 and an indirect non-wholly owned subsidiary of our Company
“Arrano JV”	an unincorporated joint venture formed between us and the JV Partner for the purpose of carrying out of services under the Three-runway Contract

DEFINITIONS

“Arrano Security”	ARRANO SECURITY COMPANY LIMITED (安聯保安有限公司), a company incorporated in Hong Kong with limited liability on 31 July 2020 and an indirect wholly-owned subsidiary of our Company
“Arrano Technology”	Arrano Technology Management Limited (安聯科技管理有限公司), a company incorporated in Hong Kong with limited liability on 4 May 2022 and an indirect wholly-owned subsidiary of our Company
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on [•] 2026 and to take effect on the [REDACTED], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“[REDACTED]” or “[REDACTED]” or “[REDACTED]”	Innovax Securities Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in Securities) and type 4 (advising on securities) regulated activities, being the [REDACTED], [REDACTED] and [REDACTED] to the [REDACTED]
“business day(s)”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands [REDACTED] [REDACTED]
“casual employee”	has the meaning ascribed to it under the Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong)/persons employed on a day-to-day basis or for a fixed period of less than 60 days

DEFINITIONS

“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
	[REDACTED]
“CCTV Contract”	the contract in relation to the design and installation of the CCTV systems for Customer D, a well-established telecommunications services provider
“CCTV Project(s)”	Government-led CCTV projects
“China”, “Mainland China” or “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this document, references in this document to China, Mainland China or the PRC excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Arrano International Holdings Limited (安聯國際控股有限公司), a company incorporated as an exempted company in the Cayman Islands with limited liability on 25 February 2025 under the Companies Act
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this document, refers to Mr. Fong, Ms. Lam, Well Smart, Fong 1119 and HFTT
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the corporate governance code under Appendix C1 of the GEM Listing Rules

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated [•] 2026 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), the details of which are set out in the paragraph headed “Statutory and General Information – E. Other information – 1. Tax and other indemnities” in Appendix IV to this document
“Deed of Non-Competition”	a deed of non-competition dated [•] 2026 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the paragraph headed “Relationship with our Controlling Shareholders – Non-competition undertaking” in this document
“Director(s)” and “our Director(s)”	the director(s) of our Company [REDACTED]
“Electronic Security Solutions Services”	the design, installation, operation, testing, integration and maintenance of electronic security systems and surveillance infrastructure, such as CCTV systems, access control systems, electronic guard tour systems, radio communication systems and robotic security solutions, including 4S-compatible functions where applicable
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below [REDACTED]
“Fong 1119”	Fong 1119 Limited, a company incorporated in the BVI with limited liability on 6 February 2025, which is wholly-owned by Mr. Fong and is one of our Controlling Shareholders
“Frost & Sullivan”	Frost & Sullivan Limited, an independent industry research consultant commissioned to prepare the Frost & Sullivan Report

DEFINITIONS

“Frost & Sullivan Report”	an independent market research report prepared by Frost & Sullivan
“FY2024”	financial year ended 31 December 2024
“FY2025”	financial year ended 31 December 2025
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Group”, “we”, “our” or “us”	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guangzhou Huilun”	Guangzhou Huilun Zhixing Technology Limited Liability Company* (廣州慧侖智行科技有限責任公司), a company incorporated under the laws of PRC with limited liability, which owns 33% of the shareholding interest in Arrano Technology
“HFTT”	HFTT Limited, a company incorporated in the BVI with limited liability on 6 February 2025, which is wholly-owned by Well Smart and is one of our Controlling Shareholders

[REDACTED]

[REDACTED]

“HKIA”	the Hong Kong International Airport
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DEFINITIONS

“HKIA Operator”

a statutory body wholly-owned by the Hong Kong Government which is responsible for the management, operation and development of HKIA and its related infrastructure

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

“HK\$”, “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong
[REDACTED]	
“imported worker(s)”	worker(s) who are employed in Hong Kong under any labour importation scheme or channel, including but not limited to the Enhanced Supplementary Labour Scheme (ESLS)
“Independent Third Party(ies)”	individual(s) or company(ies) who, as far as our Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning of the GEM Listing Rules
“Initial JV”	an unincorporated joint venture formed between the Initial JV Majority Interest Holder and the JV Partner for carrying out security services under the Three-runway Contract
“Initial JV Majority Interest Holder”	one of the joint venture partners of the Initial JV, a private company incorporated in Hong Kong with limited liability licensed to carry out Type I security work and an Independent Third Party
“Jones Lang LaSalle”	Jones Lang LaSalle Management Services Limited, a private company principally engaged in the provision of property management and real estate services in Hong Kong
“JV Partner”	the joint venture partner of the Arrano JV, a private company incorporated in Hong Kong with limited liability licensed to carry out Type I security work and an Independent Third Party
“Latest Practicable Date”	17 July 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
“law(s)”	including all laws, rules, regulations, guidelines, opinions (whether formally published or not), notices, circulars, orders, judgements, decrees or rulings of any court, government, governmental or regulatory authority whether or not <i>ejusdem generis</i> with any of the foregoing (including, without limitation, the Stock Exchange) and “law” shall be construed accordingly

DEFINITIONS

[REDACTED]

[REDACTED]

“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on [•] 2026 and to take effect on the [REDACTED], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“Mr. Fong”	Mr. Fong Chun Kit (方俊傑先生), the chairman of the Board, the chief executive officer of our Company, an executive Director, one of the Controlling Shareholders, and the spouse of Ms. Yip
“Mr. Ip”	Mr. Ip Yik Nam, <i>J.P.</i> (葉亦楠先生), an executive Director
“Mr. Wong”	Mr. Wong Chun Hung Hanson, <i>M.H.</i> (黃俊雄先生), an executive Director, and the spouse of Ms. Lam
“Ms. Chan”	Ms. Chan Ngar Man Carmen (陳雅文女士), our chief financial officer
“Ms. Lam”	Ms. Lam Wing Yu (林永瑜女士), a non-executive Director, one of the Controlling Shareholders, and the spouse of Mr. Wong
“Ms. Yip”	Ms. Yip Nga Man (葉雅雯女士), an executive Director, and the spouse of Mr. Fong
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Sole Sponsor, the [REDACTED], the [REDACTED] and [REDACTED], the [REDACTED], any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the [REDACTED]
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of our Group in preparation for the [REDACTED], details of which are set out in the paragraph headed “History, Corporate Structure and Reorganisation – Reorganisation” in this document
“Reorganisation Agreement”	the reorganisation agreement dated [•] 2026 entered into among Mr. Fong and Well Smart (as transferors), Aegiswing (as transferee), Fong 1119, our Company and Arrano Group, relating to the sale and purchase of shares in Arrano Group which comprised (i) one ordinary share held by Mr. Fong; and (ii) one ordinary share held by Well Smart. The shares were transferred to Aegiswing in consideration of the allotment and issue of 49 Shares and 49 Shares, credited as fully paid, to Fong 1119 and HFTT, respectively

DEFINITIONS

“Reporting Accountants”	Deloitte Touche Tohmatsu, Certified Public Accountants, the reporting accountants of our Company
“Repurchase Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the repurchase of Shares, as further described in the paragraph headed “Statutory and General Information – A. Further information about our Company – 5. Written resolutions of our Shareholders passed on [•] 2026” in Appendix IV to this document
“Security Company Licence”	the licence issued or renewed by the SGSIA under the SGSO
“Security Guarding Services”	general manned guarding, patrolling, 24-hour surveillance and monitoring, site access control, operational manpower support and ancillary facility support (including cleaning) services
“Security Personnel Permit”	the permit issued or renewed by the Hong Kong Police Force under the SGSO
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGSIA”	the Security and Guarding Services Industry Authority established under the SGSO
“SGSO”	the Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of our Company
[REDACTED]	
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme [conditionally adopted] by our Company on [•] 2026, the principal terms of which are summarised in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document
“Sole Sponsor”	Innovax Capital Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the sole sponsor to the [REDACTED]

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontractor A”	a local security services provider and a subsidiary of a facility services provider listed on the Stock Exchange
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Three-runway Contract”	the contract in relation to the provision of site security services for the HKIA Operator at the Three-runway System Project Site
“Track Record Period”	the two years ended 31 December 2025 and three months ended 31 March 2026
“treasury shares”	has the meaning ascribed to it under the GEM Listing Rules
	[REDACTED]
	[REDACTED]
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“US\$” or “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“Well Smart”	Well Smart Asia Investment Limited (駿興亞太投資有限公司), a company incorporated in Hong Kong with limited liability on 3 June 2010, which is wholly-owned by Ms. Lam, being one of our Controlling Shareholders
“%”	per cent

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* For identification purposes only

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this document in connection with our Group and its business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“CAGR”	compound annual growth rate
“Category A Security Work”	guarding work restricted to a single private residential building, the performance of which does not require the carrying of arms and ammunition pursuant to the Security Personnel Permit categorised as Category A security work under the SGSO
“Category B Security Work”	guarding work in respect of any persons, premises or properties, the performance of which does not require the carrying of arms and ammunitions and which does not fall within Category A Security Work pursuant to the Security Personnel Permit categorised as Category B security work under the SGSO
“Category D Security Work”	installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a system incorporating a security device pursuant to the Security Personnel Permit categorised as Category D security work under the SGSO
“CCTV”	closed-circuit television, or video surveillance
“Enhanced Supplementary Labour Scheme (ESLS)”	formerly known as Supplementary Labour Scheme, a scheme administered by the Labour Department of the Hong Kong Government for employers to import workers at technician level or below from outside of Hong Kong
“ISO”	an acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
“ISO 9001:2015”	the 2015 version of the ISO 9001 standard

GLOSSARY OF TECHNICAL TERMS

“ISO 14001”	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
“ISO 14001:2015”	the 2015 version of the ISO 14001 standard
“ISO 45001”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“ISO 45001:2018”	the 2018 version of the ISO 45001 standard
“performance bond”	a type of contract security given by the service provider in the form of a bond of a financial institution
“Three-runway System Project”	a large-scale public infrastructure initiative aimed at expanding the HKIA’s capacity by constructing a third runway, a new passenger terminal and associated facilities
“Three-runway System Project Site”	located to the immediate north of the existing HKIA island in North Lantau, being the construction site at which the Three-runway System Project situates
“Type I security work”	the provision of security guarding services pursuant to the Security Company Licence categorised as Type I security work under the SGSO
“Type II security work”	the provision of armoured transportation services pursuant to the Security Company Licence categorised as Type II security work under the SGSO
“Type III security work”	the installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device pursuant to the Security Company Licence categorised as Type III security work under the SGSO
“4S” or “4S Framework”	the “Smart Site Safety System” framework introduced and promoted by the Development Bureau of the Hong Kong Government

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “project”, “propose”, “seek”, “should”, “target”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs;
- our ability to identify and successfully take advantage of new business development opportunities; and
- our dividend policy.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, without limitation, the risks factors set out in the section headed “Risk Factors” in this document and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in Hong Kong, including the sustainability of the economic growth in Hong Kong;
- changes in the regulatory environment and general outlook in the future development, trends and conditions in the markets which we export our products to;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

FORWARD-LOOKING STATEMENTS

This document also contains market data and projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the Hong Kong economy, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumption. You should not place undue reliance on these forward looking statements.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialise, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realised.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in the section headed “Risk Factors” in this document.

In this document, statements of or references to our intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this document including the risks and uncertainties described below and our financial statements and the related notes before making an investment in the [REDACTED]. Our business and operations involve certain risks and uncertainties, many of which are beyond our control. Our business, financial conditions and operating results could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial conditions and operating results.

RISKS RELATING TO OUR BUSINESS

Most of our revenue during the Track Record Period was derived from projects awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance

A significant portion of our revenue was derived from a limited number of customers during the Track Record Period. During the Track Record Period, our top five customers contributed approximately HK\$136.7 million, HK\$174.5 million and HK\$28.8 million, respectively, which accounted for approximately 98.6%, 93.0% and 90.2% of our revenue in the corresponding periods, respectively.

We were engaged by our customers on a project-by-project basis during the Track Record Period. There is no assurance that we will continue to obtain projects from our major customers in the future. If there is a significant decrease in the number of projects awarded by our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected.

Project-based nature of our revenue and termination or non-renewal of our security service contracts may materially and adversely affect our business, financial condition and results of operations

Our revenue is generally derived from security service projects awarded by our customers from time to time. Our security service contracts typically have a term ranging from 2 months to 3 years, although certain one-off engagements may be as short as one day. Our contracts are generally either (a) one-off event/project-based which are not renewable due to their non-recurring nature; or (b) contracts for customers or sites with continued security needs where the decision to renew ultimately depends on commercial considerations made by the relevant customers.

Given the project-based nature of our business, our revenue and results of operations may fluctuate depending on the number and scale of projects awarded to us, the service period of such projects, the level of manpower required by customers, and whether our existing contracts can be continued or replaced upon expiry or completion. For example, due to the expected completion progress of the Three-runway System Project, there has been a decline in our revenue generated from the Three-runway Contract, from approximately HK\$106.8 million in FY2024, to HK\$85.4 million and HK\$10.2 million in FY2025 and 3M2026, respectively. This demonstrates how the reduction in manpower and the decreased scale of the Three-Runway Contract affected our revenue. During the Track Record Period, our renewal rate for contracts

RISK FACTORS

with continuing security or operating needs was approximately 52.4%. Such historical renewal rate may not be indicative of our future renewal rate.

Given the competitive nature of the security services industry and the background of most of our top five clients during the Track Record Period, these clients tend to hold relatively stronger bargaining power. If other security services providers offer lower prices to our existing customers, these customers may choose to engage such competitors. Additionally, security service contracts usually contain termination clause and may be terminated early. In such situations, our business and results of operations could be adversely affected.

We cannot assure you that our customers will refrain from terminating security service contracts with us prior to their expiration dates or opt to renew them upon expiration. The termination or non-renewal of a significant number of security service contracts could have a substantial adverse impact on our revenue. If we are unable to retain or renew these contracts and fail to secure comparable replacements from other customers, our business, financial condition and operating results could be materially and negatively affected.

Risk related to the recoverability of contract asset

Contract assets represent uncertified revenue for security services rendered, for which the Group's right to receive consideration is subject to verification of attendance records by customers as at the end of the reporting period. Uncertified revenue is transferred to trade receivables when the Group obtains the certification issued by the customers and is to be settled within 14–60 days from the invoice date. For Security Guarding Services, our revenue is generally supported by attendance records or service records of security personnel. For certain customers, such as the HKIA Operator, the attendance records and supporting documents are subject to the customer's review, confirmation and/or certification as part of the billing and payment process. For Electronic Security Solutions Services projects, including CCTV installation works, the relevant customer will generally inspect and test the completed installation works and certify the works before billing is finalised.

As at 31 December 2024 and 2025 and 31 March 2026, our contract assets amounted to approximately HK\$23.2 million, HK\$11.5 million and HK\$6.8 million, respectively. The decreasing trend was mainly attributable to the timing of certification and billing by customers, as a larger portion of services rendered before year end had been certified and transferred to trade receivables as at 31 December 2025, as compared to 31 December 2024. The decrease was also attributable to the lower uncertified revenue from the Three-runway Contract as at 31 December 2025, following the decrease in its activity level during FY2025, partially offset by contract asset arising from CCTV Project during FY2025. Our contract assets further decreased to approximately HK\$6.8 million as at 31 March 2026, mainly due to the lower revenue and service scale during 3M2026 and the continued certification and billing of services rendered before the period end.

Notwithstanding the above, the timing of such certification is largely dependent on the internal procedures and administrative efficiency of the customers, which may not be within our Group's control. Any delays in verification, inspection or certification may therefore lead to delays in billing and settlement, prolonging the recovery period of contract assets and may adversely affect our Group's cash flow. In addition, where discrepancies or issues are identified during the review process, further time may be required for resolution, which could further defer our Group's right to receive consideration.

RISK FACTORS

We may not be able to procure new security service contracts as planned

We believe that expanding our customer base for security service contracts is a key factor in sustaining our business growth. A portion of our revenue during the Track Record Period was generated from contracts awarded through tendering. Specifically, revenue generated from tendering and quotation accounted for approximately 23.0%, 54.5% and 68.0% of our total revenue, respectively, during the each of the Track Record Period. Our tender success rate during FY2024, FY2025 and 3M2026 was approximately 12.5%, 55.6% and 60.0%, respectively.

The engagement of security service providers is often influenced by factors such as operating history, service quality, service fees and the reputation of the security service provider. However, we cannot assure you that we will meet the tendering requirements or maintain our overall score under the evaluation systems used by some of our existing major clients.

Even if we meet the tendering requirements, there is no assurance that: (i) we would be invited or made aware of the tender; (ii) the terms and conditions of the new contracts would be as favourable as those of our existing contracts; (iii) the terms and conditions of the potential contracts, if secured, would be commercially acceptable to us; or (iv) our tenders would ultimately be selected by the prospective clients. In the competitive tendering process, we may need to lower our service fees or offer more favourable terms to increase our competitiveness. However, we may not be able to reduce our costs to match these terms, which could negatively impact our profitability. If we fail to secure new contracts, or if the terms of the new contracts are less favourable than those of our existing contracts, our business, financial condition and results of operations may be adversely affected. As a result, our growth prospects could be materially and negatively impacted.

Our robotics solutions business is at an early stage and may not achieve the expected commercial adoption

The security robotics market in Hong Kong remains at an early stage and our robotics solutions business is still under development. Although we have conducted product demonstrations and discussions with potential customers and business partners, such discussions may not result in binding orders or commercial deployment.

Customer adoption will depend on factors such as product reliability, deployment costs, suitable application scenarios and integration with existing security systems. Robotics technology and customer requirements may also evolve rapidly, and our solutions may require further development, testing and technical support.

If market adoption is slower than expected, or if we fail to develop commercially viable solutions or keep pace with technological changes, we may incur additional costs without generating the expected revenue, and our business prospects may be materially and adversely affected.

The implementation of our cooperation with Guangzhou Huilun may not proceed as planned

We established Arrano Huilun with Guangzhou Huilun and an Independent Third Party to develop and commercialise security robot solutions in Hong Kong. Under the cooperation arrangements, our Group is principally responsible for market development, customer liaison and coordinating with Guangzhou Huilun to translate customer requirements into appropriate product

RISK FACTORS

specifications and implementation arrangements. Guangzhou Huilun is principally responsible for product development, customisation, technical support and the supply of security robots.

The successful implementation of the cooperation depends on effective coordination between the parties. Although their respective roles are set out in the relevant agreements, further agreement may be required on project-specific requirements, commercial terms and implementation arrangements. We cannot assure you that the parties will be able to reach agreement and implement the relevant projects in a timely manner.

Any delay or disagreement in implementing the cooperation may delay customer projects, increase our costs or otherwise affect the development of Arrano Huilun’s business. If the cooperation does not proceed as contemplated, the anticipated benefits may not be realised, which could adversely affect our business, financial condition and results of operations.

Our historical results may not be indicative of our future performance

During the Track Record Period, our revenue amounted to approximately HK\$138.7 million, HK\$187.7 million and HK\$31.9 million, while our profit and total comprehensive income amounted to approximately HK\$17.4 million, HK\$22.6 million and HK\$4.3 million, respectively. Given that our business is contract-based and our Group generally has not entered into any contracts with a duration of more than five years, and that significant amount of our revenue was generated from contracts awarded through competitive tendering or quotation process during the Track Record Period, there is no assurance that we will always be able to maintain similar levels of revenue and profitability as those during the Track Record Period.

Our historical financial performance is merely an analysis of our past results and does not necessarily indicate or guarantee our financial performance in the future. Our future performance will depend on our ability to secure new business opportunities and security services contracts, provide services efficiently and control our costs.

We cannot assure you that we will be able to secure new contracts with either current or new clients upon the expiration or termination of contracts with existing clients, especially as contracts secured through tendering are awarded based on a variety of factors. There is no guarantee that existing contracts will be extended upon expiry or that new contracts will be awarded to us.

In addition, profit margins for our services may vary from contract to contract due to factors such as contract pricing and the labour resources required. As a result, there is no assurance that our revenue and profit margins will remain consistent with those recorded during the Track Record Period. Any decrease in our profit margins may adversely affect our financial condition, regardless of our historical performance. Investors should not rely solely on our historical financial information as an indicator of our future financial or operating performance. Any future decline in our profit margins may materially and adversely affect our financial condition and prospects.

Our Security Company Licence(s) are essential for the provision of security services. If our Security Company Licence(s) is revoked, suspended or not renewed, or if we experience a material delay in renewing such licence, our business, financial condition and results of operations would be materially and adversely affected

Our Security Company Licence(s) are essential for the provision of security services. During the Track Record Period, the revenue generated from the provision of security services

RISK FACTORS

was approximately HK\$138.7 million, HK\$187.7 million and HK\$31.9 million, respectively. We cannot assure you that there will not be any material adverse changes in the market trends, industry development or demand within the security services markets, as well as in our existing client base for security services or the labour market for security personnel. If we fail to adapt to such changes, experience interruptions in our security services business, or are unable to respond to changing demands from existing or prospective clients, our operations and financial condition may be significantly and adversely affected.

Arrano Group and Arrano Security are licensed to provide Type I security work (namely, provision of security guarding services) and Type III security work (namely, installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device) in Hong Kong. If our Security Company Licence for carrying out Type I and/or Type III security work is revoked, suspended, or not renewed by the Security Authority, or if we experience material delays in renewing our Security Company Licence, or if there is a significant decline in demand for Type I and/or Type III security work in Hong Kong, our business, financial condition and results of operations may be materially and adversely affected.

Security services are highly labour intensive and a stable labour supply is critical to our business operations; exposure to fluctuating labour and subcontracting costs may adversely affect our business, financial condition and results of operations

During the Track Record Period, our direct labour costs amounted to approximately HK\$78.6 million, HK\$108.1 million and HK\$21.6 million, representing approximately 77.0%, 77.5% and 90.5% of our total cost of services, respectively. As at the Latest Practicable Date, we directly employed 446 employees deployed to different projects under our management. During the Track Record Period, we also engaged subcontractors for manpower provision, incurring subcontracting fees of approximately HK\$11.0 million, HK\$18.9 million and HK\$0.07 million, representing 10.8%, 13.6% and 0.3% of our total cost of services, respectively. For details of subcontractors, please refer to the paragraph headed “Business – Our suppliers and subcontractors – Our subcontractors” in this document.

Our business relies heavily on a stable labour supply, as the security services industry is highly labour intensive. Labour shortages, particularly among personnel with specialised skills, pose significant challenges to our operations. Turnover rates are also high and on the rise according to the Frost & Sullivan Report. Additionally, rising labour costs, driven by minimum wage increases and industry trends, place additional pressure on our profitability. According to the Frost & Sullivan Report, average wages in the security services in Hong Kong market grew at a CAGR of 3.3% between 2021 and 2025, from HK\$14,396 to HK\$16,418, respectively, and are expected to continue increasing, reaching HK\$18,959.1 by 2030. These rising labour costs make it critical to effectively control staff costs and subcontracting fees to maintain our profit margins.

Any changes to the Enhanced Supplementary Labour Scheme (ESLS) implemented by the Hong Kong Government may affect the supply of imported workers. If the availability of imported workers is restricted or if we are unable to recruit sufficient workers through the ESLS or other channels, we may face challenges in maintaining adequate manpower to support our operations.

Failure to retain employees or recruit sufficient manpower may force us to offer higher wages, increasing our operating costs. Certain contracts also impose penalties for manpower shortages, which may arise if we cannot meet contractual staffing requirements. Such labour

RISK FACTORS

shortages could result in poor service delivery, failure to meet contractual obligations, reputational damage and penalties, all of which could negatively impact our business, financial condition and results of operations.

On the other hand, overestimating manpower needs could also harm our business. Excess manpower may lead to substantial termination costs for redundant employees. Even if terminations comply with labour laws, they could trigger negative media coverage, damage our reputation, strain client relationships and hinder our ability to secure future contracts.

Our use of subcontractors adds further complexity. Any significant increase in subcontracting fees could adversely affect our profitability. Rising subcontracting fees and workforce costs, driven by minimum wage increases, continue to put pressure on our financial performance. Any failure, shortage or delay in the delivery of manpower by our subcontractors could negatively impact our business and operational stability.

Poor manpower planning, whether due to labour shortages or overestimations, could lead to reputational harm, strained client relationships and material adverse effects on our business, financial condition and results of operations. Without timely recruitment and costs control, we may also struggle to accommodate sudden increases in service demand or mitigate rising costs, further impacting our profitability and operational stability.

We rely on key management personnel and our business operations may be adversely affected if we are unable to retain them and identify suitable replacement

Our success is, to a significant extent, attributable to the continued commitment, service and contributions of our Directors and senior management. While our core management team may not have extensive prior experience in the security services industry, they bring an average of over 12 years of project management expertise across different industries. This broad experience equips them with the flexibility and adaptability to meet diverse customer needs, ensuring that we can oversee complex operations and foster business growth. Our senior management actively engages with customers, working directly with them to understand their unique requirements and provide tailored solutions, fostering long-term relationships built on trust and collaboration. Our executive Director and chief executive officer, Mr. Fong, brings over 15 years of project management experience in Hong Kong. For their biographies, please refer to the section headed “Directors and Senior Management” in this document.

We cannot assure you that we will be able to retain the services of our Directors and senior management or that we can continue to develop the experience and skills of our key personnel. Any unanticipated departures of members of the management team without appropriate and timely replacements may result in a loss of strategic leadership, causing disruption or delays to our business operations and expansion, which could materially and adversely affect our business operations and profitability.

We are exposed to credit risks from our customers, which may adversely affect our cash flow and liquidity position if customers fail to make payments on time or in full

During our business operations, we may face difficulties in collecting service fees from our customers. Even if there is a delay in payment by our clients, we still need to remunerate our employees timely in accordance with the applicable employment laws and regulations. Although we employ various collection measures to recover overdue payments, we cannot assure you of their effectiveness. Therefore, our working capital and cash flow may be adversely affected.

RISK FACTORS

Also, we may experience net cash outflows as project up-front costs at the initial stage of a project. The up-front costs of our projects generally include payment made to suppliers for equipment and to banks and financial institutions for the issuance of performance bonds. Depending on the contract terms of the project, we typically submit payment applications at agreed intervals to our customers as the project progresses, and our customer typically approves and settles our invoices within the agreed credit period. As such, there is usually a cash flow gap.

Our trade receivables amounted to approximately HK\$15.9 million, HK\$26.3 million and HK\$12.8 million as at 31 December 2024, 2025 and as at 31 March 2026, representing approximately 29.0%, 32.9% and 19.8% of our total current assets, respectively. For FY2024, FY2025 and 3M2026, our trade receivables turnover days were approximately 23.7 days, 41.0 days and 55.0 days, respectively.

There is no assurance that our customers’ financial positions will remain stable in the future. If customers experience financial distress or fail to settle their payments in a timely manner or at all, our financial condition and results of operations could be materially and adversely affected.

We have significant current liabilities and interest-bearing borrowings, which may have a negative impact on our liquidity

During the Track Record Period, we had significant current liabilities, the majority of which comprised trade payables, and maintained a certain level of interest-bearing borrowings. As at 31 December 2024 and 2025 and 31 March 2026, our trade payables amounted to approximately HK\$20.5 million, HK\$21.1 million and HK\$6.6 million, respectively, while our interest-bearing borrowings amounted to approximately HK\$6.1 million, HK\$4.5 million and HK\$8.3 million, respectively. Our current ratio was approximately 1.3 times, 1.7 times and 2.0 times, respectively.

We are required to repay our borrowings and settle our trade payables as they fall due. Any delay in settling these obligations may adversely impact on our relationship with our lenders and suppliers and disrupt our operations. Additionally, any delay in collecting receivables, reduction in available financing or unfavourable changes in payment terms with suppliers may pose risks to our liquidity. Such developments could materially and adversely affect our business and financial condition.

Our future business plans may not materialise within the planned time frame and our expansion effort may contribute to fluctuations in our future financial results

Our future business growth primarily depends on the successful implementation of our business strategies and business plans, as outlined in the paragraph headed “Business – Business strategies and future plans” and the section headed “Future Plans and Use of [REDACTED]” in this document. However, many of our plans are based on the current intentions of our Directors and remain at conceptual or preliminary stages. These plans rely on various assumptions about future events, which may or may not materialise, and actual circumstances may differ significantly.

In addition, our business plans may face challenges beyond our control, such as increased competition from other security services companies. As a result, we cannot guarantee that our business plans will materialise as intended, be executed within the planned time frame or achieve full or partial success.

RISK FACTORS

Furthermore, our expansion plans may require substantial capital expenditure, including contributions or commitments for expenses related to workforce, acquisition of machinery and equipment, and investments in technology and information system. These expenditures are expected to significantly increase our costs, including depreciation and direct labour costs.

The required initial capital investments may be influenced by general market conditions and we may face challenges in securing sufficient financing for our expansion plans. Consequently, our expansion plans and schedules may materially impact our financial condition and operating results, potentially leading to period-to-period fluctuations in our financial performance.

There is no assurance that we will be able to maintain a highly reputable team of consultants

We maintain a highly reputable team of consultants specialising in providing advice for our operations. The expertise and reputation of our consultants contribute to the quality of our services and our overall reputation.

There is no assurance that we will be able to maintain a highly reputable team of consultants in the long term. We cannot assure you that our current team of consultants will remain available to us or that we will continue to attract individuals with similar expertise and credentials. Any changes in the composition of our team, loss of personnel or inability to recruit qualified consultants in the future may adversely affect the quality of our services, our reputation and our ability to secure new projects. This could in turn materially and adversely affect our profitability.

Any failure to maintain effective quality assurance system for our services could have a material adverse effect on our reputation, financial condition and results of operations

We believe the reputation we have developed since our establishment are critical to our ability to attract customers and secure contracts. Our ability to maintain and enhance our reputation and brand recognition within the security service industries depends heavily on consistently delivering high-quality and timely services to our clients. If we fail to meet these standards, or if our clients perceive our services to be of lower quality, our reputation and brand could be negatively impacted, which would, in turn, have a material adverse effect on our business, financial condition, and results of operations.

To maintain the quality of our services, it is essential for us to continue to operate an effective quality assurance system for the services provided to our clients. The effectiveness of our quality assurance system depends significantly on several factors, including: (i) timely updates to our quality assurance system to align with the ever-changing business needs and environment; and (ii) strict adherence to our quality assurance policies and guidelines by our employees and teams. Any failure or deterioration of our quality assurance system could lead to a decline in the quality of our services, which, in turn, may harm our reputation, reduce demand for our services, or even subject us to contractual liabilities, other claims and prosecution. Such claims, regardless of whether they are ultimately valid, could cause us to incur significant costs to address the issues; suffer damage to our reputation and client relationships; and experience significant disruption to our operations. If any of these claims were ultimately valid, we might be required to pay substantial monetary damages or penalties. This could have a material and adverse impact on our business operations, financial condition, and results of operations.

RISK FACTORS

We are exposed to risks related to workplace safety and the potential occurrences of accidents

There are inherent risks of workplace injuries or accidents associated with the nature of our operations, as our employees may be required to work in dangerous environments. A significant portion of the security services we offer is carried out by our own employees, who may need to perform various tasks, including but not limited to: (i) working at heights, on slippery surfaces, or in low-visibility conditions such as darkness; (ii) operating electrical appliances while performing minor maintenance tasks; (iii) lifting and carrying heavy objects; (iv) working in unfamiliar or new environments; (v) defending and protecting individuals from aggressors; (vi) managing disputes between different stakeholders in the properties we oversee; and (vii) maintaining order and ensuring safety in crowded events.

Accidents leading to personal injury or property damage may arise if our employees fail to adhere to work safety measures and procedures. While accidents can occur in the normal course of our business, we cannot assure you that our employees will consistently comply with the safety measures and protocols we implement while performing the aforementioned tasks or other duties. In such cases, we may be held liable for the resulting losses or face prosecution. We could also be subject to claims of negligence or reckless behavior by our employees. Additionally, these incidents may disrupt our business operations and potentially lead to government authorities requiring changes in how we conduct our business. Any of these circumstances could have a material adverse effect on our reputation, business operations, financial condition and results of operations.

Litigation, legal proceedings and negative media coverage could expose us to liability, divert our attention and negatively impact our reputation

In the ordinary course of our business, we may be exposed to the risk of being named as a party in regulatory or legal actions, claims or disputes arising from our business activities, like personal injury claims. Accidents resulting in personal injuries, property damage or fatalities could materially and adversely affect our business operations and financial condition. Such incidents may also expose us to legal claims or proceedings. During the Track Record Period and up to the Latest Practicable Date, our Group was named as defendant in seven litigation claims primarily involving employee compensation and personal injury cases. For further details, please refer to the paragraph headed “Business – Occupational health and safety – Litigation, claims, and legal compliance” in this document.

The nature of our services also exposes us to potential disputes or claims arising from interactions with our business associates, such as subcontractors, suppliers or other third parties. In some cases, we may not be at fault or directly involved in the incident, but our employees or Group may be mistakenly perceived as the employees or employer of the tortfeasor, leading to legal complications.

If we are involved in litigation or legal proceedings, the outcomes are inherently uncertain and could result in settlements or judgments that adversely affect our financial condition. Additionally, such proceedings may incur significant legal expenses and consume substantial management time and resources, diverting focus from our core operations. These situations may also generate negative publicity, further damaging our reputation.

Given the trust placed in us by our clients, any involvement in legal proceedings or negative media coverage could harm our relationships with clients. This may diminish our ability to secure future contracts and impact our business growth. Any disputes, claims, legal

RISK FACTORS

proceedings, or unfavourable media exposure could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to recover the bond security sum in the event of liquidation of JVBL

It is common practice in the public sector that contractors are required by their customers to take out performance bonds at a fixed sum or a certain percentage of the contract sum to secure due performance and compliance with the contracts.

Among the projects that we have undertaken during the Track Record Period and up to the Latest Practicable Date, a performance bond of HK\$5 million (the “**Performance Bond**”) in favour of the HKIA Operator was required to be provided under the Three-runway Contract. The Performance Bond was taken out by an Independent Third Party (which, to the best knowledge and belief of our Directors, is an associate company and the bonding line of the JV Partner) (“**JVBL**”) from a licensed bank in Hong Kong. To counter-indemnify JVBL for its contribution of the Performance Bond and in proportion to our participation interest in the Arrano JV, among others, we contributed HK\$3.5 million to JVBL as deposit accordingly (the “**Bond Security Sum**”). Please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document for further details. The Bond Security Sum shall be refundable in full to our Group upon completion of the Three-runway Contract if the Performance Bond is never enforced by the HKIA Operator.

On 21 February 2025, it came to our attention that JVBL was being put into provisional liquidation by the High Court of Hong Kong. In light of the provisional liquidation and the possible eventual winding up of JVBL, there is a risk that the Bond Security Sum may not be recoverable by our Group in full or at all from JVBL. The recoverability of the Bond Security Sum in such circumstances would depend on, among other things, (i) the amount and nature of assets of JVBL available for distribution in the event of liquidation; (ii) the level of total indebtedness of JVBL; (iii) the ranking of our claim in the context of liquidation as compared to other creditors and stakeholders of JVBL; and (iv) the costs and duration of the liquidation of JVBL.

Based on the evaluation of our Directors, it might be likely that our Group would be treated as an unsecured creditor with regard to the Bond Security Sum in the event of winding up of JVBL. As an unsecured creditor, our claim for the return of the Bond Security Sum would rank below secured creditors and preferential creditors of JVBL, and would only be satisfied after those higher-ranked creditors’ claims are satisfied in full. In the event that JVBL has insufficient asset available for distribution, there is a risk that we might not be able to recover the Bond Security Sum in full or at all. There is no assurance that we would be able to recover the Bond Security Sum or any part thereof in such circumstances, which could result in a financial loss to us and have a material adverse effect on our financial condition and results of operations. As such, the Bond Security Sum has been impaired in full, with the impairment amount of HK\$2.3 million and HK\$1.0 million for the year ended 31 December 2023 and in FY2024, respectively. For further details on the Bond Security Sum, please refer to the paragraph headed “Business – The Three-runway Contract” of this Document.

We may grant share incentives, which may result in increased share-based compensation expenses and negatively impact our results of operations

We have adopted the Share Option Scheme on [•] 2026, with the aim of providing additional incentives to our employees, Directors, consultants, advisers, contractors, suppliers and service providers and to promote the success of the Group’s business. As of the date of this

RISK FACTORS

document, the maximum aggregate number of Shares that may be issued under the Share Option Scheme is [REDACTED] Shares.

During the Track Record Period, we did not incur any share-based compensation expenses. However, we believe the granting of share-based compensation is significant to attract and retain key personnel and employees, and for further incentivising our employees to contribute to our success. As such, we may grant additional share-based compensation in the future. Issuance of additional Shares under the Share Option Scheme may dilute the shareholding percentage of our existing Shareholders. Expenses related to such share-based compensation may also increase our operating expenses, which may have a material and adverse effect on our financial performance.

Failure to protect our intellectual property rights could have a negative impact on our business and competitive position

Our Group’s business is highly sensitive to our clients’ perception of the reliability and quality of our services. Our Directors believe that our success depends on the value of our brand and our reputation for offering quality security services. Our “Arrano” brand is recognised in the market for its quality services, and maintaining and promoting this brand recognition and reputation is critical to the future success of our Group. The reputation of our brand relies on our ability to consistently deliver high-quality security that meet our clients’ needs and preferences. Failure to do so could adversely impact our brand reputation and, consequently, our business operations.

Currently, we do not have any registered trademarks to protect our brand name. Instead, we hold a domain name in Hong Kong, which we consider an important part of our intellectual property and brand protection strategy. However, relying solely on a domain name provides limited protection against infringement or passing off by third parties.

Our Group remains susceptible to the unauthorised use of our logos, brand name and other intellectual property by third parties, particularly as we do not have registered trademarks to safeguard them. If we fail to detect, deter or prevent misuse of our brand by third parties, or if we are unable to address misbehaviour or misconduct by our employees, our brand and reputation could be damaged. Any misuse of our brand or failure to safeguard it could result in negative consequences for our reputation and brand value.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, subcontractors or third parties

We are exposed to risks associated with fraud, negligence, or other types of misconduct (whether accidental or intentional) committed by our employees, subcontractors, customers or other third parties. Such acts could result in financial losses, legal actions and significant harm to our reputation. For example, theft or other unlawful activities conducted by third parties may lead to situations where we are held accountable for being negligent or reckless. This could require us to provide compensation, while also causing reputational damage in the market.

Our internal control procedures may fail to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be the risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position and results of operations.

RISK FACTORS

Our provision of services on a fixed fee basis could subject us to losses if we subsequently incur excess expenses in delivering our services to clients

During the Track Record Period, we charged some of our clients a pre-agreed fixed fee for our services. Under such arrangement, we are required to bear all costs incurred in delivering our services, regardless of the amount of resources utilised or any additional expenses that arise. If the actual costs of providing our services significantly exceed our initial estimates due to miscalculations, unforeseen circumstances or other factors, the fees we collect may be insufficient to cover these expenses. This could lead to financial losses, which may have a material adverse effect on our profitability, financial condition and results of operations.

We rely entirely on the Hong Kong market, and any material adverse change to the change to the economic, social and political conditions in Hong Kong may adversely affect our business, results of operations, financial performance and profitability

During the Track Record Period, we only provided security services in Hong Kong. Our business is highly dependent on the economic, social and political conditions in Hong Kong, and we are exposed to risks associated with operating solely in this market. Any material adverse changes, such as economic downturns, regulatory changes in Hong Kong could severely impact our operations. Such changes may lead to reduced client demand for our services, increased operational challenges or increased costs, all of which could materially and adversely affect our business, results of operations, financial performance, and profitability. For further details, please refer to the paragraph headed “Risks relating to conducting business in Hong Kong” below in this section.

Security breach, theft, burglary, loss or damages of property or bodily harm could adversely affect our business, financial condition, results of operations and reputation

Security breach, theft, burglary, property loss or damage, bodily harm and accidents resulting in personal injury (collectively the “Incidents”) may occur during the course of our business operations. The properties and personnel secured, guarded or served by us are exposed to these risks. Common areas of the properties we secure, such as lobbies, outdoor spaces, stairways, car parks, elevator shafts and equipment may also suffer damage from causes beyond our control, including but not limited to natural disasters, intentional misconduct or unintentional human actions.

If an Incident occurs due to our negligence or a breach of contract, we may be held liable for the resulting loss or damage suffered by our clients. For details regarding certain security incidents that occurred during the Track Record Period, please refer to the paragraphs headed “Business – Occupational health and safety – Procedure for recording and handling employee injuries or accidents at work” and “Business – Occupational health and safety – Litigation, claims and legal compliance” in this document. If we are required to pay damages to our clients, such liabilities could materially and adversely affect our business, financial condition, results of operations and reputation.

Additionally, even when an Incident is beyond our control or we are not at fault, we may still face claims for loss, property damage or personal injury caused by the Incident, regardless of the merits of such claims. Defending against these claims can be time-consuming and costly, potentially diverting our management’s attention and resources. Additionally, we may be required to assist government authorities with investigations into any Incidents that occur at the properties we secure or manage. Even, if we are ultimately found not liable for the Incident, the process of addressing these claims or investigations can harm our reputation and create negative

RISK FACTORS

publicity, which could adversely impact our business, results of operations, financial condition, and reputation.

We may not have insurance coverage that is adequate to cover potential liabilities or losses

We maintain insurance coverage for various risks related to our operations, employees and protection against accidents and injuries. During the Track Record Period, our total insurance expenses amounted to approximately HK\$0.2 million, HK\$1.1 million and HK\$0.3 million, respectively. For further details of our insurance policies, please refer to the paragraph headed “Business – Insurance” in this document. However, there are certain risks against which we do not carry insurance, such as acts of natural disasters, terrorism, riots or public disorder. Additionally, we may face liabilities for which our insurance coverage is insufficient, requiring us to bear the shortfall of any awarded amount.

There is no assurance that adequate insurance coverage will continue to be available to us on reasonable terms in the future. Insurance premiums may rise significantly and insurers may impose stricter terms or reduce the scope of coverage for risks we currently insure against. If any major claims be made against our Group that are either not covered by insurance or only partially covered, our business, financial performance and results of operations may be materially and adversely affected. Any reduction or limitation of insurance coverage by insurers upon the expiry of our existing policies is beyond our control. Further increases in insurance costs, such as rising insurance premiums or a reduction in coverage may materially and adversely affect our Group’s business operations and financial results.

Potential leakage of personal data may result in potential claims or disputes and adverse impacts on our business and reputation

We handle sensitive personal data, including client information, employee records and security-related data such as surveillance footage. We cannot assure you that all employees will strictly follow our internal procedures for managing personal data. Additionally, risks such as negligence, human error or external attacks, including hacking or unauthorised access may lead to data breaches.

If personal data is leaked, we may face legal claims, disputes or regulatory penalties for non-compliance with data protection laws. Such incidents may severely harm our reputation, resulting in client loss, termination of contracts and difficulty in acquiring new business. Furthermore, addressing data breaches may incur significant financial and operational costs. Given the importance of confidentiality in the security industries, any personal data leakage could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO OUR INDUSTRY

We operate in a competitive industry and a highly competitive market may put downward pricing pressures on us

The security services industries in Hong Kong are highly competitive and fragmented. According to the Frost & Sullivan Report, there were approximately over 1,450 industry participants in the Hong Kong security service industry in 2025, many with long operating histories. This competitive landscape may intensify over time, creating significant challenges for us.

RISK FACTORS

To compete in this market, we may face downward pricing pressures, which could reduce our profit margins. We cannot assure you that our profit margins will remain unaffected by such pressure. Additionally, we may struggle to adapt to market conditions or customer preferences or fail to provide competitive bids compared to our rivals. If our services become less attractive to customers, our business could be materially and adversely affected. Furthermore, many of our competitors benefit from better track records, longer operating histories, and greater financial, technical, sales, marketing and distribution resources. These advantages allow them to allocate more resources to service development, promotion and customer support. They may also adopt aggressive pricing strategies or develop stronger relationships with our customers, limiting our ability to secure contracts.

Given these challenges, we cannot assure you that we will compete effectively or maintain or improve our market position. Failure to do so could materially and adversely affect our business, financial condition, and operational results.

With the implementation of the Minimum Wage Ordinance, we may fail to retain labour in a cost-effective way or transfer rising labour costs to our clients, which may adversely affect our profitability

We rely heavily on human resources for the provision of our security services, with a substantial proportion of our operating expenses attributed to labour costs. Under the Minimum Wage Ordinance, Hong Kong raised the statutory minimum wage to HK\$43.1 per hour on 1 May 2026, which remains in effect until the next adjustment.

As at Latest Practicable Date, we had 446 employees. During the Track Record Period, our direct labour costs amounted to approximately HK\$78.6 million, HK\$108.1 million and HK\$21.6 million, representing approximately 77.0%, 77.5% and 90.5% of our total cost of services, respectively. Based on our Directors’ estimation, the average hourly wage of our operational staff during the Track Record Period was approximately HK\$53.8, HK\$53.9 and HK\$53.8, respectively.

Labour costs are expected to remain a significant proportion of our total revenue. However, we cannot assure you that the statutory minimum wage will not increase further in the future, which could result in higher labour costs, and may adversely affect our profitability if we are unable to pass these costs on to our clients.

During the two years ended 31 December 2025 and three months ended 31 March 2026, certain contracts accounting for approximately 11.3%, 11.1% and 13.8% of our total revenue, respectively, included provisions allowing us to adjust service fees in response to changes in the statutory minimum wage. For further details on how changes in labour costs could impact our profitability, please refer to the paragraph headed “Financial Information – Key factors affecting our results of operations and financial conditions – Price fluctuations of labour and subcontracting costs” in this document.

The implementation of the Minimum Wage Ordinance also creates challenges in retaining employees, particularly security service personnel who are required to hold a Security Personnel Permit. With the statutory minimum wage in place, jobs requiring fewer qualifications may attract workers, making it harder for us to retain qualified employees. Failure to retain employees could result in higher turnover or delays in hiring suitable replacements, which may adversely affect the quality of our services. These challenges could materially and negatively impact our business operations and profitability.

RISK FACTORS

Cancellation of the MPF offsetting arrangement may result in an increase in our direct labour costs

Before 1 May 2025, under the MPF legislation, employers could offset employee severance payments and long service payments against accrued benefits derived from their mandatory MPF contributions (the “**MPF Offsetting Arrangement**”). For details, please refer to the paragraph headed “Regulatory Overview – Labour, health and safety – Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“**MPFSO**”)” in this document.

The MPF Offsetting Arrangement has been abolished from 1 May 2025. Key points of the abolition:

- from 1 May 2025, employers can no longer offset severance payments or long service payments with accrued benefits from mandatory MPF contributions;
- accrued benefits from voluntary MPF contributions and gratuities based on length of service can still be used to offset severance payments or long service payments;
- a “grandfathering” arrangement will apply to the pre- transition portion of severance payments or long service payments for employees hired before 1 May 2025 to reduce the risk of dismissals.

Since the abolition of the MPF Offsetting Arrangement, given the labour-intensive nature of our business, we estimate additional costs of approximately HK\$0.6 million and HK\$0.6 million in the years ending 31 December 2026 and 31 December 2027, respectively, based on MPF contributions and accrued benefits as at the Latest Practicable Date. This would increase our direct labour costs and could materially and adversely affect our operations, financial condition and profitability.

Potential standard working hours legislation may adversely affect our staff costs and profitability

As at the Latest Practicable Date, Hong Kong had not enacted legislation regarding maximum working hours. In April 2013, the Standard Working Hours Committee (“**SWHC**”) was established to advise the Hong Kong Government on this matter.

On 27 January 2017, the SWHC released a report recommending a legislative approach requiring employers to enter into written contracts with lower-income employees specifying working hours. The report also proposed mandatory overtime compensation at a rate no less than the agreed wage or equivalent time-off in lieu. On 13 June 2017, the Chief Executive endorsed these recommendations, and on 20 June 2017, the Labour Department issued a paper accepting the report’s findings. The proposed framework defined lower-income employees as those earning HK\$11,000 or below per month and recommended drafting 11 sector-specific working hours guidelines, including for property management, within two to three years.

It remains uncertain whether a statutory working hours bill will be enacted or revised. If implemented, such legislation may increase our staff costs due to overtime compensation, which could adversely affect our profitability.

RISK FACTORS

Any changes in the Recognition Scheme may adversely affect our staff costs and profitability

The Quality Assurance System for Recognition Scheme of Security Training Courses (the Recognition Scheme) was introduced in 2021 to provide the public with information on basic security training courses that meet the standards recognised by the SGSIA and are available on the market.

In the event that fewer training courses are recognised under the Recognition Scheme, fewer individuals may be able to obtain the Security Personnel Permit. This could result in a reduced number of qualified security personnel in the market, leading to increased competition among industry players to attract and retain skilled workers. Such competition may require offering higher wages, which could increase our labour costs. The developments may materially and adversely impact our ability to recruit and retain qualified personnel, ultimately affecting our business operations and profitability.

Changes in rules and regulations, industry standard and technology innovation may affect our operations

Our success depends, in part, on our ability to keep up with changes in the regulatory regime, industry standard and technological innovation. We cannot assure you that we and our employees will be able to adapt to such changes. If there is any delay in compliance, we may need to suspend or terminate our existing services. Even if we and our employees successfully obtain the necessary licences, there is no guarantee that these licences will not be revoked or suspended by the relevant authorities. If any licence is revoked or suspended, our business operations may need to be suspended or terminated. Moreover, there is no assurance that the Hong Kong Government will not impose additional or stricter laws or regulations on the security services and facility services industries in the future.

Furthermore, according to the Frost & Sullivan Report, advanced security solutions are reshaping the infrastructure of building facilities. An increasing number of security service companies are emphasising surveillance technology and video analytics, which has created strong demand for video surveillance systems. If we fail to respond adequately to evolving industry standards and technological innovation, our clients may seek more qualified service providers who can better meet their demands. In such circumstances, our business and results of operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

The state of the economy and social and political environment in Hong Kong may impact our performance and financial condition

We operate exclusively in Hong Kong, with all of our revenue derived from this market. Any major changes to Hong Kong’s economic, social and political environment could significantly impact our business performance and financial condition. We may be adversely affected if there is a downturn in Hong Kong’s economy, as this could directly impact our results of operations and financial condition. Additionally, social unrest or civil movements may also disrupt the local economy. In such cases, our Group’s operations and financial condition could be materially and negatively affected.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There is no existing public market for our Shares and their liquidity and market price may fluctuate

Prior to the [REDACTED], there has not been a public market for our Shares. We have applied for the [REDACTED] of and [REDACTED] in our Shares on GEM. However, even if approved, we cannot assure you that an active and liquid public trading market for our Shares will develop following the [REDACTED], or, if it does develop, it will be sustained. The financial market in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our operating results. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate.

The [REDACTED] was the result of negotiations among us and the [REDACTED] (for itself and on behalf of the other [REDACTED]) and may not be indicative of prices that will prevail in the trading market after the [REDACTED]. Therefore, our Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares purchased in the [REDACTED].

Our Controlling Shareholder may exert substantial influence over our operation and may not act in the best interests of our public Shareholders

Immediately following completion of the [REDACTED] (and assuming that the [REDACTED] is not exercised at all and no options are granted under the Share Option Scheme), (i) each of HFTT and Fong 1119 will be entitled to exercise 30% or more of the voting power at general meetings; and (ii) Ms. Lam (via Well Smart) and Mr. Fong controls HFTT and Fong 1119, respectively. Accordingly, each of HFTT, Fong 1119, Well Smart, Mr. Fong and Ms. Lam will remain as our Controlling Shareholder after the completion of the [REDACTED]. Therefore, they will be able to exercise significant influence over all matters of our Company requiring shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Company that would otherwise benefit our Shareholders. The interests of the Controlling Shareholder may not always align with the other Shareholders. If the interests of the Controlling Shareholder conflict with the interests of our Company or the other Shareholders, or if the Controlling Shareholder chooses to cause our business to pursue strategic objectives that conflict with the interests of our Company or the other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

There can be no assurance if and when we will pay dividends in the future

Distribution of dividends shall be formulated by our Board and will be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our distributable profits, business conditions and strategies, capital requirements and expenditure plans, financial results, future operations and earnings, characteristics of the industry, the stage of development, and any restrictions on payment of dividends, and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there

RISK FACTORS

can be no assurance whether, when and in what form we will pay dividends in the future. Please refer to the paragraph headed “Financial Information – Dividends” in this document for further details.

The trading price and volume of our Shares may be volatile, which could result in substantial loss to our investors

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of our Shares, changes in securities analysts’ (if any) estimates of our financial performance, investors’ perceptions of our Company and the general investment environment, developments in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets in Hong Kong. In particular, the trading price performance of our competitors whose securities are listed on the Stock Exchange may affect trading price of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies and involvement in material litigation as well as recruitment or departure of key personnel, could cause the market price of our Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

Investors of our Shares may experience dilution if we issue additional Shares in the future to raise funding

If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage of ownership of our existing Shareholders in our Company may be reduced or such new securities may confer rights and privileges that have priority over those conferred by the Shares. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of our Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund-raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme

We might grant share options to eligible participants under the Share Option Scheme, who may be our employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of our Shareholders, the earning per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document.

RISK FACTORS

You may face difficulties in protecting your interests under Cayman Islands law

Our corporate affairs are governed by, among other things, the Memorandum and Articles of Association, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Memorandum and Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For the summary of Cayman Islands company law, please refer to Appendix III to this document.

Forward-looking statements contained in this document are subject to risks and uncertainties

This document contains certain statements and information that are forward- looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should", "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded a representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the GEM Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

We cannot guarantee the accuracy of certain facts and statistics contained in this document

Certain facts and statistics in this document have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED] (which for the purpose of this paragraph, excludes the Frost & Sullivan) has independently verified such information and statistics and none of them gives any representation as to accuracy of such information and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of

RISK FACTORS

accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this document.

You should read the entire document and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the [REDACTED]

There has been, prior to the publication of this document, and there may be subsequent to the date of this document but prior to the completion of the [REDACTED], press, media, and/or research analyst coverage regarding us, our business, our industry and the [REDACTED]. You should rely solely upon the information contained in this document in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the [REDACTED], our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this document only and should not rely on any other information.

There is no assurance that the Shares will remain [REDACTED] on GEM

Although it is currently intended that the Shares will remain [REDACTED] on GEM, there is no guarantee of the continued [REDACTED] of the Shares. Among other factors, our Company may not continue to satisfy the [REDACTED] requirements of GEM. Holders of Shares would not be able to sell their Shares through trading on GEM if the Shares are no longer [REDACTED] on GEM.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

WAIVER IN RELATION TO NON-FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which will constitute continuing connected transactions of our Company under the GEM Listing Rules following the [REDACTED]. Our Company has applied to the Stock Exchange for, [and the Stock Exchange has granted], waiver from strict compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules pursuant to Rule 20.103 of the GEM Listing Rules with respect to the non-fully exempt continuing connected transactions described the section headed in “Connected Transactions” in this document. For further details of such continuing connected transactions and waiver, please refer to the section headed “Connected Transactions” in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
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Executive Directors

Mr. FONG Chun Kit (方俊傑)	Flat B, 16/F Block 5, Bellagio 33 Castle Peak Road Sham Tseng Hong Kong	Chinese
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Mr. WONG Chun Hung Hanson, <i>M.H.</i> (黃俊雄)	Flat B, 9/F Hollywood Heights 6 Old Peak Road Mid-Levels Hong Kong	Chinese
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Ms. YIP Nga Man (葉雅雯)	Flat B, 16/F Block 5, Bellagio 33 Castle Peak Road Sham Tseng Hong Kong	Chinese
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Mr. IP Yik Nam, <i>J.P.</i> (葉亦楠)	Flat C, 16/F Skyview Cliff 49 Conduit Road Mid-Level Hong Kong	Chinese
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Non-executive Director

Ms. LAM Wing Yu (林永瑜)	Flat B, 9/F Hollywood Heights 6 Old Peak Road Mid-Levels Hong Kong	Chinese
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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
<i>Independent non-executive Directors</i>		
Mr. Yau How Boa, <i>G.B.S., M.H., J.P.</i> (邱浩波)	Flat E, 4/F Fu Bon Court Fortress Garden 32 Fortress Hill Road North Point Hong Kong	Chinese
Mr. Au Ka Wang, <i>S.B.S., I.D.S.M., J.P.</i> (區嘉宏)	Room 1201, 12/F Block D, Westlands Gardens 4 Westlands Road Quarry Bay Hong Kong	Chinese
Ms. Leung Yuen Shan Maisy (梁婉珊)	Flat C, 50/F Tower 1, Ocean Shores 88 O King Road Tseung Kwan O Hong Kong	Chinese

For further details on our Directors and members of our senior management, please refer to the section headed “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Innovax Capital Limited

Room 1201–1202 & 1212
West Tower
Shun Tak Centre
168–200 Connaught Road, Sheung Wan
Hong Kong

[REDACTED], [REDACTED] and [REDACTED]

Innovax Securities Limited

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West Tower
Shun Tak Centre
168–200 Connaught Road, Sheung Wan
Hong Kong

Legal advisers to our Company

As to Hong Kong law

Khoo & Co.

In Association with Beijing Kangda (H.K.) Law Firm

In association with Michael Ngai & Co.

Suite 3902, 39/F, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

As to Cayman Islands law

Harney Westwood & Riegels

14th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Legal advisers to the Sole Sponsor and the [REDACTED]

As to Hong Kong law

P. C. Woo & Co.

12th Floor, Prince’s Building
10 Chater Road
Central
Hong Kong

Auditors and reporting accountants

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

35/F, One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance adviser

Innovax Capital Limited

Room 1201–1202 & 1212

West Tower

Shun Tak Centre

168–200 Connaught Road, Sheung Wan

Hong Kong

Industry consultant

Frost & Sullivan Limited

Suite 3006, 30/F, Two Exchange Square

8 Connaught Place

Central, Hong Kong

Receiving Bank

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CORPORATE INFORMATION

Registered office	4th Floor, Harbour Place 103 South Church Street PO Box 10240 Grand Cayman, KY1-1002 Cayman Islands
Head office and principal place of business in Hong Kong	Unit A, 27/F., Phase 2, Billion Plaza 10 Cheung Yue Street Cheung Sha Wan Kowloon, Hong Kong
Company’s website	www.arrano.com.hk (information contained in this website does not form part of this document)
Company secretary	Mr. Yuen Sing Wai Lester Unit 2503, 25th Floor Low Block, Grand Millennium Plaza 181 Queen’s Road Central Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Fong Chun Kit Unit A, 27/F., Phase 2, Billion Plaza 10 Cheung Yue Street Cheung Sha Wan Kowloon, Hong Kong Mr. Yuen Sing Wai Lester Unit 2503, 25th Floor Low Block, Grand Millennium Plaza 181 Queen’s Road Central Hong Kong
Audit committee	Ms. Leung Yuen Shan Maisy (<i>Chairman</i>) Mr. Yau How Boa Mr. Au Ka Wang
Remuneration committee	Mr. Au Ka Wang (<i>Chairman</i>) Mr. Fong Chun Kit Mr. Wong Chun Hung Hanson Mr. Yau How Boa Ms. Leung Yuen Shan Maisy
Nomination committee	Mr. Fong Chun Kit (<i>Chairman</i>) Mr. Wong Chun Hung Hanson Mr. Yau How Boa Mr. Au Ka Wang Ms. Leung Yuen Shan Maisy

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INDUSTRY OVERVIEW

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor, the [REDACTED] and [REDACTED] and the [REDACTED] or any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED], except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the Hong Kong security service industry. The report prepared by Frost & Sullivan for us is referred to in this [REDACTED] document as Industry Report. We agreed to pay Frost & Sullivan a fee of HK\$700,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 45 offices with more than 1,200 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan’s services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence, and corporate strategy.

We have included certain information from the Industry Report in this [REDACTED] document because we believe this information facilitates an understanding of the Hong Kong security service industry for the prospective investors. The Industry Report includes information of the Hong Kong security service industry as well as other economic data, which have been quoted in the [REDACTED] document. Frost & Sullivan’s independent research consists of both primary and secondary research obtained from various sources in respect of the Hong Kong security service industry. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, F&S assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the security service industry in Hong Kong.

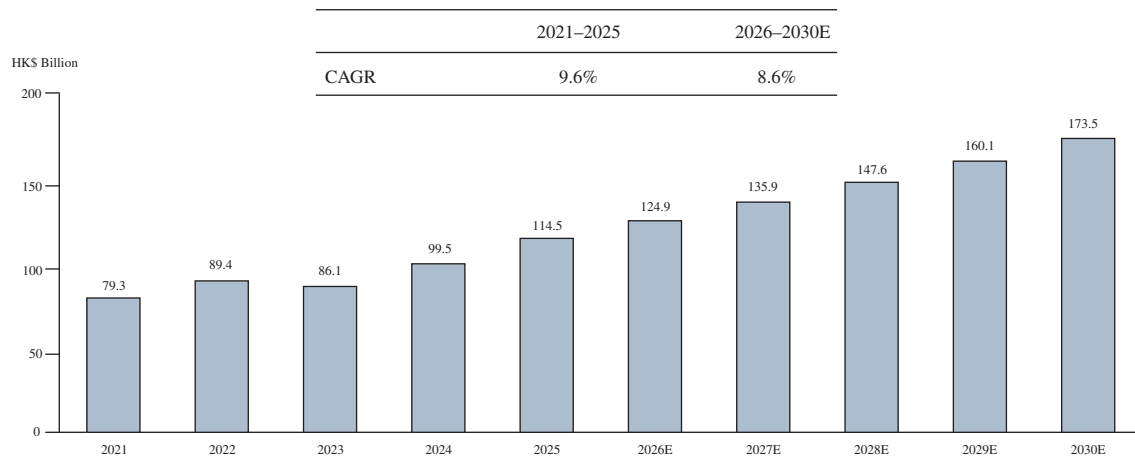
OVERVIEW OF MACRO ECONOMY IN HONG KONG

Government Expenditure on Infrastructure

According to the 2026–27 Hong Kong Government Budget, government expenditure on infrastructure in Hong Kong increased from HK\$79.3 billion in 2021 to HK\$114.5 billion in 2025, representing a CAGR of approximately 9.6%, notwithstanding certain year-on-year fluctuations. Such expenditure is forecast to increase to HK\$124.9 billion in 2026 and HK\$173.5 billion in 2030. Continued investment in infrastructure, public works and capital projects is expected to support demand for site security guarding, access control, CCTV and other electronic security solutions during the construction and operation of relevant facilities.

INDUSTRY OVERVIEW

Government Budget – Expenditure on Infrastructure (Hong Kong), 2021–2030E



Source: 2026–27 Hong Kong Government Budget, Frost & Sullivan

The Hong Kong Government continues to invest in major infrastructure and smart city initiatives, including the Northern Metropolis and San Tin Technopole, logistics developments at Hong Kong International Airport such as the Hong Kong International Airport Dongguan Logistics Park, the Kai Tak Development and Kai Tak Sports Park, and government-led technology projects such as the Hong Kong Customs’ “WiseShield” video analytics platform, the Correctional Services Department’s “Smart Prison” systems, the Immigration Department’s Immigration Control System (ICONS) powering automated biometric e-Channels, the Food and Environmental Hygiene Department’s Internet Protocol Camera Installation Scheme utilizing advanced video analytics for site surveillance, the Fire Services Department’s Internet of Things Fire Detection System (IoT FDS) for automated real-time monitoring, Electrical and Mechanical Services Department’s ongoing burglar alarm and security installations and maintenance term contracts covering central government offices and various municipal venues territory-wide, and the Government-led “SmartView” initiative implemented by the Hong Kong Police Force, which involves the planned deployment of 60,000 CCTV cameras at public places, including cameras installed on ordinary lampposts and smart lampposts. These developments are expected to support demand for site security services during construction and, following completion, electronic security solutions such as remote monitoring, smart surveillance, automated access control and logistics security to safeguard people, property and infrastructure.

OVERVIEW OF SECURITY SERVICES IN HONG KONG

Definition and Classification

In Hong Kong, security services refer to a range of activities related to safeguarding people, property, and information. These services are regulated under the Security and Guarding Services Ordinance (Cap. 460), which defines the licensing requirements for individuals and companies providing security services. Security services in Hong Kong include activities such as guarding premises, protecting property, and ensuring the safety of individuals. These services can be provided by licensed security personnel or through security companies, and they encompass tasks like patrolling, monitoring, and responding to security threats. From a business perspective, security services in Hong Kong are commonly provided on a project or contract basis. The revenue mix of a security services provider may therefore be affected by the size, duration and timing of sizeable projects undertaken by it from time to time.

According to the Security and Guarding Services Industry Authority, there are three types of licensed security companies engaged in different types of security work, namely Type I (Provision of security guarding services), which encompasses the scope of access control and vetting, surveillance and static guarding, perimeter patrol, crowd management and order; Type II (Provision of armoured transportation services); and Type III licences (Installation, maintenance and/or repairing of a security device and/or designing (for any premises or place) a security

INDUSTRY OVERVIEW

system incorporating a security device), which encompasses the scope of surveillance infrastructure (CCTV), security robotics, intrusion detection, access control systems, intercom and communication systems.

Security services can also be classified by asset types, namely public infrastructure, public facility, residential building, commercial building.

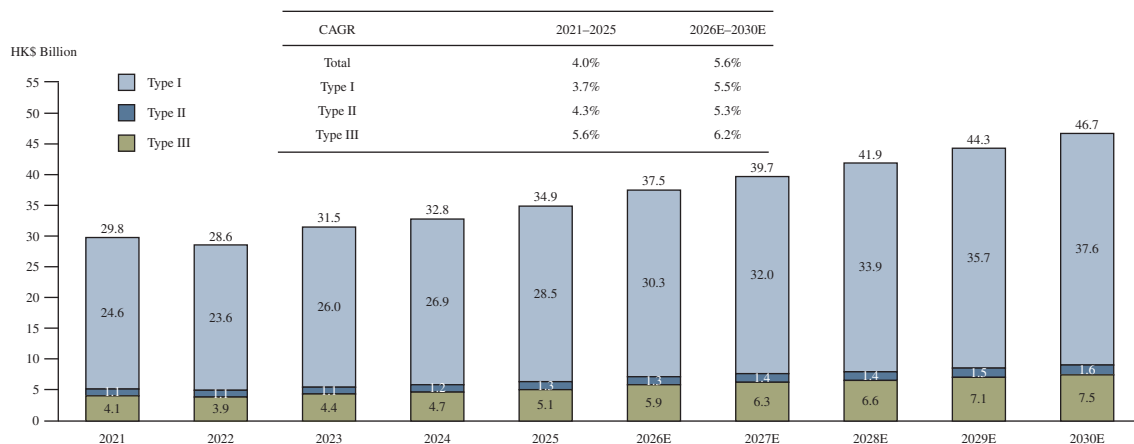
- **Public Infrastructure:** Public infrastructure focuses on protecting large-scale systems and assets critical to societal and economic functioning. These assets include transportation networks, utilities, and other essential infrastructure that ensures the smooth operation of public services. Major downstream clients in this segment include airports, railway stations, ports, utility infrastructure.
- **Public facility security** focuses on safeguarding places that provide direct public services and are accessible to individuals for activities such as healthcare, recreation, or government functions. Major downstream clients in this segment include government departmental offices, hospitals, libraries, sports complexes, and cultural centers.
- **Residential building security** focuses on providing safety and peace of mind for residents in housing estates, gated communities, and individual properties.
- **Commercial building security** addresses the needs of businesses and commercial properties, ensuring the safety of employees, customers, and assets. These properties can range from small offices to large shopping malls, warehouses, and industrial facilities.

Furthermore, security services are typically procured through formal tendering and invited quotations. The procurement method influences profit margins for security services providers, where open tenders generally involve higher price competition resulting in lower margins, whereas selective quotation processes tend to yield relatively higher margins.

Market Size of Security Services by Type of Licence

Type I security guarding services remained the largest segment of the Hong Kong security services market, accounting for approximately 81.9% of the market in 2025. Type I and Type III services are forecast to grow at CAGRs of approximately 5.5% and 6.2%, respectively, from 2026 to 2030. Electronic security systems are generally used to supplement physical guarding by enhancing monitoring and detection capabilities, while on-site personnel continue to be required for access control, incident handling and immediate response.

Market Size of Security Services by Type of License (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

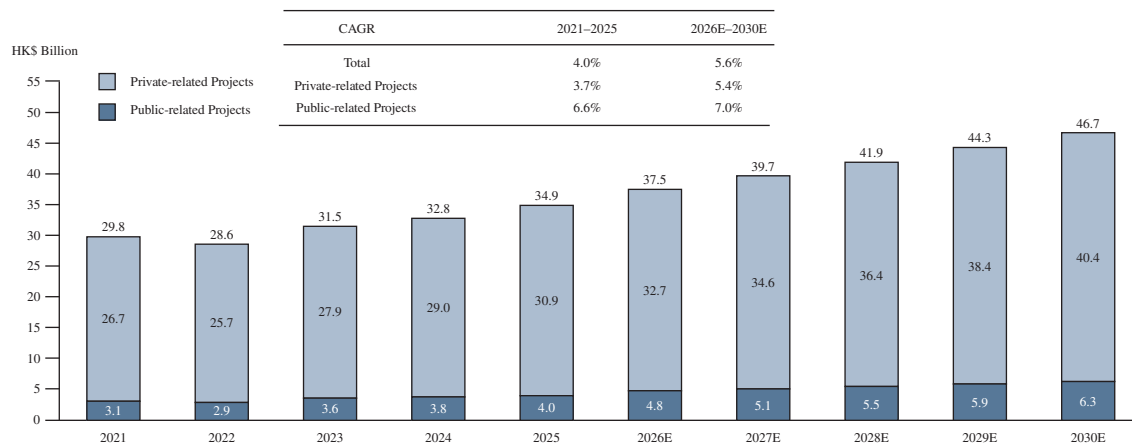
INDUSTRY OVERVIEW

Market Size of Security Services by Private-related and Public-related Projects

The public-related projects security services market mainly comprises security services for public infrastructure and public facilities. Demand for public infrastructure projects is primarily generated by operators of major transport and infrastructure systems, such as MTR Corporation and the Airport Authority, while demand for public facilities is generated by government departments, statutory bodies and other public organisations, including the Hospital Authority, the Housing Authority and the Housing Society. The market size increased from approximately HK\$3.1 billion in 2021 to HK\$4.0 billion in 2025, representing a CAGR of approximately 6.6%, and is forecast to reach approximately HK\$6.3 billion in 2030, representing a CAGR of approximately 7.0% from 2026 to 2030. The forecast growth is expected to be supported by recurring security requirements at existing public infrastructure and facilities, together with the construction and operation of major developments such as the Kai Tak Development and the Northern Metropolis.

The private-related projects security services market increased from approximately HK\$26.7 billion in 2021 to HK\$30.9 billion in 2025, representing a CAGR of approximately 3.7%, and is forecast to reach approximately HK\$40.4 billion in 2030, representing a CAGR of approximately 5.4% from 2026 to 2030. The forecast growth is expected to be supported by ongoing demand for security services at existing commercial and residential properties, together with new commercial, residential and mixed-use developments.

Market Size of Security Services by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

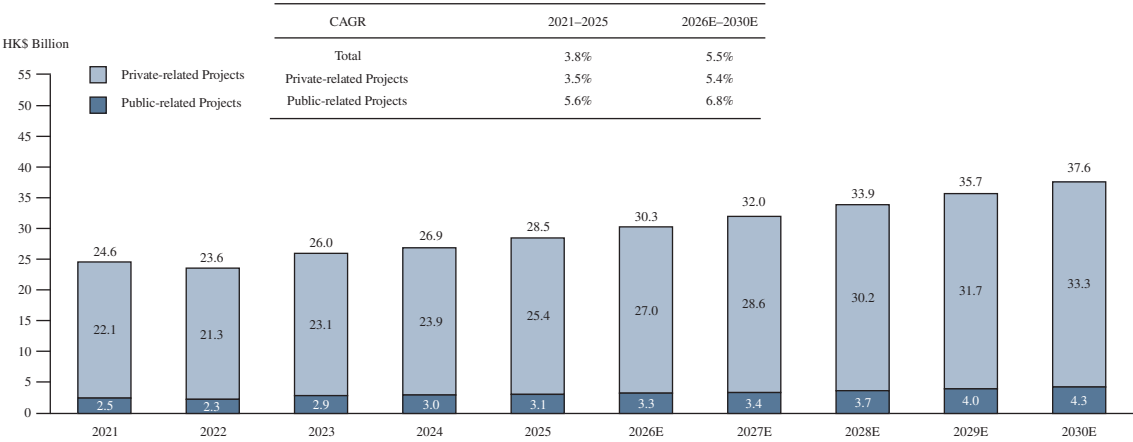
Market Size of Security Guarding Services (Type I License) Breakdown

The market size of public-related projects Type I security guarding services grew from HK\$2.5 billion in 2021 to HK\$3.1 billion in 2025, achieving a strong CAGR of 5.6% during this period. Such performance reflects a robust recovery from earlier disruptions, heavily benefiting from consistent demand for guarding manpower at existing government buildings and other state-owned enterprises. Looking ahead, the growth is expected to accelerate, with the market forecasted to reach HK\$4.3 billion by 2030, representing a CAGR of 6.8% from 2026 to 2030. The surging demand for public-related security guarding aligns directly with the rapid expansion of public infrastructure. Sustained government expenditure, driven by major government-led initiatives such as the Northern Metropolis, the continuous rollout of New Development Areas such as Hung Shui Kiu/Ha Tsuen, Kwu Tung North/Fanling North and Tung Chung New Town Extension, alongside the Ten-Year Hospital Development Plan, extensive public housing rollouts, and major railway network extensions, highlights the substantial public investment that will continuously fuel demand for on-site guarding personnel in the long term.

INDUSTRY OVERVIEW

Concurrently, the private-related projects security guarding services market expanded from HK\$22.1 billion in 2021 to HK\$25.4 billion in 2025, registering a steady CAGR of 3.5%. Moving forward, this segment is forecasted to experience stronger, accelerated growth at a CAGR of 5.4% from 2026 to 2030, ultimately reaching HK\$33.3 billion. The positive outlook is supported by renewed and continued investments in private commercial and residential property developments, which require a massive and continuous deployment of security guards, serving to complement the rapid infrastructure expansion seen in the public sector.

Market Size of Security Guarding Services (Type I License),
by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

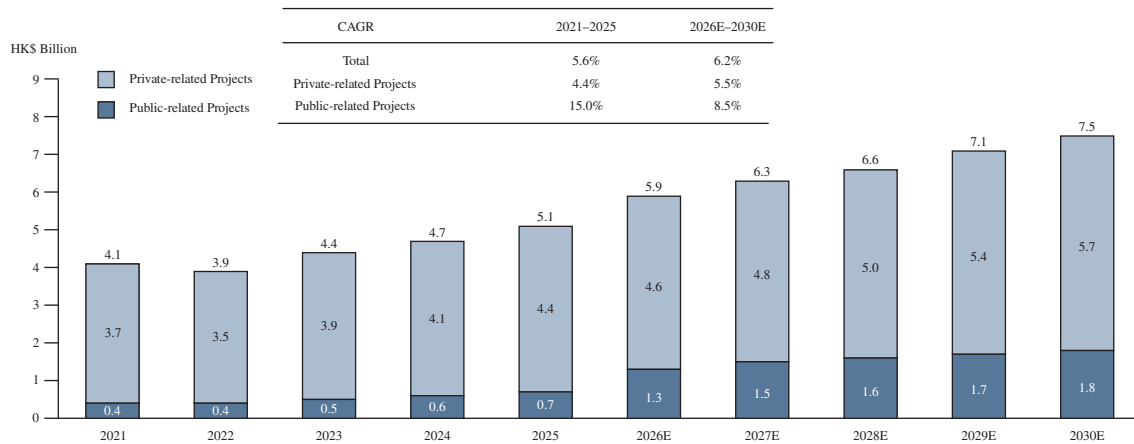
Market Size of Electronic Security Solutions (Type III License) Breakdown

The public-related projects segment of the electronic security solutions market demonstrates exceptionally rapid expansion, growing from HK\$0.4 billion in 2021 to HK\$0.7 billion in 2025 at a CAGR of 15.0%. The double-digit growth is forecasted to persist, with the market expected to reach HK\$1.8 billion by 2030, maintaining a CAGR of 8.5% from 2026 to 2030. The growth highlights a distinct structural shift in government expenditure toward highly complex, capital-intensive security technologies. Driven by ongoing Smart City blueprints, the modernization of border control checkpoints, and the integration of advanced surveillance networks across major public transport hubs, the public sector is disproportionately investing in high-end electronic systems to enhance centralized monitoring and operational efficiency.

Conversely, the private-related projects segment remains the dominant driving force in absolute market value, expanding from HK\$3.7 billion in 2021 to HK\$4.4 billion in 2025 with a steady CAGR of 4.4%. Looking ahead, this segment is projected to accelerate slightly, growing at a CAGR of 5.5% to reach a substantial HK\$5.7 billion by 2030. While its growth rate is more moderate compared to the public sector, the sheer volume of private commercial, residential, and industrial properties ensures its massive market share. The sustained growth is deeply rooted in the widespread adoption of smart building technologies and the Internet of Things across the private sector. Property developers and facility managers are increasingly retrofitting older buildings with modern biometric access controls, automated visitor management systems, and AI-driven surveillance to reduce long-term reliance on human manpower and elevate overall property values.

INDUSTRY OVERVIEW

Market Size of Electronic Security Solutions (Type III License) by Private-related Projects and Public-related Projects (Hong Kong), 2021–2030E



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

Surveillance Infrastructure, which includes installation and management of CCTV cameras and backend monitoring systems, remains the cornerstone of the electronic security market, exhibiting robust and slightly accelerating growth. The segment expanded from HK\$2,085.3 million in 2021 to HK\$2,568.9 million in 2025 at a steady CAGR of 5.4%. Looking forward, growth is projected to reach a CAGR of 5.9%, driving the segment to HK\$3,475.2 million by 2030. The acceleration is largely fueled by a market-wide paradigm shift from passive recording to automated and algorithmic video analysis, driven by Hong Kong’s progressive smart city transformation, and reinforced by the 2025 Policy Address and 2026–27 Budget which emphasise the integration of technologies such as Internet of Things (IoT), Artificial Intelligence (AI), and 5G. Property developers and government entities are aggressively upgrading legacy systems to smart cameras equipped with edge computing, facial recognition, and crowd-density algorithms. The demand is further amplified by a wide array of government-led rollouts and sector-specific mandates on CCTV projects. Notable examples include the city-wide Project Smartview which feature a HK\$4 billion deployment of 60,000 new CCTVs and multi-functional smart lampposts, the Development Bureau’s Smart Site Safety Systems (4S) mandate for construction sites, monitoring for autonomous transport such as the Airportcity Link, Hong Kong Customs’ WiseShield video analytics platform, the Correctional Services Department’s Smart Prison automated and algorithmic powered surveillance systems, Electrical and Mechanical Services Department’s ongoing burglar alarm and security installations and maintenance term contracts covering central government offices and, the Immigration Department’s Immigration Control System (ICONS) powering automated biometric e-Channels, the Food and Environmental Hygiene Department’s Internet Protocol Camera Installation Scheme utilizing advanced video analytics for site surveillance, the Fire Services Department’s Internet of Things Fire Detection System (IoT FDS) for automated real-time monitoring, Judiciary Administration’s court security enhancement schemes, various municipal venues territory-wide, the Housing Authority’s Smart Estate Management programs deploying advanced video monitoring across public housing, and the Hospital Authority’s smart hospital initiatives requiring advanced ward monitoring.

The security robotics market in Hong Kong remains at an early stage, with applications historically concentrated on pilot projects, proof-of-concept testing and small-scale deployments, and as of the Latest Practicable Date, there are approximately 15 licensed security companies in Hong Kong engaged in security robotics, spanning from strategic technology sourcing and pilot planning to active commercial sales and implementation. The security robotics market grew from approximately HK\$17.5 million in 2021 to HK\$79.7 million in 2025, representing a CAGR of 46.1%. The relatively strong growth projected during 2025 to 2027 reflects the expected transition from pilot deployment to initial commercial adoption, as public and private sector

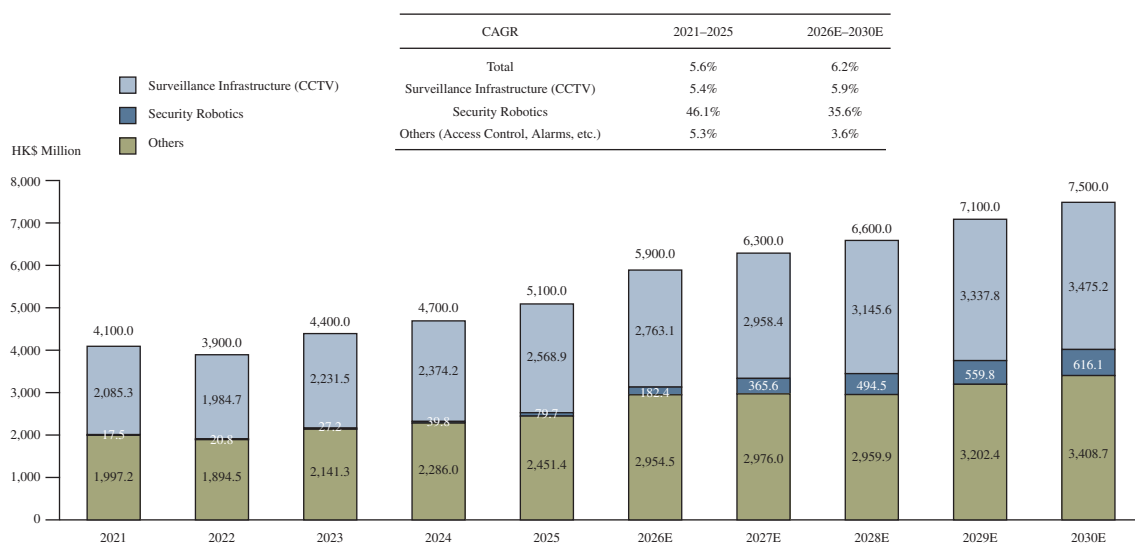
INDUSTRY OVERVIEW

users begin to evaluate and deploy security robots for patrol, surveillance, monitoring and other operational applications. As the market base expands and the initial demand is gradually absorbed, the growth rate is expected to normalise thereafter. Accordingly, while the market is forecast to grow at a CAGR of 35.6% from 2026 to 2030, such growth is principally driven by the initial commercialisation phase in 2026 and 2027. From 2027 to 2030, the market is forecast to grow from approximately HK\$365.6 million to HK\$616.1 million, representing a more moderate CAGR of approximately 19.0%.

The future development of the market will depend mainly on technological advancement, commercial applications, deployment costs and market and policy support. Recent public sector initiatives indicate growing interest in the use of robotics in Hong Kong. The Hong Kong Housing Authority has piloted security and cleaning robots in five public housing estates and is evaluating the incorporation of suitable innovative technologies into future service contracts. The Correctional Services Department has trialled a robotic dog patrol system at Shek Pik Prison and has collaborated with the Hong Kong Science and Technology Parks Corporation to explore innovative solutions for smart prisons. The Hong Kong Smart City Blueprint 2.0 also refers to the use of robots at the Hong Kong International Airport for terminal patrol, baggage handling, cleansing, disinfection and environmental monitoring. In addition, Hong Kong’s projected manpower shortage of approximately 180,000 workers by 2028, together with rising labour costs and recruitment challenges, is expected to encourage businesses and public bodies to explore technology-enabled operational solutions.

Conversely, the Others segment, comprising access control, intrusion & alarm systems, and intercoms etc., demonstrates the trend of a mature market. The foundational segment grew from HK\$1,997.2 million in 2021 to HK\$2,451.4 million in 2025 at a moderate CAGR of 5.3%. Over the forecast period to 2030, growth is expected to decelerate to a CAGR of 3.6%, reaching HK\$3,408.7 million. As basic alarms and access controls are already ubiquitous across almost all modern buildings, greenfield expansion is limited. Instead, future capital expenditure in this segment will be predominantly driven by retrofitting cycles, as building managers gradually replace outdated keycard systems with frictionless, biometric, and mobile-credential access solutions.

**Market Size of Electronic Security Solutions (Type III License)
by Component Type (Hong Kong), 2021–2030E**



Source: Hong Kong Government Procurement and Contract Management System, Annual Reports of Listed Companies, Frost & Sullivan

INDUSTRY OVERVIEW

Key Growth Drivers and Market Trends

Sustained Growth in General and Specialized Building Stock – The continuous expansion of Hong Kong’s building environment serves as a fundamental structural driver for the security industry. Demand is robust across both traditional residential blocks and newer, high-density mixed-use developments that integrate commercial, residential, and transportation hubs. The government has committed to a substantial land supply, with plans to produce approximately 98,000 private housing units and nearly 196,000 public units over the next five years. Beyond the residential sector, stock of Hong Kong’s private office, commercial and flatted factory and industrial stood at over 13.3 million m², 11.8 million m² and 16.2 million m² respectively in 2024. The vast expansion across all building typologies, and the continuous demand from existing buildings ensures a non-discretionary, baseline demand for 24/7 onsite guarding and the deployment of multi-point electronic systems to manage high occupant volumes. As these new urban cores are completed, the sheer scale of the populated area necessitates a permanent and comprehensive security presence to ensure public safety and operational integrity.

Heightened Regulatory and Security Requirements – The Hong Kong security services market is subject to licensing and compliance requirements under the Security and Guarding Services Ordinance. In assessing applications for security company licences, the Security and Guarding Services Industry Authority (“SGSIA”) considers factors including an applicant’s financial position, qualifications, operational procedures and equipment. Government departments, statutory bodies and operators of public and critical infrastructure may also impose project-specific requirements relating to risk assessment, personnel qualifications, service standards, monitoring capabilities and regulatory compliance in their tender and procurement processes.

Increased emphasis on public safety and critical infrastructure protection is also supporting the adoption of advanced electronic security systems by operators of transport networks, telecommunications facilities, energy facilities and other public and private premises. Such systems may include high-definition CCTV, biometric access control, intrusion detection and remote monitoring systems, and are often used together with Type I physical guarding services for on-site monitoring, access control, incident handling and immediate response. Security service providers with relevant licences, established track records, qualified personnel, technical capabilities and sufficient financial resources are generally better positioned to meet these requirements, thereby raising the professional and entry requirements of the industry.

Continuous Large-scale Infrastructure and Urban Development – The Hong Kong government’s sustained investment in large-scale infrastructure serves as a fundamental structural driver for the security services market. According to the 2026–27 Budget, the government’s capital works expenditure is estimated to be approximately HK\$128 billion for the 2026–27 financial year, with annual investments projected to remain at a similar level over the medium-term forecast period. Key strategic projects currently in progress include the Northern Metropolis, the San Tin Technopole, and the Hung Shui Kiu/Ha Tsuen New Development Area, which collectively require a permanent and comprehensive security presence to ensure site integrity and public safety. Additionally, major specialized commercial developments, such as the New Central Harbourfront (scheduled for 2032) and the Caroline Hill Road project (Lee Garden Eight, scheduled for 2026), alongside logistics infrastructure like the HKIA Dongguan Logistics Park, further underpin a non-discretionary, baseline demand for 24/7 onsite guarding and integrated electronic surveillance systems.

Transition Toward Integrated Manpower and Technology Solutions – The Hong Kong government’s proactive “AI+” initiatives and the establishment of the AI Efficacy Enhancement Team present a clear path for the industry to transition toward integrated, tech-enabled service models. Rather than providing traditional labor-only guarding, service providers can bundle physical guarding with smart electronic surveillance. The integrated approach allows firms to address the persistent local labor shortage by using automated systems to handle routine monitoring, while deploying specialized personnel for high-value tasks. By adopting these

INDUSTRY OVERVIEW

modern operational workflows, security companies can improve service efficacy for clients in both the public and private sectors while creating more sustainable, higher-margin revenue streams.

Accelerated Adoption of 4S in Construction – The future of the security industry is increasingly defined by the integration of technology-enabled solutions to deliver more comprehensive and efficient protection. A prominent catalyst for this technology-driven expansion is the Hong Kong Government’s active promotion of the 4S, which accelerates the deployment of advanced electronic systems alongside the emerging adoption of robotics. Mandated for public works contracts exceeding HK\$30 million and supported by up to HK\$6 million in Construction Innovation and Technology Fund (“CITF”) subsidies for private projects, the 4S initiative requires the deployment of advanced technologies such as automated and algorithmic powered CCTV, robotic monitoring, and electronic access controls across infrastructure sites. With approximately 550 projects already certified under the 4S Labelling Scheme as of May 2025, this regulatory shift is reshaping the industry. It drives robust demand for turnkey integrated security solutions, allowing providers to capitalize on the trend by bundling traditional Type I manned guarding with Type III digital hardware and real-time monitoring platforms. By doing so, security firms help contractors meet stringent safety compliance while securing high-value, technology-driven revenue streams.

Market Challenges and Threats

Sustained Manpower Shortages and Rising Costs – A primary challenge for the Hong Kong security services industry is the persistent structural shortage of licensed personnel. The shortage has been exacerbated by the industry’s pivot toward 12-hour shifts to manage costs and the implementation of more stringent vetting requirements under new regulatory frameworks. Furthermore, the abolition of the Mandatory Provident Fund (MPF) offsetting mechanism in May 2025, alongside periodic adjustments to the Statutory Minimum Wage, has significantly increased non-discretionary labor expenses. These rising operational and compliance costs put substantial pressure on the profit margins of service providers, particularly those tied to long-term fixed-price contracts.

Barriers to Digital Literacy and High Modernization Capex – While the market is shifting toward technology-personnel integration, significant barriers exist in terms of technical adoption. Many frontline security personnel possess limited digital literacy, creating a training gap as traditional guarding roles are increasingly supplemented by smart surveillance systems. Simultaneously, the high capital expenditure (CAPEX) required for sophisticated infrastructure upgrades poses a financial hurdle for smaller providers. Clients, particularly in older residential and industrial buildings, often remain hesitant to fund these technological transitions due to initial cost concerns and a preference for traditional human-centered approaches, slowing the overall rate of market modernization.

Severe Structural Manpower Shortages and High Recruitment Hurdles – The Type I guarding sub-market faces a persistent and critical structural manpower shortage, with the industry experiencing high vacancy rates. It is compounded by the fact that candidates increasingly prioritize job stability over the physically demanding nature of security work. The aging workforce in Hong Kong, with security personnel aged 60 or above reached 37.2% in 2025 further restricts the pool of younger entrants, forcing providers to rely heavily on mature workers. These hurdles result in firms often forced to offer higher risk premiums and enhanced benefits just to maintain minimum contractual manning requirements, thereby straining recruitment budgets and lengthening hiring cycles.

Regulatory Compliance and Licensing – Security service practitioners in Hong Kong face a stringent regulatory environment, including mandatory licensing and compliance with various industry standards. Companies must allocate significant time and financial resources towards training, equipment enhancement, and document preparation, resulting in considerable administrative burdens, operating expenses, and legal risks for small enterprises with limited cash flow and typically lacking of a skilled legal team. In addition, the lack of economies of scale hinders small business’s capacity to cover the expenses associated with various

INDUSTRY OVERVIEW

certifications (such as consultant fees, auditing costs, and recurring charges), thereby constraining their growth potential, accelerating market concentration, and diminishing industry competitiveness in terms of diversity.

Cost Structure Analysis

Labour and equipment costs are key cost components of the security services industry. The following table summarises the historical and forecast trends in the average monthly salaries of security guards and electronic security technicians and the procurement cost index for Type III electronic security equipment in Hong Kong:

Cost indicator	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2025	CAGR 2026-2030
Average monthly salary of security guards (HK\$)	14,396.0	14,857.0	14,422.0	15,985.0	16,418.0	16,910.5	17,417.8	17,922.9	18,442.7	18,959.1	3.3%	2.9%
Average monthly salary of electronic security technicians (HK\$)	19,166.0	19,408.0	19,542.0	19,928.0	20,733.0	21,500.1	22,252.6	23,009.2	23,745.5	24,434.1	2.0%	3.2%
Procurement cost index for Type III electronic security equipment (2021=100)	100.0	108.5	112.4	116.0	119.5	123.0	126.5	130.2	134.8	138.9	4.6%	3.1%

Source: Census and Statistics Department, Trade Map, Frost & Sullivan

The average monthly salary of security guards in Hong Kong increased from HK\$14,396 in 2021 to HK\$16,418 in 2025, representing a CAGR of approximately 3.3%, and is expected to reach HK\$18,959.1 in 2030, representing a CAGR of approximately 2.9% from 2025 to 2030. The increase is mainly attributable to the growing demand for professional security services and the rising cost of living, which have prompted service providers to offer higher salaries to attract and retain personnel.

The average monthly salary of electronic security technicians in Hong Kong increased from HK\$19,166 in 2021 to HK\$20,733 in 2025, representing a CAGR of approximately 2.0%, and is expected to reach HK\$24,434.1 in 2030, representing a CAGR of approximately 3.2% from 2026 to 2030. The increase is mainly attributable to the growing complexity of modern electronic security systems and the increasing adoption of automated and algorithm-powered surveillance, fibre-optic networks and IoT-based access control systems. Although subcontracting remains common in the industry, service providers generally prefer to maintain a direct, in-house workforce where practicable, as direct employment avoids third-party mark-ups and premium rates and provides greater protection against fluctuations in market wages.

The procurement cost index for Type III electronic security equipment in Hong Kong, comprising mainly surveillance and access control hardware, increased from 100.0 in 2021 to 119.5 in 2025, representing a CAGR of approximately 4.6%, and is expected to reach 138.9 in 2030, representing a CAGR of approximately 3.1% from 2026 to 2030. The increase is mainly attributable to continuous hardware upgrades and the shift towards higher-specification, multi-functional equipment. As customer requirements evolve, basic legacy cameras are increasingly being replaced by higher-cost equipment incorporating automated and algorithm-powered analytics, biometric access control and enhanced cybersecurity features, resulting in higher equipment procurement costs for system integrators.

COMPETITIVE LANDSCAPE OF SECURITY SERVICES MARKET IN HONG KONG

The security services market in Hong Kong is competitive and fragmented. There are approximately over 1,450 industry participants in the security services industry in Hong Kong in 2025, with approximately over 780, 15 and 800 industry participants respectively registered under Type I, Type II and Type III security work type license as of 2025. Notably, there are only around 130 companies that hold both Type I and Type III licenses. Currently in the industry, when considering suppliers with a large-scale operational capacity with a total workforce of over

INDUSTRY OVERVIEW

2,000 security personnel, there are currently only about 5 players in Hong Kong that operate at this specific magnitude. While the leading players are mainly foreign-based players with established reputation and advantage from economies of scale, Hong Kong-based players also contribute to a substantial amount of revenue for the market, given their strong regional partnership and local networks together with the localised knowledge and regional expertise.

In 2025, the top five players in the security services market (including all type I, II and III licensed companies) in Hong Kong contributing to approximately 9.3% market shares in terms of revenue. The Group records a total revenue of HK\$187.7 million in 2025, representing a market share of approximately 0.5% in the security services market in Hong Kong in 2025.

Besides, the Group contributed to approximately 0.6% and 0.4% market shares in terms of revenue in Type I and Type III security services market respectively.

Ranking of the Security Services Market in Hong Kong by Yearly Revenue in 2025

Rank	Company	Estimated Revenue in 2025 (HK\$ Million)	Approximate Market Share (%)
1	Company A	872.0	2.5%
2	Company B	704.7	2.0%
3	Company C	652.7	1.9%
4	Company D	558.9	1.6%
5	Company E	461.4	1.3%
	<i>Sub-total</i>	<u>3,249.7</u>	<u>9.3%</u>
	<i>Others</i>	<u>31,650.3</u>	<u>90.7%</u>
	<i>Total Market Revenue</i>	<u><u>34,900.0</u></u>	<u><u>100.0%</u></u>

Note: Company A is a subsidiary of a global group headquartered in the UK, providing Type I, III security services including manned security.

Company B is a subsidiary of a listed company in Hong Kong, providing Type I, II, III security services, such as guarding and customer service ambassador, escort and surveillance security, security system and technology, and security technologies.

Company C is a subsidiary of a global group headquartered in Denmark providing Type I, III security services such as guard and patrol services, event security, personal protection, workplace emergency management, security management, security control room, technical installations, etc.

Company D is a private company headquartered in Singapore, providing Type I, III security services ranging from manpower to security consultation and technology.

Company E is a listed company in Hong Kong, providing Type I, III security services such as general manned guarding services, manpower support services, event and crisis security services and is a competitor of the Group.

Source: Annual Reports of Listed Companies, Frost & Sullivan

Entry Barriers

High Capital Investment and Operational Costs – New market entrants have to face higher capital investment and operating costs, including the costs of acquiring security equipment, technology (e.g. surveillance systems, alarms) and setting up operational infrastructure. In addition, given the labor-intensive nature of the manned security services, a significant wage bill is required for the recruitment and training of staff, plus additional costs

INDUSTRY OVERVIEW

for ad hoc customer services. In Hong Kong, the statutory minimum wage has been raised to HK\$43.1 per hour with effect from 1 May 2026, which is expected to pose operational costs pressure. Furthermore, suppliers of security services are usually required to provide contract securities, such as performance bonds, to secure tenders. These bonds, which typically range from 1% to 5% of the contract sum (not more than 10%), necessitate a substantial cash investment at the initial stage, further exacerbating the financial burden. Such requirement, combined with potential cash flow concerns during the payback period, creates a significant barrier for new entrants, particularly those lacking adequate capital resources.

Brand Recognition and Reputation – The security service industry relies heavily on trust and reputation, which are built over time through consistent service delivery. Notable players in the industry have secured a source of revenue and market position due to their established long-term relationship with the key accounts, such as the Hong Kong government, property developers and railway operators. Particularly for public-related projects, the government and major infrastructural corporations, being the major clients, have been referring to a limited pool of security companies, accredited to the thorough understanding of the specifications and requirements. Accordingly, the lack of ample business relationships serves as an entry barrier for new market entrants to cater to complex requirements in large-scale projects.

Technological Investments – Integration of advanced technologies such as automated and algorithmic powered surveillance, digital surveillance systems, and network security services is gaining importance in the security services market. These technologies not only improve the efficiency of surveillance, but also enhance responsiveness and data analytics. Start-ups may face challenges in obtaining necessary equipment or investing in digital infrastructure, necessitating substantial financial resources and technical knowledge. Many small enterprises often lack the funds to acquire advanced equipment or employ talents with the expertise needed.

Track Record in the Construction Sector – The construction sector requires a high level of professionalism from on-site security personnel due to the dynamic site environment, diverse workforce, and the presence of valuable materials and equipment. Established security service providers with extensive experience and a strong reputation in construction sector are typically favoured due to their ability to offer sophisticated and comprehensive on-site security solutions, covering risk assessments and contingency plans, execution of security protocols, sufficient manpower and equipment resources, along with ongoing staff training. Conversely, new entrants lacking relevant expertise struggle to cope with the complicated site environment, hindering their ability to acquire clients during the initial phase.

Skilled Workforce Availability and Training – The security services sector require a well-trained and skilled personnel, especially when client expectations for superior service quality are increasing. However, the security services sector is currently characterised by a high proportion of temporary, contract or part-time personnel, leading to a very dynamic labour market in this industry. Therefore, retaining well-trained and experienced security professionals may prove challenging for new entrants who are not able to provide sufficient and competitive compensation.

Regulatory Requirements and Licensing – The security service industry in Hong Kong is heavily regulated, requiring companies to obtain licences and certifications to operate legally. This licensing process involves detailed documentation, background checks, and compliance with stringent industry standards. Additionally, companies must undergo regular inspections to ensure adherence to safety and operational protocols. For new firms, these requirements create significant entry barriers, as they not only demand substantial time and financial investment but also necessitate a thorough understanding of the regulatory landscape.

REGULATORY OVERVIEW

This section summarises certain aspects of the principal laws and regulations of Hong Kong which are relevant to our business and operations. As this is a summary, it does not contain a detailed analysis of the Hong Kong laws which are relevant to our business and operations.

BUSINESS OPERATIONS

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every entity that carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of its business and display a valid business registration certificate at the place of business.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance is the legislation governing the imposition of taxes on property, earnings, and profits in Hong Kong. It stipulates that individuals and entities, including corporations, partnerships, trustees, and other bodies of persons, engaged in any trade, profession, or business in Hong Kong are subject to taxation on all profits arising in or derived from Hong Kong, excluding those from the sale of capital assets. The Inland Revenue Ordinance also provides detailed provisions concerning permissible deductions for outgoings and expenses incurred in the production of chargeable profits, as well as allowances for depreciation and the ability to offset current losses against future profits.

LABOUR, HEALTH AND SAFETY

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

All employees covered by the Employment Ordinance, regardless of their working hours, are entitled to fundamental protections under the Ordinance. These include wage payments, limits on wage deductions, and entitlement to statutory holidays. Employees engaged under a continuous contract are additionally entitled to benefits such as rest days, paid annual leave, sickness allowance, severance payment, and long service payment. An employee is considered to be working under a continuous contract if they have been employed by the same employer for at least four weeks, working a minimum of 18 hours each week. In the event of a dispute regarding whether an employment contract qualifies as a continuous contract, the burden of proof lies with the employer to demonstrate otherwise.

Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (“ECO”)

The ECO establishes a framework to provide compensation for employees who suffer injuries or fatalities arising out of and in the course of their employment. This no-fault and non-contributory system ensures that employees are entitled to compensation regardless of whether negligence or fault can be attributed to their employer. The ECO applies to most employees engaged under a contract of service or apprenticeship, including those working outside Hong Kong if they are employed by local employers.

Under the ECO, employers are required to compensate employees for work-related injuries, deaths, or prescribed occupational diseases. Compensation covers medical expenses, loss of earnings during periods of incapacity, permanent disablement benefits, and death benefits payable to the employee’s family. To ensure compliance, employers are mandated to maintain valid employees’ compensation insurance policies with authorised insurers to cover their statutory liabilities under the ECO.

REGULATORY OVERVIEW

Under section 15 of the ECO, employers must notify the Commissioner for Labour of any work-related accident by submitting Form 2: (i) within 14 days for accidents resulting in incapacity exceeding three days; and (ii) within seven days for fatal accidents, irrespective of whether the accident entails any liability to pay compensation. If an accident is not brought to the employer’s attention or otherwise came to their knowledge after these periods, the notice must be submitted within seven or 14 days (as applicable) from when the accident is first brought to the employer’s attention.

Employers are also required under section 40 of the ECO to take out insurance policies covering their liabilities under both the ECO and common law for work-related injuries involving all employees, including full-time and part-time staff. An employer who fails to secure valid insurance coverage is liable on conviction upon indictment to a fine of HK\$100,000 and imprisonment for up to two years.

Employees Retraining Ordinance (Chapter 423 of the Laws of Hong Kong)

The Enhanced Supplementary Labour Scheme (“ESLS”) is a labour importation scheme administered by the Labour Department of the Hong Kong Government. The ESLS operates pursuant to section 14(3) of the Employees Retraining Ordinance (Cap. 423), which empowers the Chief Executive in Council to approve labour importation schemes and mandates the payment of an Employees Retraining Levy by employers engaging imported employees. The ESLS is designed to address manpower shortages at technician level or below across various sectors in Hong Kong. It enables employers who experience genuine difficulties in recruiting suitable local workers to import labour from outside Hong Kong.

The ESLS is intended to safeguard employment opportunities, wages, and benefits of local workers by requiring employers to give priority to local recruitment and to take active steps to train local staff before resorting to importation. The maximum duration of an employment contract under the ESLS is 24 months. Imported workers must be engaged under a Standard Employment Contract (“SEC”) and are entitled to the same statutory protection as local workers.

Employers must comply with all relevant statutory provisions (including but not limited to the Employment Ordinance, Employees’ Compensation Ordinance, Immigration Ordinance), as well as the requirements of the ESLS and the SEC. Breaches may result in withdrawal of approval for labour importation and debarment from participation in the scheme for up to two years. Approval for importation is not automatically renewable; employers wishing to continue employing imported workers must submit a fresh application upon contract expiry.

Pursuant to administrative updates effective from March 2026, the Labour Department streamlined the application process by dividing vacancies into “Common Posts” and “Non-Common Posts”. “Common Posts” include standardised roles such as security guards, security patrol officers and security officers, which are subject to expedited preliminary screening based on preset entry requirements and median wages.

From the launch of the ESLS on 4 September 2023 to 31 December 2025, the Labour Department received 22,531 applications covering 171,516 imported workers, of which 14,989 applications involving 96,195 workers were approved. For the “Security Guard” category, 4,984 workers were approved out of 14,231 applications. Under the ESLS, imported security personnel are limited to core duties such as patrolling, visitor and vehicle registration, handling enquiries, and escorting money and valuables.

REGULATORY OVERVIEW

To safeguard the priority of local employment, ESLS applicants must conduct a four-week local open recruitment exercise and give priority to suitably qualified local workers, with salaries offered at no less than the prevailing median monthly wage for comparable positions. As at the Latest Practicable Date, for “Security Guard” category, the benchmark median monthly wage is HK\$16,400 based on an eight-hour working day, excluding meal breaks.

Under the ESLS, employers must provide clean, self-contained and furnished accommodation with a minimum net usable floor area of 3.4 square metres per person and no more than six beds per bedroom. The accommodation must, at no cost to the worker, include separate sleeping and living areas, toilet, bathing and cooking facilities, a stable supply of electricity and potable water, and basic furnishings such as beds, blankets, pillows, electric fans and a refrigerator. While employers under the ESLS may recover part of the accommodation cost, any deduction is capped at the actual cost of accommodation or 20% of the worker’s monthly wages, excluding overtime pay, whichever the less (for SECs entered into pursuant to the approvals-in-principle to imported workers issued by the Labour Department prior to 16 June 2026, the corresponding cap was 10% of the worker’s monthly wages, excluding overtime pay). Labour Department officers are also entitled to enter and inspect the accommodation at reasonable times to verify compliance. Failure to meet these requirements may result in administrative sanctions and exclusion from the ESLS. Under the SEC, where an employee falls ill or suffers personal injury during the employment period, the employer is required to provide free medical treatment. This includes medical consultation, hospitalisation and emergency dental treatment, and the employee is required to accept treatment provided by a registered medical practitioner.

Our Group has put in place internal policies and procedures to ensure that the accommodation provided to imported workers complies with the applicable requirements under the ESLS and the relevant standard employment contracts, including those relating to space, occupancy and basic facilities. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, any accommodation fees charged by our Group to imported workers did not exceed the applicable statutory cap. Our Group also monitors the condition of such accommodation on an ongoing basis.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, our Group was not aware of any material non-compliance with applicable laws and regulations in relation to the dormitories for imported workers.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$43.1 per hour as at the Latest Practicable Date) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Under the Immigration Ordinance, a person is lawfully employable if he holds the requisite visa or entry permit to work in Hong Kong, or has the right of abode or right to land in Hong Kong. Section 17I of the Immigration Ordinance stipulates that (i) any person who employs an individual who is not a prohibited employee commits an offence and is liable to a fine of

REGULATORY OVERVIEW

HK\$350,000 and to imprisonment for three years; and (ii) any person who employs an individual who is a prohibited employee commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for ten years.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“MPFSO”)

Under the Mandatory Provident Fund Schemes Ordinance, employers are required to enrol their regular employees, except for certain exempt persons, into a Mandatory Provident Fund (“MPF”) Scheme if they meet the following criteria:

- The employee is aged between 18 and under 65 years.
- The employee has been employed for a continuous period of 60 calendar days or more.

Enrolment must be completed within the first 60 calendar days of employment, including any probationary period. Employers are legally obligated to ensure compliance with this requirement, and failure to do so may result in penalties.

Under the MPF Scheme, as at the Latest Practicable Date, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a minimum monthly relevant income of HK\$7,100 for employee’s contributions and a maximum monthly relevant income of HK\$30,000 for both employer and employee’s contributions. Contributions to the plan are vested immediately upon payment.

The MPF Offsetting Arrangement has been abolished from 1 May 2025. For details, please refer to the paragraph headed “Risk Factors – Risks relating to our industry – Cancellation of the MPF offsetting arrangement may result in an increase in our direct labour costs” in this document.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. The Occupational Safety and Health Regulation, established under the Occupational Safety and Health Ordinance, outlines fundamental provisions for preventing accidents, ensuring fire safety, managing workplace environments, maintaining hygiene standards, providing first aid, and setting out the responsibilities of employers and employees in relation to manual handling operations.

Employers are obligated, as far as reasonably practicable, to safeguard the safety and health of their workplaces by:

- Ensuring that machinery, equipment, and work systems are maintained in a manner that does not pose risks to safety or health;
- Implementing measures to ensure safety and health in relation to the use, handling, storage, or transportation of machinery, equipment, or substances;
- Offering adequate information, instructions, training, and supervision to promote workplace safety and health;

REGULATORY OVERVIEW

- Maintaining safe means of access to and exit from the workplace; and
- Establishing and maintaining a safe and healthy working environment.

The Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the notices constitutes an offence punishable by a fine of HK\$400,000 and HK\$1,000,000 respectively and imprisonment of up to 12 months.

REGULATORY FRAMEWORK GOVERNING SECURITY, PROPERTY MANAGEMENT, AND ELECTRICAL WORK SERVICES

Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong) (“SGSO”)

The SGSO mandates the creation of the Security and Guarding Services Industry Authority (“SGSIA”), regulates the issuance of permits for individuals engaged in security-related work, and oversees the licensing of security service providers in Hong Kong. Companies providing security services and individuals performing security duties must adhere to the SGSO’s dual licensing system: the Security Company Licence regime (the “**Security Company Licence Regime**”) and the Security Personnel Permit regime (the “**Security Personnel Permit Regime**”).

Security Company Licence Regime

Pursuant to section 11 of the SGSO, no person other than a company acting under and in accordance with a Security Company Licence issued by SGSIA in accordance with the SGSO shall supply, agree to supply, or hold himself out as supplying any individual to do security work for another person for reward. Pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person is (a) a holder of a Security Personnel Permit that is valid for that type of work, a holder of Security Company Licence, or an individual supplied by a holder of Security Company Licence; or (b) authorised or required to do the work otherwise than for reward.

Applications for a Security Company Licence must be submitted to SGSIA, and only corporate entities incorporated under the Companies Ordinance, its predecessor legislation, or any other ordinance in Hong Kong are eligible to apply. As stipulated in Schedule 2 of the Security and Guarding Services (Licensing) Regulation (Chapter 460B of the Laws of Hong Kong), a company holding a Security Company Licence is authorized to perform three distinct types of security work under the Security Company Licence Regime:

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| Type I | Provision of security guarding services |
| Type II | Provision of armoured transportation services |
| Type III | Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device |

REGULATORY OVERVIEW

Matters to which SGSIA shall have regard when determining an application for a Security Company Licence

According to section 21(3) of the SGSO, SGSIA shall issue a Security Company Licence only when it is satisfied that:

- (a) the applicant is a fit and proper person to supply individuals to do security work of the type proposed;
- (b) any person who is a controller of the applicant is a fit and proper person to be a controller of a company that supplies individuals to do security work of the type proposed;
- (c) the security equipment and methods used or proposed to be used by the applicant are adequate; and
- (d) the applicant's proposed method of supervising the individuals it supplies to do security work is suitable.

Further, SGSIA will have regard to the following matters when determining an application for a Security Company Licence for Type I and Type III security work:

- (A) In respect of an application for a Security Company Licence for Type I security work
 - (a) the applicant must be a company registered in Hong Kong;
 - (b) the applicant should have a sound financial background and be able to furnish an appropriate financial reference from a Hong Kong bank or similar institutions;
 - (c) the controller(s), the directors and executives are of good character, having regard to his/her criminal record and other relevant factors;
 - (d) the applicant is appropriately insured for the extent of its business subject to a minimum of HK\$10 million per incident for public liability. Insurance should also include employee compensation;
 - (e) the applicant should have a place of business, the size, layout, and facilities of which is commensurate with its scale and nature of operations;
 - (f) the applicant, if required by nature of its work, should have a control room of adequate size which meets the requirements of SGSIA;
 - (g) the applicant, when monitoring remote alarms off site, should have a central alarm monitoring station which meets the requirements of SGSIA;
 - (h) the armoury should, if required, in all respects, fully comply with the requirements as laid down in the Firearms and Ammunition Ordinance (Chapter 238 of the Laws of Hong Kong);
 - (i) all personnel engaged in security work must have a valid permit;

REGULATORY OVERVIEW

- (j) the applicant must carry out its own employment vetting, which includes, where possible, employment history, reference check or other acceptable modes of character check and residential address check;
 - (k) the applicant must have a nominated training officer responsible for the training of all operational staff;
 - (l) all training must be held in a suitable training facility;
 - (m) all employees, before performing operational duties, must undergo and pass an initial basic training course of not less than 16 hours, regardless of previous working experience (except when an employee produces a valid certificate issued to that employee in respect of a training course accepted by SGSIA within 5 years);
 - (n) all employees deployed to operate a central alarm monitoring station must undergo and pass relevant training which meets the requirements of SGSIA in addition to that prescribed under item (m) above before performing related operational duties;
 - (o) results of these courses must be recorded in the employee personnel files;
 - (p) a security company, which takes over another security company's business as well as its staff, may apply in writing to the police with valid reasons for a grace period in providing initial basic training to its guards before performing operational duties;
 - (q) the applicant must maintain two full copies of assignment instructions for each duty post (one in management records and one at the duty area), which should cover, among others, name of the employer, address of the duty area, telephone procedures, action in emergencies, fire precautions and crime prevention;
 - (r) the applicant must supervise all patrols on a shift basis through a minimum of one visit per week by supervisor from an off-site location if teleprotection is available, and one visit per shift if otherwise;
 - (s) occurrence books must be maintained at every duty post;
 - (t) all incidents must be recorded and investigated;
 - (u) confidential documents no longer required must be shredded before being discarded; and
 - (v) the applicant should have contingency plans for fire and other disasters.
- (B) In respect of an application for a Security Company Licence for Type III security work
- (a) the applicant must be a company registered in Hong Kong;
 - (b) the applicant should have a sound financial background and be able to furnish an appropriate financial reference from a Hong Kong bank or similar institutions;

REGULATORY OVERVIEW

- (c) the controller(s), the directors and executives are of good character, having regard to their criminal record and other relevant factors;
- (d) the applicant is appropriately insured for the extent of its business subject to a minimum of HK\$10 million per incident for public liability. Insurance should also include employee compensation;
- (e) the applicant should have a place of business, the size, layout, and facilities of which is commensurate with its scale and nature of operations;
- (f) the applicant should have an electronic and technical workshop of an adequate size, with sufficient facilities and test equipment to provide adequate service repair and equipment fabrication;
- (g) the company should have sufficient test equipment and tools necessary for carrying out installation work, service repair and field services;
- (h) a detailed list of test equipment should be available at the workshop for record purpose;
- (i) all security devices designed, installed, maintained and repaired should be done according to the relevant British Standards (B.S.), European Standards, Underwriters Laboratories Inc. (U.L.) Standard or equivalent where appropriate and applicable;
- (j) all personnel engaged in security work must have a valid permit;
- (k) the applicant must carry out its own employment vetting, which includes, where possible, employment history, reference check or other acceptable modes of character check and residential address check;
- (l) all staff carrying out alarm installation work and servicing must have adequate recognised technical qualifications or equivalent related experience;
- (m) confidential documents no longer required must be shredded before being discarded; and
- (n) the applicant should have contingency plans for fire and other disasters.

Conditions for issuing a Security Company Licence

The issuance of a Security Company Licence is contingent upon the following conditions, in addition to any other requirements that may be imposed by the SGSIA. The licensee is required to:

- (a) display its Security Company Licence in a prominent position inside its principal place of business;
- (b) only supply individuals to perform the type of security work as specified in its Security Company Licence;

REGULATORY OVERVIEW

- (c) enter its name and the period of employment on the Security Personnel Permit of security personnel under its employ;
- (d) notify the Commissioner of Police (the "**Commissioner**") in writing of (i) any criminal proceedings against the controller(s), directors and executives, and all Security Personnel Permit holders of the company within 14 days after the licensee has become aware of the institution of such proceedings; (ii) the name of the persons whom it employs to do security work and the date on which the employment commenced within 14 days after the commencement of the employment; and (iii) the name of the persons whom it ceases to employ to do security work and the date on which the employment ceased within 14 days after the cessation of the employment; and
- (e) not act contrary to the requirements of its work as a security company.

A Security Company Licence is not assignable or transmissible, and is valid for five years (or such shorter period as SGSIA may specify, and subject to payment of prescribed fee). An application for renewal of a Security Company Licence shall be made to the SGSIA not earlier than six months and not later than three months before the Security Company Licence is due to expire and be accompanied by the prescribed fee.

Penalties

Under section 31(1) of the SGSO, any person operating a company that supplies, agrees to supply, or represents themselves as supplying individuals to perform security work for others in exchange for reward, without a valid Security Company Licence, commits an offence. Upon conviction, the offender is liable to a fine at level 6 (currently HK\$100,000) and imprisonment for up to two years. Additionally, under section 31(2) of the SGSO, failure to notify the Commissioner of the required notifications, including the relevant commencement or cessation dates triggering such notifications, constitutes an offence. Upon conviction, the offender is subject to a fine at level 3 (currently HK\$10,000) and imprisonment for up to three months.

Security Personnel Permit Regime

Certain employees within our Group are engaged in the design, installation, and maintenance of security systems, as well as the provision of security guarding services. These activities necessitate the acquisition of appropriate permits under the Security Personnel Permit Regime.

Under section 10 of the SGSO, no individual shall do, agree to do, or hold himself out as doing or as available to do, security work for another person unless they do so under and in accordance with a valid Security Personnel Permit issued by the Commissioner under the SGSO, or unless the work is undertaken without reward. Furthermore, pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person is (a) a holder of a Security Personnel Permit that is valid for that type of work, a holder of Security Company Licence, or an individual supplied by a holder of Security Company Licence; or (b) authorised or required to do the work otherwise than for reward. Applications for Security Personnel Permits must be submitted to the Commissioner, and section 14 of the SGSO provides that such permits cannot be issued to corporate or unincorporated bodies.

REGULATORY OVERVIEW

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| (c) Good character | The applicant must be of good character having regard to the applicant's employment history, criminal records and other relevant factors. |
| (d) Proficiency in security work | <p>The applicant must satisfy one of the followings:</p> <ul style="list-style-type: none">(i) The applicant must have sat and passed a trade test recognised by SGSIA and announced in a manner that it thinks fit, within one year before submitting the application; or(ii) The applicant must have not less than three years of cumulative working experience in performing security work lawfully in Hong Kong over the past five years immediately before submitting the application; or(iii) The applicant must have not less than one year of cumulative working experience in performing security work lawfully in Hong Kong over the past two years immediately before submitting the application; or(iv) The applicant must have sat and passed a course-end examination, within one year before submitting the application, of a security training course that has met the requirements of a scheme for quality assurance that has been endorsed by SGSIA and announced in a manner that it thinks fit, such as the QASRS Basic Security Services Certificate. |
- (B) In respect of Category D Security Work
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| (a) Age | The applicant must be 18 years of age or above on the date of application. |
| (b) Proficiency | The applicant shall have received appropriate training or can demonstrate the capability and proficiency in the skills/technique required in performing the job. |
| (c) Good character | The applicant must be of good character having regard to the applicant's employment history, criminal records and other relevant factors. |
| (d) Certification of Employment by Prospective Employer | On the applicant's first application for a permit, the applicant must produce a letter of employment from the prospective employer. |

REGULATORY OVERVIEW

Conditions for issuing a Security Personnel Permit

The issuance of a Security Personnel Permit will be subject to the following conditions (together with any such conditions the Commissioner may impose). The Security Personnel Permit holder must:

- (a) carry his/her Security Personnel Permit at all times when he is on duty;
- (b) produce his/her Security Personnel Permit for inspection on demand by any police officer;
- (c) notify the Commissioner in writing of (i) any change of employer, unless he/she is employed by a licensed security company; and (ii) any institution of criminal prosecution against him/her, within 14 days after the relevant event has occurred;
- (d) only perform the type of security work as specified in his/her Security Personnel Permit;
- (e) not work over 372 hours per month and not normally work over 12 hours per day;
- (f) not act contrary to the requirements of his/her duties as a security personnel or remiss in the execution of his/her duties; and
- (g) for performance of Category A Security Work and/or Category B Security Work, submit to the Licensing Office of the Hong Kong Police Force a medical certificate issued by a registered medical practitioner to certify that he is fit to undertake the duties required, (i) if he/she was aged below 65 at the time of application for the Security Personnel Permit, when he/she reaches the age of 65 and thereafter every two years; or (ii) if he/she was 65 years of age or above at the time of application for the Security Personnel Permit, every two years after the Security Personnel Permit was issued.

A Security Personnel Permit is not assignable or transmissible, and is valid for a period of five years (or such shorter period as the Commissioner may specify). Applications to renew a Security Personnel Permit must be submitted to the Commissioner no earlier than six months and no later than three months prior to its expiry and must include the prescribed fee.

Penalties

Under section 31(2) of the SGSO, any person who does, agrees to do, or holds himself out as doing or as available to do, security work for another person for reward without a valid Security Personnel Permit commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000) and to imprisonment for three months.

Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong) ("PMSO")

The Property Management Services Authority (the "PMSA") was established on 24 October 2016 in accordance with section 42 of the PMSO and has since 1 August 2020 implemented the licensing regime concerning property management companies ("PMC(s)") and property management practitioners ("PMP(s)") to provide property management services. The PMSA is authorised to enforce the PMSO, establish codes of conduct, and impose disciplinary measures

REGULATORY OVERVIEW

on PMCs and PMPs found guilty of disciplinary offences. Under section 43 of the PMSO, its primary responsibilities include:

- (a) to regulate and control the provision of property management services in Hong Kong by the licensing of PMC and PMP;
- (b) to promote the integrity, competence and professionalism of the profession of property management services; and
- (c) to maintain and enhance the status of the profession of property management services.

According to section 6(1) of the PMSO, no person may, without a property management company licence (“**PMCL**”) issued in accordance with the PMSO, (i) act as a PMC; or (ii) claim to be a holder of a PMCL (“**PMCL Company**”).

According to section 7(2) of the PMSO, a PMC is not required to hold a PMCL if its business activities do not include the provision of property management services spanning more than one category listed in Schedule 1 of the PMSO.

Under Schedule 1 of the PMSO, property management services are defined to mean services prescribed by the PMSA falling within the following categories:

- 1. general management services relating to a property;
- 2. management of the environment of a property;
- 3. repair, maintenance and improvement of a property;
- 4. finance and asset management relating to a property;
- 5. facility management relating to a property;
- 6. human resources management relating to personnel involved in the management of a property; and
- 7. legal services relating to the management of a property.

According to section 8(1) of the PMSO, the PMSA may, on application, issue:

- (i) a PMCL;
- (ii) a PMP (Tier 1) licence (“**PMP (Tier 1) licence**”); or
- (iii) a PMP (Tier 2) licence (“**PMP (Tier 2) licence**”).

Only PMPs, as defined in section 2 of the PMSO as individuals holding managerial or supervisory positions in a property management company concerning the property management services it provides, are required to obtain a licence if they assume such roles in delivering property management services. Frontline staff are not obligated to obtain PMP licences. However, a PMP must meet all licensing requirements and adhere to the conditions of the licence.

REGULATORY OVERVIEW

According to section 11(2) of the PMSO, in determining whether a person is a suitable person to hold a PMCL, the PMSA must have regard to the following in case of a company:

- (i) whether the company is in liquidation or is the subject of a winding- up order;
- (ii) whether a receiver has been appointed in relation to the company;
- (iii) whether, in the five years before the relevant application, the company has entered into a composition or scheme of arrangement with its creditors;
- (iv) whether the company has been convicted of a criminal offence (other than an offence under the PMSO) involving fraud or dishonesty;
- (v) whether the company has been convicted of a disciplinary offence or a criminal offence under the PMSO; and
- (vi) whether every director of the company is a suitable person to be associated with the company’s business of providing property management services.

According to section 15(2)(b) of the PMSO, criteria for a PMP (Tier 1) licence or PMP (Tier 2) licence may include those relating to the person’s academic qualifications, professional qualifications and relevant work experience; and may impose more stringent requirements for a PMP (Tier 1) licence. The licensing criteria, and licence conditions are stipulated in the Property Management Services (Licensing and Related Matters) Regulation.

Arrano Security obtained its first Property Management Company License on 22 May 2023. As confirmed by our Directors, during the period from 22 May 2023 to the end of the Track Record Period and as at the Latest Practicable Date, we held a Property Management Company License.

Building Management Ordinance (Chapter 344 of the Law of Hong Kong (“BMO”) and Building Management (Amendment) Ordinance 2024 (“BM(A)O”)

The management of private properties in Hong Kong is governed by the BMO and is further regulated through Deeds of Mutual Covenant (the “DMC(s)”). The BMO establishes a statutory framework that sets out the regulations for incorporating owners of units within buildings or building complexes and provides for their management. The Building Management (Amendment) Bill 2023 was passed by the Legislative Council on 4 July 2024. The Building Management (Amendment) Ordinance 2024 was published in the gazette on 12 July 2024 and will come into operation on 13 July 2025.

Under the BMO, an owners’ corporation may be formed to manage building affairs on behalf of all unit owners. Upon establishment, an owner corporation assumes the rights, powers, privileges, and responsibilities concerning the common areas of the building. Furthermore, an owner corporation has the discretion to appoint staff members, engage a property management company, or retain other professionals to assist in carrying out its management duties.

A DMC is a legally registered document with the Land Registry, defining the rights, interests, and obligations of unit owners within a building. Typically, an owners’ corporation or another owners’ representative body – such as an owners’ committee or a mutual aid committee – is formed, with a management committee elected to oversee and coordinate with the appointed property manager.

REGULATORY OVERVIEW

Pursuant to section 44 of the BMO, the Secretary for Home and Youth Affairs may prepare, revise or issue any code of practice (Code of Practice) giving guidance and direction as to, among other things, the procurement of supplies, goods and services required by an owner corporation in the performance of a function under a DMC. Pursuant to section 28A(1) of the BMO, such procurement must comply with any Code of Practice concerning the procurement. Under the BMO, procurement of supplies, goods, or services by an owners’ corporation is classified as (i) type 1 high-value procurement; (ii) type 2 high-value procurement; or (iii) large-scale maintenance procurement. All procurement applicable to these three classifications must be conducted in invitations to tender.

Pursuant to sections 28D and 28E of the BMO, type 1 high-value procurement applies where the contract value exceeds, or is likely to exceed, HK\$200,000 but is neither type 2 high-value procurement nor large-scale maintenance procurement. Type 2 high-value procurement applies where the contract value exceeds, or is likely to exceed, 20% of the average annual expenditure for the last 3 financial years, also excluding large-scale maintenance procurement.

Acceptance of tenders must be determined by a resolution passed at a general meeting of owners’ corporations.

A contract for major procurement, including type 1 high-value procurement, type 2 high-value procurement, and large-scale maintenance procurement, shall not be deemed void solely due to non-compliance with the essential statutory requirements. However, subject to an order of the Hong Kong courts, the contract may be avoided, i.e., cancelled, by an owners’ corporation through a resolution passed at a general meeting, but only on the basis of such non-compliance. The Hong Kong courts retain the discretion to determine whether the contract is void or voidable and may issue such directions as it deems appropriate regarding the rights and obligations of the contractual parties, having regard to statutory compliance, procurement urgency, supplier conduct, benefits derived by the owners, and the extent of any financial loss incurred.

Electricity Ordinance (Chapter 406 of the Law of Hong (“EO”))

Under section 2 of the EO, “electrical work” is defined as work related to the installation, commissioning, inspection, testing, maintenance, modification, or repair of low-voltage or high-voltage fixed electrical installations. The Electricity Legislation Division of the Electrical and Mechanical Services Department (EMSD) is responsible for overseeing electrical safety and enforcing regulations under the EO. All electrical workers and contractors involved in work on fixed electrical installations are required to register with the EMSD and adhere to the stipulations of the EO and its subsidiary regulations. Additionally, only individuals deemed competent by the EMSD are permitted to perform work related to locating underground electricity cables.

Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong)

Registered Electrical Contractors

To become a registered electrical contractor (“**Registered Electrical Contractor**”) under the Electricity Ordinance, a corporate applicant must employ at least one registered electrical worker (“**Registered Electrical Worker**”) who is officially registered under the Ordinance. Companies are prohibited from operating as electrical contractors or performing electrical work unless they hold the status of a Registered Electrical Contractor.

REGULATORY OVERVIEW

The certificates of registration of electrical contractor issued to Arrano Security and Arrano Technology have been valid from 16 July 2024. As of the Latest Practicable Date, each of Arrano Security and Arrano Technology was recognised as a Registered Electrical Contractor.

Registered Electrical Workers

Electrical work specified in a registration certificate can only be performed by a Registered Electrical Worker. However, a non-Registered Electrical Worker may carry out such work if they are acting under the direct oral or written instructions of a supervising Registered Electrical Worker, who must take responsibility for the non-Registered Electrical Worker's actions. This arrangement excludes certain types of work outlined in the supervising Registered Electrical Worker's certificate of registration.

As at the Latest Practicable Date, we had three Registered Electrical Workers.

LAWS RELATING TO COMPETITION AND ANTI-CORRUPTION LAWS

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance is applicable across all industries in Hong Kong and is designed to promote competition and prohibit anti-competitive practices. The Ordinance prohibits activities aimed at or resulting in the prevention, restriction, or distortion of competition in Hong Kong. Such activities include anti-competitive agreements, coordinated practices, and misuse of significant market power. The Competition Ordinance prohibits actions that hinder, limit, or distort competition in Hong Kong through three primary rules:

- First Conduct Rule: Prohibits anti-competitive agreements.
- Second Conduct Rule: Prevents abuse of substantial market power.
- Merger Rule: Restricts mergers that significantly reduce competition, currently limited to the telecommunications sector.

The First Conduct Rule prohibits agreements, concerted practices, or decisions by associations of undertakings that have the object or effect of preventing, restricting, or distorting competition in Hong Kong. This rule applies to both competitors and non-competitors if their actions harm competition.

Key examples of conduct that may contravene the First Conduct Rule include:

- (a) cartels: agreements among competitors to fix prices, allocate markets, rig bids, or limit output;
- (b) exchange of information: sharing competitively sensitive information, such as pricing strategies or production plans, which could reduce competition;
- (c) trade associations and industry bodies: decisions or practices by such groups that harm competition;
- (d) joint ventures: collaborations that restrict competition beyond what is necessary for legitimate cooperation.

REGULATORY OVERVIEW

- (e) vertical price restrictions: imposing resale price maintenance on distributors or retailers.
- (f) exclusive distribution and customer allocation: practices that limit market access or customer choice.

The Competition Commission, established under section 129 of the Competition Ordinance, is tasked with promoting fair and healthy competition in Hong Kong by enforcing the provisions of the Ordinance. Its primary objective is to address conduct that provides the greatest overall benefit to consumers and the economy. Under section 39 of the Competition Ordinance, the Competition Commission is empowered to investigate any conduct that constitutes or may constitute a contravention of a competition rule. Investigations may be initiated on its own initiative, through public complaints, referrals from the Competition Tribunal (established under section 134 of the Competition Ordinance), or by the Hong Kong Government.

The Commission has powers under sections 41 and 42 of the Competition Ordinance to issue notices requiring a person to provide documents, information and/or to give evidence before the Competition Commission. It also has the capacity to seek a search warrant from a judge of the Court of First Instance to enter and search specific premises for evidence under section 48 of the Competition Ordinance. Section 52 of the Competition Ordinance stipulates that failing to comply, without a reasonable excuse, with any requirement or prohibition imposed under the Competition Commission’s investigation powers constitutes a criminal offence, punishable by a fine of up to HK\$200,000 and imprisonment for a maximum of one year.

Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (“PBO”)

The Prevention of Bribery Ordinance (Cap. 201) establishes a legal framework to combat bribery and corruption in Hong Kong. It applies to individuals and entities, including directors and employees of companies, and imposes strict prohibitions on corrupt practices in both public and private sectors. Directors and employees are prohibited from soliciting, accepting, or offering any bribe in connection with the company’s business or affairs, whether conducted in Hong Kong or elsewhere. In particular, the PBO requires compliance with the following key provisions:

- (i) No person shall solicit or accept any advantage as a reward for or inducement to performing or abstaining from performing any act, or showing favour in relation to the company’s business or affairs. Similarly, no person shall offer such an advantage to an agent of another party for similar purposes.
- (ii) Offering any advantage to a public servant (including employees of public bodies such as Hong Kong Government entities) as a reward for or inducement to performing any act in their official capacity, showing favour, or providing assistance is strictly prohibited.
- (iii) Offering any advantage to staff of a Hong Kong Government department or public body while conducting business dealings with them is prohibited.
- (iv) Offering any advantage to another party as an inducement or reward for withdrawing a tender, refraining from submitting a tender, or abstaining from bidding at auctions conducted by public bodies is also prohibited.

REGULATORY OVERVIEW

The penalties for offences under the PBO vary depending on the nature of the offence. Maximum penalties include fines up to HK\$1,000,000 and imprisonment of up to 10 years.

Additionally, under common law principles, it is an offence to bribe a person performing a public duty or for such a person to solicit or accept a bribe. It is also a common law offence for a person in public office to misconduct themselves in the course of their duties. Directors and employees must not conspire with or solicit public officials to engage in misconduct while performing their official duties.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that the Group was not informed by any party of any investigation against the Group or its employees or directors in relation to any contravention of the Prevention of Bribery Ordinance.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

OUR BUSINESS HISTORY AND DEVELOPMENT

We are a security service provider in Hong Kong with a track record in providing (i) Security Guarding Services; and (ii) Electronic Security Solutions Services.

Our Group was established in 2020 by our founders, Mr. Fong and Ms. Lam. Prior to the establishment of our Group in 2020, Mr. Fong possessed experience in construction site management-related business and had been involved in business activities relating to marine sand supply at the Three-runway System Project site through TTT Limited. Through his involvement in construction site-related business, Mr. Fong became acquainted with other parties, business partners, construction site contractors and project participants at the Three-runway System Project site, including the representatives of the then joint venture participants, the Initial JV Majority Interest Holder and the JV Partner, under the Three-runway Contract. Such exposure enabled Mr. Fong to gain familiarity with the scale and operating environment of the Three-runway System Project site, and to recognise the continuing demand for site access control and security coordination for such large-scale construction environments.

Mr. Fong subsequently became aware that the Initial JV Majority Interest Holder intended to withdraw from the Three-runway Contract and move away from construction site security services as part of its own business considerations. As the Three-runway Contract was an ongoing project requiring service continuity, this proposed withdrawal gave rise to a commercial vacancy in the joint venture and the Three-runway Contract. In light of this opportunity, Mr. Fong and Ms. Lam established our Group in 2020 to, among others, participate in and undertake this business opportunity.

After the establishment of our Group, we sought to participate in such business opportunity through taking over the Initial JV Majority Interest Holder’s interest in the joint venture and the Three-runway Contract by way of novation. We conducted comprehensive negotiations and coordination with the relevant project stakeholders including the HKIA Operator and the JV Partner, and underwent vetting procedures prior to the novation. Our founders also leveraged their business network to identify and engage suitable security service provider with decent operational scale, resource capacity and construction-related experience as subcontractor for the provision of security manpower to support the performance of the Three-runway Contract. This arrangement enabled our Group to leverage the manpower resources and industry experience of the subcontractor in such a large-scale public infrastructure project during the initial stage, while progressively building our own operating platform, management capabilities and enhancing our track record in the security services sector, thereby allowing our Group to overcome the initial entry barriers to the industry.

In 2021, our Group acquired 70% interest in the Initial JV from the Initial JV Majority Interest Holder, and the Three-runway Contract was novated from the Initial JV to Arrano JV with the consent of the HKIA Operator. The novation preserved continuity of the Three-runway Contract, as the JV Partner remained as a joint venture participant at the initial stage and the relevant performance security arrangements required under the Three-runway Contract were maintained in connection with the transition. For details of the Three-runway Contract, please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

The key milestones in our Group’s development to date are set out below:

Year	Event
2020	Arrano Security and Arrano Group were established
2021	We acquired a majority interest in the Initial JV and subsequently formed a new joint venture to participate in the provision of services under our first major security service contract, the Three-runway Contract
2022	We secured a major security service contract, the Air Cargo Terminal Project, through tender from the largest independent air cargo handler at the HKIA and secured further contracts providing security services to various parties operating at the HKIA
2023	We secured our first major contract providing security services at a residential estate
2024	We substantially expanded our Security Guarding Services for the Air Cargo Terminal Operator by renewing our existing contract for truck control office operations and securing a new major contract to provide commercial security services at its air cargo terminal for the period from 2025 to 2027
2025	<ol style="list-style-type: none"> (1) We secured a major contract through tender from Customer D to provide frontend installation of CCTV system services (2) We secured through quotation our first major security guarding services contract for a large-scale private residential property, KT Marina, from Jones Lang LaSalle
2026	<ol style="list-style-type: none"> (1) A new subsidiary, Arrano Huilun, was incorporated (and interested as to 61%, 33%, and 6%, respectively) among Arrano Technology, Guangzhou Huilun and Mr. Han Jun for the purpose of commercialization of robotic and automation solutions (2) We secured through tender a three-year security guarding services contract from Customer N to provide security guarding services at a commercial property (3) Arrano Group was awarded the “Most Outstanding Security and Facility Management Services” at the HKCT Business Awards 2026 presented by Hong Kong Commercial Times

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

OUR CORPORATE DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 25 February 2025. Pursuant to the Reorganisation as more particularly described in the paragraph headed “Reorganisation” below in this section, our Company has become the holding company of our Group for the purpose of the [REDACTED]. Through our investment holding company, Aegiswing, it holds the entire interest in Arrano Group, which in turn holds the entire interest in its operating subsidiaries, namely Arrano Security, Arrano Cleaning, and Arrano Technology. Arrano Huilun, 61% of whose issued shares are held by Arrano Technology, is also an operating subsidiary.

The following is a brief corporate history of the establishment and major changes in the ownership structure of our Group, including our subsidiaries and key joint arrangements.

Arrano Group

On 20 August 2020, Arrano Group was incorporated in Hong Kong with limited liability. On the same day, one share in Arrano Group was allotted and issued to Mr. Fong and one share in Arrano Group was allotted and issued to Well Smart.

Arrano Group is one of the principal operating subsidiary of our Group, and principally engages in the provision of security services.

Arrano Security

On 31 July 2020, Arrano Security was incorporated in Hong Kong with limited liability. On the same day, one share in Arrano Security was allotted and issued to Ms. Yip, an executive Director and spouse of Mr. Fong. On 11 August 2021, Ms. Yip transferred the one share she held in Arrano Security to Arrano Group at HK\$1 consideration in order to consolidate the control of our Group. Upon completion of the said transfer, Arrano Security became a wholly-owned subsidiary of Arrano Group.

Arrano Security is one of our major operating subsidiaries, it principally engages in the provision of security services.

Arrano Technology

On 4 May 2022, Arrano Technology was incorporated in Hong Kong with limited liability. On the same day, 10 shares in Arrano Technology were allotted and issued to Arrano Group. Since then, Arrano Technology became wholly-owned by Arrano Group.

The principal activity of Arrano Technology is investment holding.

Arrano Cleaning

On 4 May 2022, Arrano Cleaning was incorporated in Hong Kong with limited liability. On the same day, 10 shares in Arrano Cleaning were allotted and issued to Arrano Group. Since then, Arrano Cleaning became wholly-owned by Arrano Group.

Arrano Cleaning is one of our operating subsidiaries, it principally engages in the provision of cleaning services.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

Arrano Huilun

On 3 July 2026, Arrano Huilun was incorporated in Hong Kong with limited liability. On the same day, 61, 33, and 6 shares in Arrano Huilun were allotted and issued to Arrano Technology, Guangzhou Huilun, Mr. Han Jun, an Independent Third Party, respectively. Since then, Arrano Huilun has become a non-wholly owned subsidiary of the Company.

Arrano Huilun will serve as the principal platform for the development, sales, distribution and customer engagement of security robots in Hong Kong.

As at the Latest Practicable Date, Arrano Huilun is owned as to 61% by Arrano Technology, 33% by Guangzhou Huilun, and 6% by Mr. Han Jun, an Independent Third Party.

Arrano JV

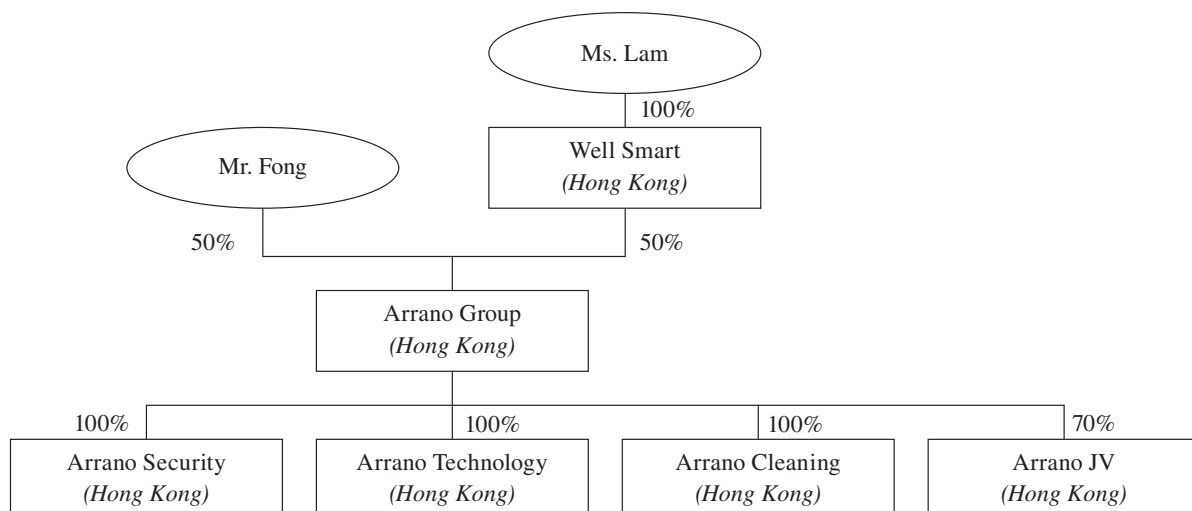
The Arrano JV, an unincorporated joint venture, was formed on 7 June 2021 between Arrano Group and the JV Partner, and the Three-runway Contract was novated from the Initial JV to the Arrano JV with the express consent of the HKIA Operator on 7 June 2021.

Between 7 June 2021 and 30 April 2025, the respective interests of Arrano Group and the JV Partner in the Arrano JV were 70% and 30%. On 30 April 2025, a deed of novation was entered into among the HKIA Operator, Arrano Group, and the JV Partner pursuant to which, among others, (i) the JV Partner shall cease to be a member of the Arrano JV; (ii) all rights, benefits, interests, obligations and liabilities under the Three-runway Contract shall be novated to our Group; and (iii) our Group undertakes that it will perform the Three-runway Contract and be bound by its terms in every way as if it were the original party to the Three-runway Contract in place of the Arrano JV, with effect from 30 April 2025.

During the Track Record Period, the Arrano JV was one of the Group’s principal operating entities, principally engaged in the provision of security services.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the [REDACTED]. The following chart sets forth our Group’s shareholding and corporate structure immediately before the Reorganisation:



HISTORY, CORPORATE STRUCTURE AND REORGANISATION

The Reorganisation involved the following steps:

Incorporation of Fong 1119 and HFTT

On 6 February 2025, Fong 1119 was incorporated in BVI with limited liability. Fong 1119 is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each.

On 6 February 2025, one share of Fong 1119 with a par value of US\$1.00 was allotted and issued, fully paid, to Mr. Fong, and Fong 1119 became wholly-owned by Mr. Fong. Fong 1119 is an investment holding company of Mr. Fong.

On 6 February 2025, HFTT was incorporated in BVI with limited liability. HFTT is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each.

On 6 February 2025, one share of HFTT with a par value of US\$1.00 was allotted and issued, fully paid, to Well Smart, and HFTT became wholly-owned by Well Smart. HFTT is an investment holding company of Well Smart.

Incorporation of our Company

On 25 February 2025, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On 25 February 2025, one subscriber Share with a par value of HK\$0.01 was allotted and issued, fully paid, to the initial subscriber which is an Independent Third Party. On the same day, (i) the said one Share was transferred to Fong 1119 at par value of HK\$0.01, and (ii) one Share with a par value of HK\$0.01 was allotted and issued, fully paid, to HFTT. As a result, upon completion of the above transfer and allotment and issue of Shares, as at the date of incorporation of our Company, our Company was owned as to 50% by Fong 1119 and as to 50% by HFTT.

Incorporation of Aegiswing

On 10 March 2025, Aegiswing was incorporated in BVI with limited liability. Aegiswing is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. It is an investment holding company of our Group. On the same day, one share of Aegiswing with a par value of US\$1.00 was allotted and issued, fully paid, to our Company, representing the entire issued share capital of Aegiswing. Upon completion of the above allotment, Aegiswing became a wholly-owned subsidiary of our Company.

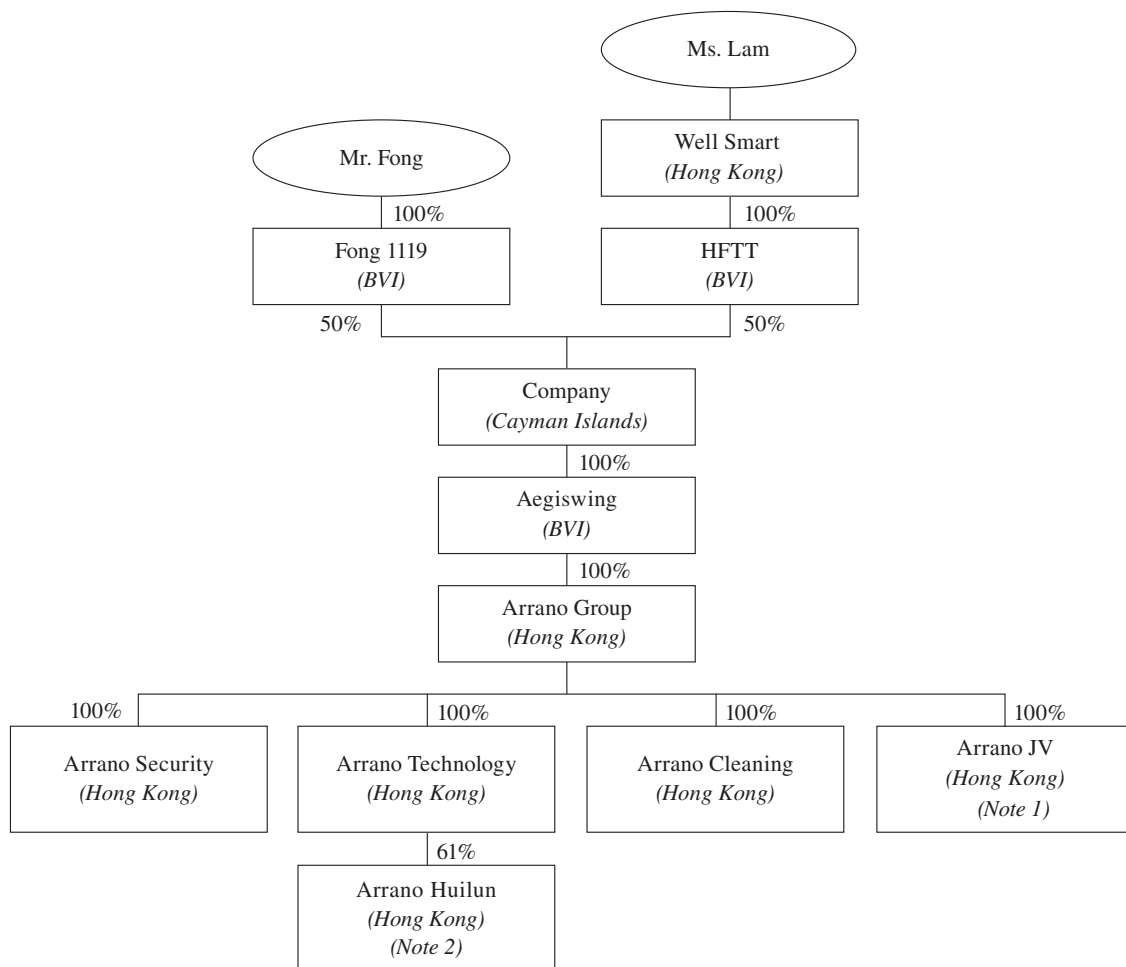
Acquisition of Arrano Group by Aegiswing from Mr. Fong and Well Smart

On [•], Mr. Fong and Well Smart (as transferors), Aegiswing (as transferee), Fong 1119, HFTT, our Company and Arrano Group entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Aegiswing acquired (i) one ordinary share in Arrano Group from Mr. Fong; and (ii) one ordinary share in Arrano Group from Well Smart, representing, in aggregate, the entire issued share capital of Arrano Group. In consideration of the acquisition, our Company allotted and issued 49 Shares and 49 Shares, credited as fully paid, to Fong 1119 and HFTT, respectively.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

Upon completion of the above transfers, (i) Arrano Group became an indirect wholly-owned subsidiary of our Company; and (ii) Fong 1119 and HFTT held 50 Shares and 50 Shares, representing 50% and 50% of the issued share capital of our Company, respectively.

The following chart sets forth our Group’s shareholding and corporate structure immediately after the Reorganisation but before the [REDACTED] and the [REDACTED] (without taking into account any Shares that may be allotted and issued upon the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme):



Notes:

1. Arrano JV is an unincorporated joint venture which was formed on 7 June 2021 between Arrano Group and the JV Partner. On 30 April 2025, a deed of novation was entered into among the HKIA Operator, Arrano Group and the JV Partner pursuant to which, among others, the JV Partner shall cease to be a member of the Arrano JV.
2. On 3 July 2026, Arrano Huilun was incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Arrano Huilun was owned as to (i) 61% by Arrano Technology; (ii) 33% by Guangzhou Huilun Zhixing Technology Limited Liability Company* (廣州慧倫智行科技有限責任公司), which is wholly owned by Guangdong Huilun Technology Co., Ltd.* (廣東慧倫科技有限公司) and (iii) 6% by Mr. Han Jun, an Independent Third Party, respectively. For details of the background of Guangdong Huilun Technology Co., Ltd.* (廣東慧倫科技有限公司), please refer to paragraphs under “Connected Transactions – Our Continuing Connected Transactions – Reasons for the transactions” in this document.

HISTORY, CORPORATE STRUCTURE AND REORGANISATION

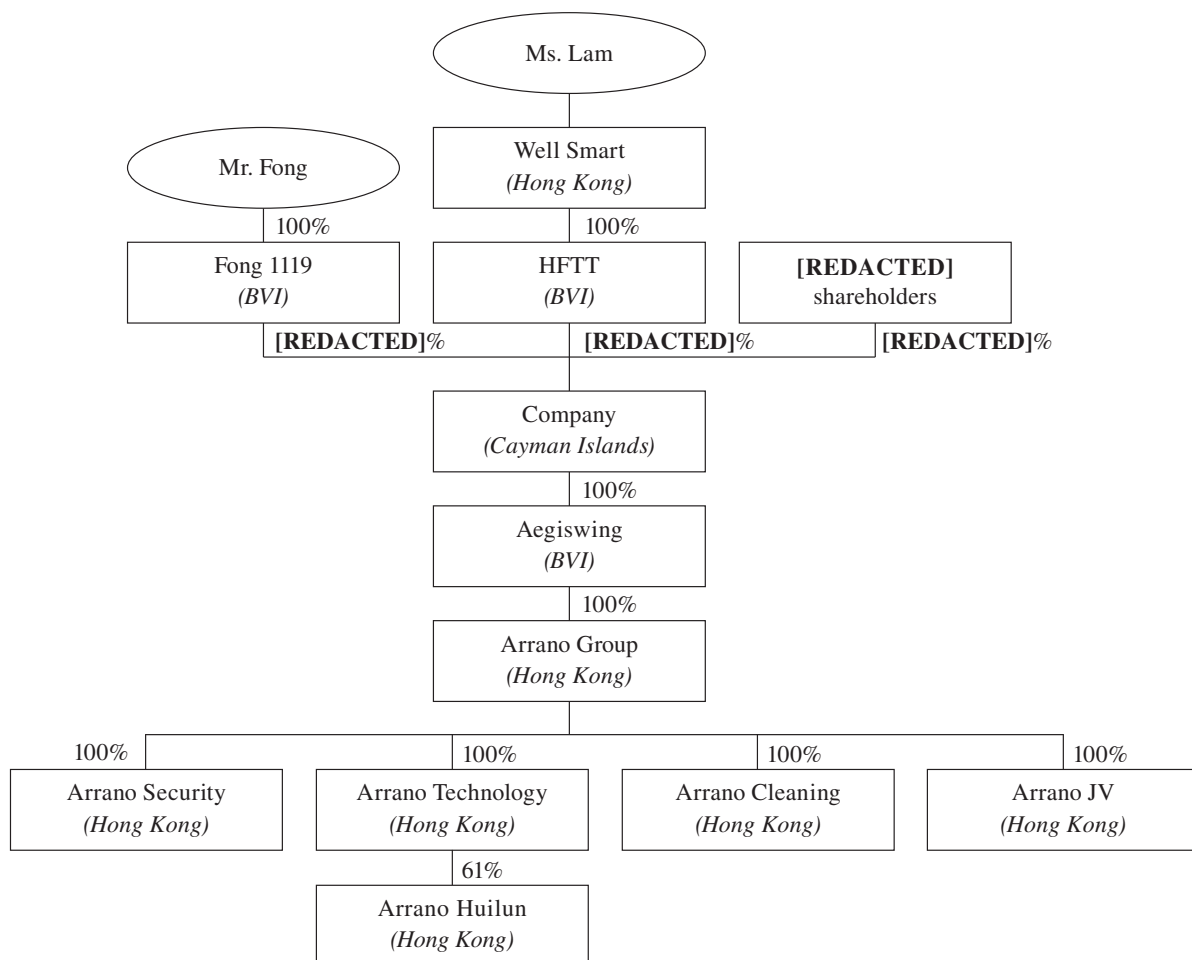
INCREASE OF AUTHORISED SHARE CAPITAL OF OUR COMPANY

On [•], our Company increased our authorised share capital from HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each to HK\$[100,000,000] divided into [10,000,000,000] Shares by the creation of [9,962,000,000] new Shares.

THE [REDACTED] AND THE [REDACTED]

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards to pay up in full at par a total of [REDACTED] Shares and [REDACTED] Shares for allotment and issue, immediately prior to the [REDACTED], to Fong 1119 and HFTT, respectively.

The following chart sets forth our Group’s shareholding and corporate structure immediately after the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares that may be allotted and issued upon the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

We are a security services provider in Hong Kong principally engaged in the provision of (i) Security Guarding Services; and (ii) Electronic Security Solutions Services. We have built a solid market presence by leveraging our operational expertise, our commitment to service quality, and our proven ability to secure and manage large-scale and operationally demanding security projects.

Our Security Guarding Services primarily include general manned guarding, patrolling, 24-hour surveillance and monitoring, site access control and operational manpower support. We also provide consultancy services relating to security services, including strategic manpower planning and the development of solutions to address issues arising from daily operations. Our Electronic Security Solutions Services primarily include the design, installation, operation, testing, integration and maintenance of electronic security systems and surveillance infrastructure, such as CCTV systems, access control systems, electronic guard tour systems, radio communication systems and robotic security solutions. We are also capable of providing ancillary facility support services, including cleaning, administrative support, escorting and other operational support services such as traffic control and crowd control. Our services can be offered on a stand-alone or in-combination basis, thereby allowing us to tailor security solutions that meet the diverse needs and budget requirements of our customers.

During the Track Record Period, we undertook projects for a broad range of customers in Hong Kong, including the HKIA Operator, the Air Cargo Terminal Operator, Jones Lang LaSalle building contractors, telecommunications service providers, property management companies and non-governmental organisations. Our project portfolio covered large-scale infrastructure, including airport and air cargo terminal, residential and commercial properties and other operational sites. Building on the operational experience, security systems management capabilities and track record developed through the execution of these projects, we have strengthened our market reputation and our Group’s ability to secure other sizeable projects for the provision of Security Guarding Services, such as the Air Cargo Terminal Project.

In recent years, there has been increasing adoption of electronic technology solutions in the security service industry, which are often integrated with physical security personnel to provide more comprehensive security services with enhanced monitoring and early threat detection capabilities. We have accordingly strengthened our capabilities in the Electronic Security Solutions Services segment, particularly CCTV-related services, 4S and robotic security solutions, to complement our established Security Guarding Services operations and address the evolving operational and technical requirements of our customers. We believe our Group is well positioned to capture the growing demand in the electronic security solutions industry, having already secured a major CCTV Contract with a well-established telecommunications service provider for the design and installation of CCTV systems. Compared with Security Guarding Services, Electronic Security Solutions Services generally require a higher level of technical capabilities, including system design, installation, testing and integration and technical personnel holding a Security Personnel Permit for Category D Security Work. By combining such capabilities with our experience in manned guarding, we are able to provide integrated security solutions covering on-site guarding, electronic surveillance, monitoring and related technical support. We believe this technology-enabled service model enhances our service quality and

BUSINESS

operational capabilities, broadens our service offerings and further strengthens our position as a comprehensive security services provider.

As part of this development strategy, our Directors have identified robotic security solutions as an extension of our integrated security service capabilities. Security robots are intended to complement our manned guarding services by supporting patrol, monitoring, crowd control, incident reporting and system integration. We believe the development of our own-branded robotic and automation solutions will enable us to better address evolving customer requirements and enhance our overall competitiveness. To capture the forecast growth at CAGR of 35.6% from 2026 to 2030 of the security robotics market in Hong Kong, we established Arrano Huilun with Guangzhou Huilun in 2026 to research, develop and commercialise robotic and automation solutions.

COMPETITIVE STRENGTHS

We believe that our achievements and future growth prospects are attributable to the following competitive strengths:

Proven track record in security industry

One of our key competitive strengths is our proven track record in managing operationally demanding projects in both Security Guarding Services and Electronic Security Solution Services segments. We take pride in our project portfolio, which highlights our involvement in various sizeable and complex projects, including the Three-runway System Project, the Air Cargo Terminal Project, Project KT, and the CCTV Contract.

Our involvement in the Three-runway Contract, one of Hong Kong’s largest public infrastructure developments in recent years, has provided us with substantial experience in managing complex, large-scale security deployments under stringent operational, technical and regulatory requirements. We believe this experience has directly strengthened our market reputation and competitiveness, enabling us to secure other sizeable Security Guarding Services contracts, such as the Air Cargo Terminal Project, as well as new contracts with a range of customers across different industries. These projects required us to manage large, geographically dispersed workforces, coordinate closely with site owners, operators and contractors, and comply with strict performance and safety requirements, including the terms typically imposed under performance bond and penalty clause regimes.

Our capability is further supported by our ability to recruit, train and retain a sizeable workforce (comprising 446 employees as at the Latest Practicable Date, of whom 426 held valid Security Personnel Permits) as well as our reduced reliance on subcontracted manpower over time as we have built our own team of security personnel to support project delivery. We believe this operational capacity and workforce stability differentiate us from smaller competitors who may lack the scale or manpower reliability required to bid for and execute similarly demanding contracts.

Leveraging our reputation of satisfactory services deliver, our project backlog increased from 11 projects as at 31 December 2024 to 21 projects as at 31 December 2025,

BUSINESS

and further to 27 projects as at 31 March 2026 and 28 projects (totalling backlog contract sum of approximately HK\$220 million) as at the Latest Practicable Date, while our tender success rate increased from approximately 12.5% in FY2024 to approximately 55.6% in FY2025, and further to approximately 60.0% in 3M2026, reflecting our growing track record and reputation in the market.

We believe the customer confidence and market reputation built through these milestone projects extended beyond our core Security Guarding Services business, and were instrumental in securing our CCTV Contract with a well-established telecommunications service provider (a customer type with stringent vendor selection standards) for the design and installation of CCTV systems across Hong Kong. This demonstrates our ability to leverage our proven operational track record to develop new service lines and win the confidence of sophisticated customers, supporting the broader diversification of our revenue base and sustainable growth of our business.

Capability to obtain operational demanding and manpower intensive projects

Building on our success in meeting the high demands required from operationally demanding projects, such as the Three-runway System Project, we have built a reputation in the security industry so that, our Group is well-positioned to expand our service scope and capture additional opportunities arising from ongoing and future developments at the HKIA as well as other sizeable projects.

During the Track Record Period, we obtained operationally demanding and manpower intensive projects in both the Security Guarding Services and the Electronic Security Solutions Services segments. In terms of the Security Guarding Services segment, we were awarded a property management-related security guarding project through tender from Jones Lang LaSalle, with an initial contract sum of HK\$17.2 million. Further, upon the end of term of a contract with the Air Cargo Terminal Operator for the provision of security personnel in supporting truck control office operation at a terminal in 2024, we were further awarded a new contract by the Air Cargo Terminal Operator for the provision of the same services from January 2025 to December 2026. In addition, we were awarded a new contract by the Air Cargo Terminal Operator for the provision of security services at an air cargo terminal for a period of two years from January 2025 to December 2027, with an initial contract sum of approximately HK\$129.7 million. In terms of the Electronic Security Solutions Services segment, we were awarded the CCTV Contract from a well-established telecommunications service provider.

The ability of our Group to obtain the above operationally demanding and manpower intensive projects demonstrates the trust and confidence of our customers in our Group and our Group’s ability to serve customers with recurring day-to-day operational needs and high service quality requirements.

Well-positioned to provide Electronic Security Solutions Services

Building on our core Security Guarding Services business, we have strategically expanded our Electronic Security Solutions Services, encompassing CCTV-related services, 4S and robotic security solutions, at a time when Hong Kong’s overall electronic security

BUSINESS

solutions market is forecasted to grow notably in the coming years. Hong Kong’s overall electronic security solutions market is expected to grow at accelerated CAGR of approximately 6.2% from 2026 to 2030, primarily driven by (i) ongoing digital transformation initiatives (particularly fuelled by government-led smart city transformation initiatives); (ii) greater corporate reliance on technology-driven security ecosystems (including market trends to integrate Internet of Things (IoT), Artificial Intelligence (AI) and 5G into complex security systems to meet escalating demand for automated and algorithmic surveillance); and (iii) an increasing market demand for sophisticated system integration and maintenance.

We believe our strategic expansion and investment in this segment, including our secured CCTV Contract with a well-established telecommunications service provider and our indirect non-wholly owned subsidiary, Arrano Huilun, positions us ahead of competitors who remain reliant on traditional manned guarding, allowing us to capture this structural shift towards integrated, technology-enabled security ecosystems.

We further believe the expansion and investment in this segment reduces our reliance on labour-intensive service delivery as compared to our traditional Security Guarding Services. Security robots can complement our traditional security guarding manpower, thereby enhancing the overall quality and resilience of our revenue base and providing a more favourable profit margin going forward.

Solid management team and consultancy team

We believe our success and future prospects are underpinned by an experienced management team with a strong track record in project management across diverse industries. Mr. Fong, our founder, chairman of the Board, executive Director and chief executive officer, brings over 15 years of project management experience in Hong Kong, providing business network, strategic experience, leadership and operational credibility which have been instrumental in helping our Group securing and executing sizeable and operationally demanding contracts, including the Three-runway Contract, the Air Cargo Terminal Project and the CCTV Contract. His leadership of our Group’s expansion into Electronic Security Solutions Services (in particular CCTV-related services and robotic security solutions) strategically positioned us to capture the growing demand for technology-enabled security and surveillance solutions in Hong Kong.

Beyond Mr. Fong, our experienced management team, including Mr. Ip Yik Nam, *JP* (our executive Director with over 20 years of management experience in the United States and Hong Kong (including prior roles as executive directors and chief executive officer of various listed companies), Mr. Liu Shing Bun Ricky (our project director and previously a Senior Superintendent of Police), and Mr. Cheung Wing Ho (our technical director and currently the chairman of the Federation of Hong Kong Electrical & Mechanical Industries Trade Unions) collectively brings substantial project management expertise across different industries to our Group.

The diverse and cross-industry background of our executive Directors and senior management team equips us with the flexibility and adaptability required to meet varied and evolving customer needs, oversee complex, large-scale operations, and support our

BUSINESS

Group’s business growth and expansions. For details of the experience of our Directors and senior management, please refer to the section headed “Directors and Senior Management” in this document.

We also take pride in our team of highly reputable consultants, comprising former high-ranking Government and public officials who bring extensive experience and expertise in delivering comprehensive advice for our projects. For further details of our relationship with our consultants, including their roles, engagement basis and remuneration arrangements, please refer to the paragraph headed “Business – Our Consultancy Team” in this document.

BUSINESS STRATEGIES AND FUTURE PLANS

The principal business objectives of our Group are to strengthen our position as an integrated security services provider in Hong Kong, expand our project portfolio and customer base, and enhance our operational and technological capabilities. We intend to achieve these objectives by implementing the following key strategies.

Continue to pursue project opportunities and strengthen our financial capacity to support business expansion

To capture the growing market opportunities under both the Security Guarding Services and the Electronic Security Solutions Services segments in Hong Kong, we intend to continue expanding our project portfolio by actively pursuing tendering and quotation opportunities across both our existing customer base and new customer segments.

Our project backlog has grown significantly from 11 projects as at 31 December 2024 to 28 projects (with a backlog contract sum of approximately HK\$220 million) as at the Latest Practicable Date. In addition, we had 13 tenders submitted, pending results, as at the Latest Practicable Date with an aggregate estimated contract sum of approximately HK\$800 million, including tenders for government-related or public infrastructure projects, covering both Security Guarding Services and Electronic Security Solutions Services. Having regard to our increasing tender success rate, project references and operating track record, our Directors believe that our Group is well-positioned to continue expanding our services and businesses.

We anticipate that our existing financial resources and manpower base may face increasing strain in fulfilling newly secured and anticipated projects and contracts on a timely basis. We therefore intend to dedicate additional resources in further enhancing our services capabilities and operational capacity as well as maintaining sufficient financial resources to enable us capturing the business opportunities.

(i) Security Guarding Services

The availability of our financial and human resources has been one of the constraints to our expansion in Security Guarding Services during the Track Record Period. New Security Guarding Services projects typically require substantial upfront mobilisation costs, including the recruitment and deployment of security personnel, uniforms, patrol vehicles, equipment, site preparation and other project start-up costs, which are generally borne and payable by us before

BUSINESS

we receive corresponding service income from our customers in arrear. We therefore generally experience a cash flow mismatch at the initial stage of a new project, which is more pronounced for larger-scale or more operationally demanding projects requiring greater upfront manpower deployment and equipment procurement. As a result, the number and scale of security guarding services projects we are able to undertake at any given time depend on the availability of our financial resources and manpower capacity to bridge this initial cash flow gap, in addition to meeting our general working capital requirements and the ongoing needs of our existing projects.

We intend to allocate approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to strengthen our working capital for security guarding services projects. Such working capital will mainly support project mobilisation, recruitment and deployment of security personnel, uniforms, patrol vehicles, equipment and other upfront costs for new projects before receiving payments from customers.

(ii) Electronic Security Solutions Services

We also expect increasing working capital needs from our Electronic Security Solutions Services. In particular, CCTV Projects may require us to deploy technical personnel and resources for site preparation, installation, testing, inspection and maintenance works within the implementation schedules required by customers.

In May 2025, we were awarded the CCTV Contract under our Electronic Security Solutions Services segment. The CCTV Contract is generally implemented through work orders placed by the customer from time to time according to its project rollout. As our customer engaged only a limited number of qualified suppliers or contractors for such works, our Directors believe that maintaining sufficient technical manpower and working capital is important for our Group to respond to work orders on a timely basis, fulfil project requirements and capture further opportunities under the CCTV Contract.

In addition to CCTV Projects, we intend to pursue other opportunities within the Electronic Security Solutions Services market, including access control systems, security equipment and related installation and maintenance works. As at the Latest Practicable Date, we had submitted tenders for access control systems, security equipment and related electronic security solutions projects with an aggregate estimated contract sum of approximately HK\$500 million, underscoring the scale of opportunity we are pursuing in this segment.

We intend to allocate approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to strengthen our working capital for Electronic Security Solutions Services projects. Our Directors believe that the net [REDACTED] will strengthen our capital base and enhance our capacity to undertake CCTV-related works and other electronic security solutions services projects following the [REDACTED].

Acquire vehicles to enhance project execution capacity and operational efficiency

As part of our broader business capacity expansion, we intend to acquire additional vehicles to support the timely mobilisation of manpower, equipment and materials across our expanding portfolio of project sites. We believe this is particularly important given the

BUSINESS

geographically dispersed (and, similar to the Three-runway System Project Site, even remote) nature of many of our projects would require efficient transportation of personnel across multiple access points and shift patterns.

For our Security Guarding Services, the increase in the number and scale of projects requires more efficient manpower deployment and staff transportation, as our security personnel may be required to work in shifts at different locations, including sites with limited public transportation access, early reporting times or late-night handover requirements. The provision of shuttle bus services may also help attract candidates when recruiting security personnel. For our Electronic Security Solutions Services, the expansion of our CCTV-related works and our intended pursuit of other projects are expected to increase our need for transportation support, as our technical personnel are typically required to carry various tools, equipment and materials of diverse sizes and weight to different project sites within customers’ implementation schedules.

We believe that owning a larger fleet of vehicles, rather than relying on ad hoc third-party transportation arrangements, will improve our operational responsiveness, reduce logistics-related delays in personnel and equipment deployment, and lower our long-term transportation costs. This is expected to be particularly beneficial for large-scale or multi-site contracts similar in nature to the Three-runway Contract and the Air Cargo Terminal Project, where timely and coordinated deployment of manpower across an extensive site area is critical to fulfilling contractual service standards.

In addition, our Group has been engaged to provide patrol vehicle rental support at an automated carpark at a transport-related facility, related to the “Southbound Travel for Guangdong Vehicles” initiative, under which designated vehicles must obtain restricted area permits before deployment. As at the Latest Practicable Date, our Group only has two vehicles available for this purpose, and our Directors consider that maintaining our own fleet would allow more effective permit application and deployment arrangements to ensure timely services delivery.

Having considered the above operational needs, we intend to allocate approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to acquire vehicles for our existing and future projects. The vehicles to be acquired are expected to include vans, trucks, shuttle buses and passenger vehicles. Our Directors believe that the acquisition of such vehicles will strengthen our operational capacity across both Security Guarding Services and Electronic Security Solutions Services, enhance our ability to mobilise manpower and equipment, and support our Group in undertaking more projects following the [REDACTED].

Develop security robots and technology-enabled integrated security solutions

Building on our existing Electronic Security Solutions Services segment, we intend to accelerate the research, development and commercialisation of security robots and related automation technologies through Arrano Huilun (a non-wholly owned subsidiary owned as to 61%, 33% and 6% by Arrano Technology, Guangzhou Huilun and an Independent Third Party). We believe robotic security solutions represent a structural growth opportunity for our Group, particularly in light of the exceptionally high segment growth of CAGR of approximately 35.6% from 2026 to 2030, reaching approximately HK\$616.1 million in 2030, according to Frost & Sullivan.

BUSINESS

Our robotic security solutions are intended to support and enhance our existing security guarding services by adding technology-enabled monitoring, crowd control, reporting and system integration capabilities. Depending on customer requirements and site conditions, the robots are expected to assist in image and video capture, remote monitoring, incident reporting, connection with CCTV systems and centralised intelligent security monitoring platforms, and integration with selected functions of our 4S system to better support our security operation workflow.

Pursuant to the business cooperation agreement entered into among the shareholders of Arrano Huilun, Arrano Huilun will serve as the principal platform for the development, sales, distribution and customer engagement of security robots in Hong Kong. To facilitate Arrano Huilun’s development of our own-branded robotic security solutions, (i) Arrano Technology will contribute its local security market know-how and knowledge (including customer requirement analysis, market development resources, sales channels, project management experience and after-sales maintenance) and to fund Arrano Huilun’s operations through interest-free shareholders’ loans of not less than the aggregate amount of HK\$10.0 million over its first three financial years; whereas (ii) Guangzhou Huilun (a company principally engaged in the manufacturing and sale of robots in the PRC) will license the relevant robot products and contribute its robotics-related technologies and development and manufacturing resources to Arrano Huilun and will receive an annual service fee of HK\$1.0 million during the initial three-year period. For further details, please refer to the paragraph headed “Connected transactions – Our continuing connected transactions” in the document.

Arrano Huilun has commenced recruiting its own team of technical personnel, and engaged two reputable local universities in Hong Kong, to carry out the research and development, customisation and practical application of security robots for local site conditions and customer requirements. Our Directors believe that the cooperation with Guangzhou Huilun, coupled with our in-house and locally-driven research and development approach and capability, allow our Group to leverage on the established robotics know-how and manufacturing capabilities of Guangzhou Huilun for fostering the development of our own-branded robotic security solutions, while enabling us to develop and adapt our robotic security solutions that are tailored to Hong Kong’s operating conditions and regulatory requirements.

Since launching our robot prototypes, we have showcased them at more than 10 technology exhibitions, industry seminars and customer demonstration events, including the HKTDC Hong Kong Electronics Fair (Spring Edition), the Asia-Pacific Smart Customs Conference and the Inno Expo @ Tai Po 2026. These events have generated positive feedback and active enquiries from potential customers and sales partners, providing us with valuable market validation as well as a better understanding of customer requirements, site conditions and potential deployment scenarios. Building on the market responses, we intend to develop multiple sales channels to commercialise our security robot solutions, adopting a channel-led approach supplemented by direct sales where appropriate. We intend to work with sales partners with local market access and technical capabilities, such as telecommunications service providers, system integrators and technology solution providers, who may help introduce our solutions to customers with needs in network connectivity, monitoring platforms, data transmission, system integration and large-site management. Where suitable, we may also promote our solutions directly to existing and potential customers, leveraging our own experience in security manpower deployment, patrol planning, incident handling and customer reporting. Our Directors believe that this multi-channel approach will allow us to leverage the customer networks and technical capabilities of our

BUSINESS

channel partners, while using our own security operation experience to identify suitable customer requirements and application scenarios. In this connection, we intend to apply HK\$[REDACTED] of the net [REDACTED] from the [REDACTED] to participate in exhibitions in Hong Kong, Mainland China and overseas.

In addition, we intend to apply HK\$[REDACTED] of the net [REDACTED] from the [REDACTED] to procure security robots and related equipment, recruit technicians for robot configuration, programming, testing, commissioning and maintenance support; upgrade our robot control and monitoring platform; set up a robot demonstration and support centre in Hong Kong for showroom, testing, repair and after-sales services.

Establish a centralised intelligent security monitoring platform and control room to enhance service quality, scalability and technology integration

According to the Frost & Sullivan Report, control rooms are increasingly used in the security services industry in Hong Kong to improve operational efficiency and service quality. In certain tenders, particularly tenders from customers with higher safety, operational or reporting standards, control room capability may be considered as part of the tender evaluation. Our Directors therefore believe that establishing a centralised intelligent security monitoring platform and control room will enhance our tender competitiveness and strengthen our ability to support large-scale projects and tender for higher-requirement contracts.

We intend to establish a 24-hour centralised intelligent monitoring platform and control room in Hong Kong to receive and manage video, alarm and operational signals from project sites, CCTV systems and security robots. The control room is expected to support real-time monitoring, incident handling, response coordination, reporting and customer communication.

The control room is expected to support our existing and future services by providing (i) a centralised reporting and escalation channel for security guarding services; (ii) monitoring and technical support for CCTV and electronic security solutions; and (iii) remote support, device monitoring and maintenance coordination for security robot-related solutions. Our Directors believe that this will enhance our integrated service offering by combining on-site security personnel, CCTV systems, security robots, centralised monitoring and technical support.

To support this strategy, we intend to allocate approximately HK\$[REDACTED] of the net [REDACTED] from the [REDACTED], to establish the control room. This includes rental of premises, monitoring and communication equipment, video and alarm receiving systems, software setup and recruitment of not more than nine controllers.

The Directors believe that the control room will improve our operational efficiency, response capability and scalability, and support the development of recurring monitoring, maintenance and technical support services for customers.

BUSINESS

OUR BUSINESS MODEL

We offer a diverse range of security services to accommodate different customers’ needs, which can be delivered on a stand-alone or in-combination basis, including:

Security Guarding Services

- General manned guarding: deployment of trained personnel for on-site security, property protection, and visitor management
- 24-hour surveillance and monitoring: continuous oversight and monitoring of premises using surveillance systems to detect and respond to potential threats, and to ensure a safe and secure environment
- Patrolling: regular security patrols to deter threats and to identify and mitigate risks before they escalate
- Site access control: securing site entrances and exits, including managing the movement of persons and/or vehicles to and from the site through electronic site access control system
- Operational manpower support: providing additional workforce to meet clients’ operational and event-specific needs
- Event and crisis security: overseeing and managing crowd activities during events to maintain order and ensure the safety of participants and staff
- Consultancy services: providing security services, including strategic manpower planning and the development of solutions to address issues arising from daily operations
- Ancillary facility support services, such as cleaning, administrative support and minor repair or installation support

Electronic Security Solutions Services

- Electronic systems management: procuring, designing, installing, operating, maintaining (and removing upon project completion, if required) electronic security systems such as CCTV, electronic guard tour system and radio communication system
- Access control system management: designing, procuring, installing, operating, maintaining (and removing upon project completion, if required) of electronic access control systems
- Develop technology-enabled security solutions: security robots and related deployment, research and development, configuration, rental or sale, maintenance and technical support, and centralised monitoring functions

BUSINESS

The table below sets out a breakdown of our revenue generated from Security Guarding Services and Electronic Security Solutions Services during the Track Record Period:

	FY2024		FY2025		3M2026	
	Revenue	% of total	Revenue	% of total	Revenue	% of total
	(HK\$'000)	revenue	(HK\$'000)	revenue	(HK\$'000)	revenue
Security Guarding Services	138,663	100.0	167,702	89.3	30,868	96.7
Electronic Security Solutions Services	–	–	20,006	10.7	1,050	3.3
Total	138,663	100.0	187,708	100.0	31,918	100.0

As shown in the above table, the total revenue generated from both segments increased from approximately HK\$138.7 million in FY2024 to approximately HK\$187.7 million in FY2025, representing an increase of 35.4%. For further details about our revenue during the Track Record Period, please refer to the section headed “Financial Information” in this document.

OUR PROJECTS

Our projects are generally undertaken on a contract or work order basis. Depending on the nature of the customer’s requirements, our projects may involve recurring services over a fixed contract term, ad hoc or one-off services, or order-based works under open contracts. The contract renewal rate for contracts that expired during the Track Record Period is approximately 52.4%.

During the Track Record Period and up to the Latest Practicable Date, our projects mainly included (i) Security Guarding Services at airport and air cargo facilities, residential and commercial properties and other operational sites; and (ii) Electronic Security Solutions Services projects, mainly comprising CCTV-related installation, testing, commissioning, warranty and maintenance works. During the Track Record Period and up to the Latest Practicable Date, the initial contract sums for our projects ranged from less than HK\$15,000 to HK\$295.5 million.

Our Directors confirm that there were no loss-making contracts during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

The following table provides a summary of our major projects (i.e. contract sum in an amount not less than HK\$150,000) completed during the Track Record Period and up to the Latest Practicable Date:

Project name	Engaging party	Project details	Source of project	Term of project	Charging basis	Engaging term ⁽¹⁹⁾	Final contract sum ⁽²³⁾ (HK\$'000)	Revenue recognised FY 2024 (HK\$'000)	Revenue recognised FY 2025 (HK\$'000)	3M 2026 (HK\$'000)	Total revenue recognised during the Track Record Period (HK\$'000)
Project 01	Customer B ⁽¹⁾	Security services for a housing estate	Tendering	Fixed term	Actual Usage	1 Sep 2023 to 1 May 2025	16,998	10,242	3,446	-	13,688
Project 02 (or “Air Cargo Terminal Project”)	Air Cargo Terminal Operator ⁽²⁾	Security services at an air cargo terminal	Quotation	Fixed term	Actual Usage	1 Sep 2022 to 31 Dec 2024	3,292	1,417	-	-	1,417
Project 03 (or “Air Cargo Terminal Project”)	Air Cargo Terminal Operator ⁽²⁾	Security services at truck control office of air cargo terminal	Tendering	Fixed term	Actual Usage	1 Sep 2022 to 31 Dec 2024	4,154	2,045	-	-	2,045
Project 04	Customer A ⁽³⁾	Provision of security services at the Three-runway System Project Site	Quotation	Fixed term	Fixed fee	1 Jan 2023 to 28 Feb 2024	260	30	-	-	30
Project 05 (or “Three-runway System Project”)	Customer F ⁽⁴⁾	Security services at the Three-runway Project Site	Quotation	Fixed term	Actual Usage	13 Feb 2023 to 10 Jan 2026	1,440	496	521	14	1,031
Project 06	Customer G ⁽⁵⁾	Security services at a construction site	Quotation	Fixed term	Actual Usage	2 May 2023 to 31 Jan 2024	300	33	-	-	33
Project 07	Customer G ⁽⁵⁾	Security Services for District Cooling System at Kai Tak Development	Quotation	Fixed term	Actual Usage	7 Aug 2023 to 6 Aug 2024	276	167	-	-	167
Project 08	Customer G ⁽⁵⁾	Security services at a construction site	Quotation	Fixed term	Actual Usage	1 Sep 2024 to 30 Nov 2025	532	134	398	-	532
Project 09	Customer H ⁽⁶⁾	Provision of security services at a housing estate	Quotation	One-off	Fixed fee	30 Jun 2024	180	180	-	-	180
Project 10	Customer I ⁽⁸⁾	Security services for project foundation for public housing redevelopment	Quotation	Fixed term	Actual Usage	13 Jun 2024 to 26 Sep 2025	723	308	415	-	723

BUSINESS

Project name	Engaging party	Project details	Source of project	Term of project	Charging basis	Engaging term ⁽¹⁹⁾	Final contract sum ^(2,3) (HK\$'000)	Revenue recognised		3M 2026 (HK\$'000)	Track Record Period (HK\$'000)	Total revenue recognised during the
								FY 2024 (HK\$'000)	FY 2025 (HK\$'000)			
Project 11	Customer J ⁽⁹⁾	Cleaning services	Tendering	Fixed term	Actual Usage	27 Mar 2025 to 28 Feb 2026	2,936	-	2,883	53	2,936	
Project 12	Customer O ⁽¹⁰⁾	Security Services for a residential development in Kai Tak, Kowloon	Quotation	Fixed term	Actual Usage	1 Nov 2025 to 31 Mar 2026	195	-	96	99	195	
Project 13	Customer D ⁽¹²⁾	Provision of inspection services for CCTV systems at various location in Hong Kong	Quotation	Fixed term	Actual Usage	15 Nov 2025 to 31 Dec 2025	622	-	622	-	622	
Project 14	Customer D ⁽¹²⁾	Installation works of CCTV systems	Quotation	Fixed term	Actual Usage	4 Oct 2025 to 3 Nov 2025	174	-	174	-	174	
Project 15	Customer C ⁽¹³⁾	Security consultancy services	Quotation	Fixed term	Fixed fee	27 Jul 2024 to 3 Nov 2024	179	179	-	-	179	
Sub-total							32,261	15,231	8,555	166	23,952	

BUSINESS

The following table provides a summary of our major ongoing projects (i.e. contract sum in an amount not less than HK\$150,000) as at the Latest Practicable Date:

Project name	Engaging party	Project details	Source of project	Term of project	Charging basis	Engaging term ⁽¹⁹⁾	Initial contract sum (HK\$'000)	Revenue recognised during the Track Record Period	Revenue recognised during the Track Record Period	Revenue recognised during the Track Record Period	Total (HK\$'000)	Project backlog as at the Latest Practicable Date (HK\$'000)
								FY2024 (HK\$'000)	FY2025 (HK\$'000)	3M2026 (HK\$'000)		
Project 16 (or “Three-runway Contract”)	HKIA Operator ⁽¹⁴⁾	Security guarding services at the Three-runway Project Site	Acquisition	Fixed term	Actual usage	7 Jun 2021 to 31 Dec 2026	295,524	106,777	85,359	10,205	202,341	24,936
Project 17	Customer A ⁽³⁾	Security guarding services at the Three-runway Project Site	Quotation	Fixed term	Actual usage	1 Jul 2022 to 31 Dec 2027	Open Contract	15,664	20,921	4,397	40,982	32,324
Project 18 (or “Air Cargo Terminal Project”)	Air Cargo Terminal Operator ⁽²⁾	Security guarding services at truck control office of air cargo terminal	Tendering	Fixed term	Actual usage	1 Jan 2025 to 31 Dec 2026	3,712	-	1,814	470	2,284	1,436
Project 19 (or “Air Cargo Terminal Project”)	Air Cargo Terminal Operator ⁽²⁾	Security guarding services at an air cargo terminal	Tendering	Fixed term	Actual usage	1 Jan 2025 to 31 Dec 2027	129,671	-	40,693	10,465	51,158	78,327
Project 20	Customer E ⁽⁷⁾	Security guarding services for certain department	Quotation	Fixed term	Actual usage	1 Apr 2024 to 31 Jul 2026	Open Contract	545	2,476	571	3,592	669
Project 21	Customer I ⁽⁸⁾	Security guarding services for a residential development in Yuen Long, New Territories	Quotation	Fixed term	Actual usage	22 May 2026 to 21 May 2028	1,142	-	-	-	-	1,142
Project 22	Customer C ⁽¹³⁾	Security consultancy services	Quotation	Fixed term	Fixed fee	1 Nov 2024 to 30 Sep 2027	5,775	330	1,980	495	2,805	2,970
Project 23	Customer K ⁽¹¹⁾	Security guarding services for construction site	Quotation	Fixed term	Actual usage	9 Jan 2026 to 31 Dec 2026	368	-	-	86	86	282
Project 24	Customer K ⁽¹¹⁾	Security guarding services for construction site	Quotation	Fixed term	Actual usage	14 May 2026 to 31 Dec 2026	196	-	-	-	-	196
Project KT	Jones Lang LaSalle	Security guarding services for KT Marina	Quotation	Fixed term	Actual usage	1 Apr 2025 to 31 Mar 2027	17,232	-	5,662	2,168	7,830	9,002

BUSINESS

Project name	Engaging party	Project details	Source of project	Term of project	Charging basis	Engaging term ⁽¹⁹⁾	Initial contract sum (HK\$'000)	Revenue recognised during the Track Record Period			Project backlog as at the Latest Practicable Date (HK\$'000)	
							FY2024 (HK\$'000)	FY2025 (HK\$'000)	3M2026 (HK\$'000)	Total (HK\$'000)		
Project 25	Customer J ⁽⁹⁾	Security guarding services	Quotation	Fixed term	Actual usage	16 May 2025 to 31 Jul 2026	308	-	331	132	463	176
Project 26	Customer L ⁽¹⁵⁾	Security guarding services for a museum	Quotation	Fixed term	Actual usage	1 Aug 2025 to 31 Jul 2026	274	-	116	68	184	91
Project 27	Customer L ⁽¹⁵⁾	Security guarding services for a major road infrastructure construction site	Quotation	Fixed term	Actual usage	1 Sep 2025 to 28 Feb 2027	410	-	95	68	163	251
Project 28	Customer L ⁽¹⁵⁾	Security guarding services for a major road infrastructure construction site	Quotation	Fixed term	Actual usage	1 Sep 2025 to 28 Feb 2027	410	-	92	68	160	251
Project 29	Customer L ⁽¹⁵⁾	Security guarding services for a major road infrastructure construction site	Quotation	Fixed term	Actual usage	1 Feb 2026 to 31 Jan 2027	571	-	-	95	95	476
Project 30	Customer L ⁽¹⁵⁾	Security services for a major road infrastructure construction site	Quotation	Fixed term	Actual usage	16 Feb 2026 to 28 Feb 2027	571	-	-	59	59	513
Project 31	Customer M ⁽¹⁶⁾	Security services for an automated carpark at a transport-related facility	Quotation	Fixed term	Actual usage	15 Nov 2025 to 31 Dec 2026	2,171	-	199	502	701	1,547
Project 32	Customer M ⁽¹⁶⁾	Security vehicle patrolling services	Quotation	Fixed term	Actual usage	1 Jan 2026 to 31 Dec 2026	1,496	-	-	339	339	1,152
Project 33	Customer D ⁽¹²⁾	Installation of CCTV system	Quotation	No contract end date	Fixed fee based on Purchase Order	Since 19 May 2025	Open Contract	-	19,210	819	20,029	11,827
Project 34	Customer D ⁽¹²⁾	Project C – Warranty and Services	Tendering	Fixed term	Fixed fee based on Purchase Order	19 Jan 2026 to 30 May 2029	Open contract	-	-	231	231	7,595
Project 35	Customer D ⁽¹²⁾	Project C – Professional Technical Support	Tendering	Fixed term	Fixed fee	8 Jun 2026 to 31 Dec 2026	324	-	-	-	-	287
Project 36	Customer N ⁽¹⁷⁾	Security guarding services at a commercial complex in Admiralty, Hong Kong	Tendering	Fixed term	Actual usage	1 Oct 2026 – 30 Sep 2029	25,634	-	-	-	-	25,634

BUSINESS

Project name	Engaging party	Project details	Source of project	Term of project	Charging basis	Engaging term ⁽¹⁹⁾	Initial contract sum (HK\$'000)	Revenue recognised during the Track Record Period			Total (HK\$'000)	Project backlog as at the Latest Practicable Date (HK\$'000)
								FY 2024 (HK\$'000)	FY 2025 (HK\$'000)	3M2026 (HK\$'000)		
Project 37	Customer N ⁽¹⁷⁾	Security consultancy services	Tendering	Fixed term	Actual usage	1 Dec 2025 to 30 Nov 2026	362	-	17	66	83	237
Project 38	Customer P ⁽¹⁸⁾	Security guarding services at a data center	Tendering	Fixed term	Actual usage	1 Apr 2026 to 31 Dec 2026	484	-	-	-	-	484
Project 39	Customer Q ⁽¹⁹⁾	Docking assistance services at a cross-boundary passenger ferry terminal in Tsim Sha Tsui, Kowloon	Quotation	Fixed term	Actual usage	6 Apr 2026 to 5 Apr 2027	3,208	-	-	-	-	2,880
Project 40	Customer R ⁽²⁰⁾	Installation of facial recognition system	Tendering	Fixed term	Percentage of completion	18 May 2026 to 31 Mar 2027	12,348	-	-	-	-	12,524
Project 41	Customer S ⁽²¹⁾	Security services for residence	Quotation	Fixed term	Actual usage	1 May 2026 to 30 Apr 2027	330	-	-	-	-	330
Sub-total							511,751	123,316	178,965	31,304	333,585	217,539

BUSINESS

Notes:

- (1) A facilities management company principally engaged in the provision of comprehensive management services for various properties in Hong Kong, including commercial, residential, and institutional buildings.
- (2) A private company principally engaged in air cargo handling at HKIA.
- (3) A joint venture formed by two construction contractors, acting as a contractor on the Three-runway System Project Site.
- (4) A joint venture formed by three construction contractors, acting as a contractor on the Three-runway System Project Site.
- (5) A licensed electrical contracting company in Hong Kong specialising in electrical engineering design, installation, testing, commissioning, maintenance and project management of electrical systems, including high-voltage works.
- (6) A private company principally engaged in the provision of cleaning services.
- (7) A private company principally engaged in managing and operating large-scale retail stores in Hong Kong.
- (8) A private company in Hong Kong principally engaged in the foundation piling business and specialised in both percussive and non-percussive piling works, barrettes and diaphragm walls and deep basement construction and has a sizeable fleet of advanced piling equipment and experienced workforce.
- (9) A PRC company principally engaged in engaging in international economic cooperation as the earliest Chinese state-owned enterprise in fields of water and hydropower industry.
- (10) A private company owned by three property development groups and is associated with the development of a residential property in Kai Tak, Kowloon.
- (11) A private company principally engaged in supply and delivery of ready-mixed concrete in Hong Kong.
- (12) A private company principally engaged in telecommunications and related services business in Hong Kong.
- (13) A private company principally engaged in the design, installation, maintenance and repairing of security systems and devices. During the Track Record Period, it was also one of our suppliers. For details, please refer to the paragraph headed “Top Five Customers” below in this section.
- (14) The HKIA Operator, a statutory body wholly owned by the Hong Kong Government, is responsible for the operation and development of the HKIA.
- (15) An unincorporated joint venture formed by two construction contractors where one of the contractors principally engaged in global civil engineering and construction projects such as highways, railways, bridges, ports and tunnels, including in the Hong Kong market while the other contractor principally engaged in civil engineering and building construction works mainly in Hong Kong.
- (16) A private company which operates a cross-border transport facility within HKIA.
- (17) A majority government-owned, publicly listed company that operates Hong Kong’s primary public transit network.
- (18) A private company within a major telecommunications group in Hong Kong which operates a data center and a submarine cable landing facility in the southern part of Hong Kong Island.
- (19) A major regional ferry operator in Hong Kong.
- (20) A private company principally engaged in IoT and security solutions.
- (21) A private company principally engaged in co-living business.
- (22) The engaging term represents the service period under the relevant project, taking into account any subsequent renewal, extension or replacement contract, where the original engagement did not have a fixed term, the end date shown represents the latest expiry date agreed between the parties.

BUSINESS

- (23) The final contract sum represents the aggregate of the initial contract sum and any subsequent contract sum arising from contract renewal(s) and/or additional sum received pursuant to variation order(s), where applicable.

Breakdown of the total revenue, gross profit and gross profit margin by source of projects

The breakdown of the total revenue, gross profit and gross profit margin for each type of source of project undertaken during the Track Record Period are set out in the table below:

Source of project	Revenue recognised during the Track Record Period			Gross profit/Gross profit margin					
	FY2024	FY2025	3M2026	FY2024	FY2025		3M2026		
	<i>approx.</i> (HK\$'000)	<i>approx.</i> (HK\$'000)	<i>approx.</i> (HK\$'000)	<i>approx.</i> (HK\$'000)	%	<i>approx.</i> (HK\$'000)	%	<i>approx.</i> (HK\$'000)	%
Tendering and quotation	31,886	102,349	21,713	8,032	25.2%	21,002	20.5%	4,410	20.3%
Acquisition	106,777	85,359	10,205	28,643	26.8%	27,170	31.8%	3,604	35.3%
Total	138,663	187,708	31,918	36,675		48,172		8,014	

Note: “Acquisition” represented solely the Three-runway Contract. Its gross profit margin was generally higher than that of tendering and quotation projects, as the contract pricing reflected the 24-hour manpower requirements and demanding working conditions at the open-air construction site on the airport island.

Backlog, project movement and the total revenue estimated to be recognised

The following table sets out the backlog, movement in the number of our projects during the Track Record Period and up to the Latest Practicable Date, and the total revenue estimated to be recognised after the Latest Practicable Date:

	FY2024/ as at 31 December 2024	FY2025/ as at 31 December 2025	3M2026/ as at 31 March 2026	As at the Latest Practicable Date
Opening number of projects	10	11	21	27
Add: Number of new projects awarded to us (including projects awarded but not yet commenced)	13	18	17	7
Less: Number of projects completed	12	8	11	6
Ending number of projects	11	21	27	28

As at the Latest Practicable Date, we had 28 projects in our backlog with revenue of approximately HK\$220 million expected to be recognised after the Latest Practicable Date.

BUSINESS

Tender success rate

The following table sets out the number of tenders submitted and successful tenders in each year during the Track Record Period:

	FY2024	FY2025	3M2026
Number of tenders submitted with results as at the Latest Practicable Date	16	9	5
Number of successful tenders	2	5	3
Success rate	12.5%	55.6%	60.0%

Our customers typically evaluate tenders or quotations received on a scoring basis, whereby marks are assigned across a number of pre-determined assessment criteria, and the tender or quotation with the contract generally awarded to the highest aggregate scorer (especially for more sizeable and complex projects). Such assessment criteria typically include, among others, pricing, execution plan, project references, manpower availability, service quality, operational capability, financial standing, licence status, years of relevant experience and ability to ensure service continuity.

Our tender success rate was relatively low in FY2024, primarily because our relatively short operating history at that time resulted in our Group achieving lower score under the experience-related evaluation criterion and resulted in our overall lower tender success rate. Our tender success rate subsequently increased significantly, from approximately 12.5% in FY2024 to approximately 55.6% in FY2025, and further to approximately 60.0% in 3M2026, as our lengthening operating history and visible track record of project delivery, stronger job references and enhanced market visibility and reputation allowed us to achieve stronger scores across these evaluation criteria.

The Three-runway Contract

The Three-runway Contract represents one of our milestone projects in our operating history, which involves the provision of security services for the HKIA Operator at the Three-runway System Project Site. The Three-runway System Project Site is one of Hong Kong’s largest public infrastructure developments in recent years, covering an extensive land area of approximately 650 hectares and involving up to approximately 250,000 personnel working on-site on a monthly basis. Its scale and complexity necessitated us to efficiently and effectively carry out access and crowd control, site security control, surveillance monitoring, as well as accident/crime prevention and emergencies management on a 24-hour, 7 days a week basis. Further, we have provided support to government authorities and disciplinary forces during their anti-crime operations at the Three-runway System Project Site.

The Three-runway Contract was initially awarded by the HKIA Operator with an initial contract sum of approximately HK\$295.5 million to an unincorporated joint venture i.e. the Initial JV formed in 2019 for the purpose of performing the Three-runway Contract. The Three-runway Contract commenced on 4 April 2019 and did not have a fixed expiry date under its original terms. The interests in the Initial JV were held as to 70% by the Initial JV Majority

BUSINESS

Interest Holder (an Independent Third Party company incorporated in Hong Kong in 2015, principally engaged in the provision of security and risk management solutions and with its principal place of business in Hong Kong), and as to 30% by the JV Partner (an Independent Third Party company. In June 2021, we acquired the 70% interests held by the Initial JV Majority Interest Holder at the consideration of HK\$11 million, which was determined after arm’s length negotiations between our Company and the Initial JV Majority Interest Holder taking into account, among others, (i) the then estimated remaining economic value of the Three-runway Contract; (ii) the early receipt by Initial JV Majority Interest Holder of proceeds and discharge of obligations and liabilities under the contract, coupled with its intention to depart from the construction site security industry; (iii) the Initial JV Majority Interest Holder’s contribution to the performance bond; and (iv) the proportionate interests of the Initial JV Majority Interest Holder in the joint venture. Upon completion of such acquisition, a new unincorporated joint venture interested as to 70% and 30% by us and the JV Partner was formed (the “**Arrano JV**”), with the Three-runway Contract novated to it for continued performance with the express consent of the HKIA Operator.

In January 2022, with the accumulated capability and operational experience in the day-to-day performance of the Three-runway Contract and financial resources to independently manage the entire Three-runway Contract, we entered into an entitlements acquisition arrangement with the JV Partner acquiring all its rights, benefits, obligations and liabilities in the Arrano JV at the consideration of HK\$10 million (the “**Entitlements Acquisition**”), which was determined after arm’s length negotiations between our Group and the JV Partner taking into account, among others, (i) the then projected returns expected to be generated over the remaining contract period of the Three-runway Contract up to the initial contract ending date of June 2025; and (ii) the proportionate interest of the JV Partner in the Arrano JV. Following completion of the Entitlements Acquisition, we effectively took up and assumed the management and operation of the entire Three-runway Contract, while the JV Partner remained as a named joint venture partner of Arrano JV.

It subsequently came to our attention that the group of companies to which the JV Partner belonged (the “**JV Group**”) might face financial difficulties in 2023, with actual insolvency proceedings initiated in Hong Kong against certain companies within the JV Group by creditors unrelated to our Group and/or the Arrano JV in early 2025. To mitigate any potential impact of such insolvency proceedings on the Arrano JV and the Three-runway Contract, the HKIA Operator, the JV Partner and us entered into a deed of novation on 30 April 2025, pursuant to which the Three-runway Contract was novated to our Group (the “**Novation**”).

Since the Novation, our Group has continued to perform the Three-runway Contract, and the service period has been further extended until 31 December 2026. Under the Three-runway Contract, a performance bond is required to be issued in favour of the HKIA Operator. A performance bond was initially arranged by a company within the JV Group, while our Group deposited a cash deposit of HK\$3.5 million (the “**Bond Security Sum**”) with the JV Group as our proportionate contribution to such performance bond. In light of the Novation, we have arranged a new performance bond issued by a licensed bank in Hong Kong to replace the performance bond arranged by the JV Group. Our Group had also recognised an impairment of the Bond Security Sum amounting to HK\$2.3 million and HK\$1.0 million in FY2023 and FY2024 respectively.

BUSINESS

To the best knowledge and belief of our Directors having made due enquiries, during the Track Record Period and up to the Latest Practicable Date, there was (i) no material disruption to the operation and performance of the Three-runway Contract; (ii) no material dispute between any of the HKIA Operator and the Arrano JV and our Group; and (iii) no enforcement of any of the previous or prevailing performance bond by the HKIA Operator.

OUR CUSTOMERS

During the Track Record Period, our customers mainly comprised corporate and institutional customers in Hong Kong with security guarding and/or electronic security needs. The number of customers contributing to our Group’s revenue was 12, 19 and 14 for FY2024, FY2025 and 3M2026, respectively.

During the Track Record Period, all of our customers were based in Hong Kong and our revenue was denominated in Hong Kong dollars.

Principal terms of our Security Guarding Services contracts

We provide security services to our customers on a project-by-project basis. Our customers generally confirm our engagement by entering into formal agreements with us, issuing letters of award or approving our quotation letters. The contracts are generally either for a fixed-term or for one-off services. Our principal terms of engagements with customers are summarised as follows:

Scope of works

The contracts set out the scope of security services to be carried out by us, along with other project specifications or requirements. These typically include the quantity of security personnel, the required hours of service, the service location and the service period.

Duration

The contracts usually specify the commencement date and the service period of the project implementation, which typically ranges from 2 months to 3 years. Extensions may be granted by the customers where necessary. In addition to fixed-term engagements, we also provide one-off services based on specific customer requirements.

Contract sum

During the Track Record Period, we generally adopted two pricing bases to charge our customers depending on the nature of security services provided. Usually, provision of manpower services is based on actual usage on re-measurement basis, and provision of other services such as consulting and installation and maintenance of security system is on fixed-fee basis.

For projects based on actual usage, the contracts typically set out an estimated contract value, which is determined based on agreed unit rates (such as hourly rates) and the estimated quantities of work items (such as number of security personnel required per month). The final

BUSINESS

value of work performed depends on the instructions issued by customers during the engagement period. As a result, the total actual value of work completed could differ from the initial estimated contract sum stated in the Contracts.

For details on our pricing strategy, please refer to the paragraph headed “Sales and marketing – Pricing policy” below in this section.

Price adjustment

Some of the contracts include a mechanism that allows our Group to adjust service fees in response to changes in the statutory minimum wage. However, some contracts do not include such mechanisms, but we are obliged to comply with the statutory minimum wage requirements and will ensure that our employees are paid in accordance with the law. For details, please refer to the paragraph headed “Sales and marketing – Pricing policy” below in this section.

Payment terms and arrangement

We issue invoices either on a monthly basis or upon the completion of our services. Typically, our Group submits payment applications to the customer on a monthly basis, referencing the amount payable for the services performed (such as hours of manpower provided) as stated in the contract. Upon receiving our payment application, the customer examines and certifies the services provided in the preceding month by issuing a payment certificate. This certification process generally takes around 20 to 30 days. Once the payment certificate is issued, the customer typically approves and settles our invoices within the agreed credit period.

Insurance

Generally, our Group has to take out, at our expense, and to maintain and renew upon expiry, public liability insurance and employees’ compensation insurance. For further details, please refer to the paragraph headed “Insurance” below in this section.

For certain projects, third-party liability insurance, covering liability to pay damages and compensation for injury or death of any person, as well as loss or damage to any property, would be provided by the customers or project owners themselves.

Performance guarantee

It is common practice for customers in certain project sectors (such as public infrastructure) to require contractors to take out performance bonds at a fixed sum or a certain percentage of the contract sum to secure due performance and compliance with the contracts.

The HKIA Operator required the Group to provide a performance bond as a security measure to guarantee due performance under the relevant contract. The performance bond amounted to HK\$5.0 million, representing approximately 2% of the contract sum. According to the Frost & Sullivan Report, this percentage is consistent with industry practices. For more details on performance bonds, please refer to the paragraph headed “Quality assurance – Performance bonds” below in this section.

BUSINESS

Penalty clause

Some of the contracts include a penalty clause whereby if we fail to supply any manpower as agreed, the client shall be entitled to impose a penalty charge equal to twice the hourly rate as stipulated in such contract.

Termination

Generally, both parties may terminate the contracts in the event of a material breach of such Contracts or by serving one month's notice. During the Track Record Period and up to the Latest Practicable Date, save for one contract with initial contract sum of approximately HK\$1.8 million which was terminated early and replaced with a new contract of initial contract sum of approximately HK\$5.8 million with more comprehensive service coverage, there was no early termination of any other of our contracts.

Principal terms of our Electronic Security Solutions contracts

During the Track Record Period, our revenue from Electronic Security Solutions Services was mainly derived from the CCTV Contract. The principal terms of the CCTV Contract are summarised below.

Scope of work

The scope of work covers the design and installation of the CCTV system.

Order price

The total order price is variable and shall be determined based on: (1) the type and quantity of equipment deployed; and/or (2) the number of implementation jobs preferred, as instructed by the end customer.

Unit prices serve as maximum rates during the contract period and cannot be increased without Customer D's prior written consent. The unit prices for different types of CCTV installation works are fixed under the contract. The actual order price will be calculated based on the type and quantity of CCTV installation works ordered by Customer D, applying the relevant unit prices set out in the CCTV Contract.

Payment

Customer D shall pay within 30 days after receipt of invoice, following satisfactory completion of installation and site functional test.

Key obligations

Arrano Security must comply with technical specifications, delivery milestones, testing and commissioning requirements, health and safety requirements, confidentiality obligations and other project requirements.

Warranty

The warranty and maintenance support period is 36 months from issuance of the relevant system acceptance certificate.

BUSINESS

Termination

Customer D may terminate any order or the agreement by giving not less than three months’ notice. Customer D may also cancel or terminate if Arrano Security fails to deliver works, pass testing and commissioning, comply with technical requirements, or perform to the satisfaction of Customer D/end customer.

TOP FIVE CUSTOMERS

For FY2024, FY2025 and 3M2026, revenue generated from our top five customers, in aggregate, accounted for approximately HK\$136.7 million, HK\$174.5 million and HK\$28.8 million, respectively, representing approximately 98.6%, 93.0% and 90.2% of our total revenue for the respective periods. Revenue attributable to the HKIA Operator, our largest customer for FY2024 and FY2025, amounted to approximately HK\$106.8 million and HK\$85.4 million, respectively, representing approximately 77.0% and 45.5% of our total revenue for the respective years. Revenue attributable to the Air Cargo Terminal Operator, our largest customer for 3M2026 amounted to approximately HK\$10.9 million, representing approximately 34.3% of our total revenue for that period.

The following tables set out the profile of each of our five largest customers during the Track Record Period:

FY2024

Rank	Customer	Products/ Services provided	Commencement of business relationship	Approximate amount of revenue (HK\$'000)	Approximate percentage of total revenue (%)	Settlement method	Credit terms
1	HKIA Operator ⁽¹⁾	Provision of security services on Three Runway Project Site	2021	106,777	77.0	bank transfer	21 days
2	Customer A ⁽²⁾	Provision of security services on Three Runway Project Site	2021	15,694	11.3	bank transfer	14 days
3	Customer B ⁽³⁾	Provision of security services for a housing estate	2023	10,242	7.4	cheque	60 days
4	Air Cargo Terminal Operator ⁽⁴⁾	Provision of security services	2022	3,473	2.5	bank transfer	30 days
5	Customer C ⁽⁵⁾	Provision of security consultancy services	2024	549	0.4	bank transfer	60 days
Total revenue from our top five customers				136,735	98.6		

BUSINESS

FY2025

Rank	Customer	Products/ Services provided	Commencement of business relationship	Approximate amount of revenue (HK\$'000)	Approximate percentage of total revenue (%)	Settlement method	Credit terms
1	HKIA Operator ⁽¹⁾	Provision of security services on Three Runway Project Site	2021	85,359	45.5	Bank Transfer	21 days
2	Air Cargo Terminal Operator ⁽⁴⁾	Provision of security services	2022	42,514	22.7	Bank Transfer	30 days
3	Customer A ⁽²⁾	Provision of security services on Three Runway Project Site	2021	20,921	11.1	Bank Transfer	14 days
4	Customer D ⁽⁶⁾	Installation of CCTV systems	2025	20,006	10.7	Bank Transfer	30 days
5	Jones Lang LaSalle	Provision of security services at KT Marina	2025	5,722	3.0	Cheque	30 days
Total revenue from our top five customers				174,522	93.0		

3M2026

Rank	Customer	Products/ Services provided	Commencement of business relationship	Approximate amount of revenue (HK\$'000)	Approximate percentage of total revenue (%)	Settlement method	Credit terms
1	Air Cargo Terminal Operator ⁽⁴⁾	Provision of security services	2022	10,943	34.3	Bank transfer	30 days
2	HKIA Operator ⁽¹⁾	Provision of security services on Three Runway Project Site	2021	10,205	32.0	Bank transfer	21 days
3	Customer A ⁽²⁾	Provision of security services on Three Runway Project Site	2021	4,397	13.8	Bank transfer	14 days
4	Jones Lang LaSalle	Provision of security services at KT Marina	2025	2,168	6.8	Cheque	30 days
5	Customer D ⁽⁶⁾	Installation of CCTV systems	2025	1,050	3.3	Bank transfer	30 days
Total revenue from our top five customers				28,763	90.2		

BUSINESS

Notes:

- (1) The HKIA Operator, a statutory body wholly-owned by the Hong Kong Government, is responsible for the operation and development of the HKIA.
- (2) A joint venture formed by two construction contractors, acting as a contractor on the Three-runway System Project Site.
- (3) A private company principally engaged in the provision of property and facilities management services in Hong Kong.
- (4) A private company principally engaged in air cargo handling at HKIA.
- (5) A private company principally engaged in the design, installation, maintenance and repairing of security systems and devices. During the Track Record Period, it was also one of our suppliers. For details, please refer to the paragraph headed “Top customer who was also our supplier” below in this section.
- (6) A private company principally engaged in telecommunications and related services business in Hong Kong.

To the best knowledge of our Directors, none of our Directors, chief executives, or any person who owns more than 5% of the issued share capital of our Company or any of its subsidiaries, or any of their respective close associates, has had or has any interest in any of our top five customers during the Track Record Period. Save as disclosed in this document, all of our top five customers during the Track Record Period are Independent Third Parties.

Client concentration

For FY2024 and FY2025, our top five customers accounted for approximately 98.6% and 93.0% of our total revenue, respectively, with approximately 77.0% and 45.5% of our total revenue attributable to our largest customer (the HKIA Operator), amounting to approximately HK\$106.8 million and HK\$85.4 million for the respective years. For 3M2025 and 3M2026, our top five customers accounted for approximately 98.0% and 90.2% of our total revenue, respectively, with 59.1% and 34.3% of our total revenue attributable to our largest customer (the HKIA operator and Air Cargo Terminal Operator respectively), amounting to approximately HK\$28.8 million and HK\$10.9 million for the respective periods. Our historical client concentration reflects the nature of the security services industry and would not have any material adverse impact on the sustainability of our business for the following reasons:

(i) *Historical concentration was reasonable in context*

Our Directors are of the view that the historical concentration of our revenue with the HKIA Operator, and specifically the Three-runway Contract, was not unreasonable in the circumstances. The Three-runway Contract related to the Three-runway System Project Site, a sizeable and high-profile public infrastructure project of significant scale, complexity and technical demand, requiring specialised manpower deployment, sustained on-site coordination, and adherence to stringent operational standards befitting a critical piece of Hong Kong’s aviation infrastructure. Given the scale and unique operational requirements of the project, it was commercially rational, and indeed necessary, for our Group to devote a substantial proportion of our operational capacity, workforce and management attention to fulfil our obligations under the Three-runway Contract during the relevant periods. Our Group’s successful and consistent performance under the Three-runway Contract, evidenced by the continued trust placed by the HKIA Operator, reflects positively on our operational

BUSINESS

capabilities and reliability as a contractor for large-scale, technically demanding projects. Our Directors therefore consider that the historical revenue concentration was a natural consequence of securing and satisfactorily performing a contract of this scale and complexity.

(ii) Demonstrated reduction in reliance on the Three-runway Contract

During the Track Record Period, our reliance on the HKIA Operator has declined progressively and materially. Revenue derived from the HKIA Operator decreased from approximately HK\$106.8 million in FY2024 to approximately HK\$85.4 million in FY2025, and further from approximately HK\$28.8 million in 3M2025 to approximately HK\$10.2 million in 3M2026, representing a decline in the proportion of such revenue by approximately 31.5% from FY2024 to FY2025 and by approximately 27.1% from 3M2025 to 3M2026.

As the manpower requirements and revenue contribution of the three-runway system-related projects declined during the Track Record Period and are expected to decline further, our Group intends to redeploy relevant personnel to its existing and newly awarded non-three-runway system-related projects, with any remaining reduction in manpower requirements expected to be absorbed through normal staff turnover. Notwithstanding the expected reduction in the Three-runway System Projects, as at 31 December 2024 and 2025, 31 March 2026 and the Latest Practicable Date, our Group had 435, 340, 331 and 446 employees, respectively, reflecting a broadly consistent pool of workers during the Track Record Period.

Further, our non-three-runway system revenue increased from approximately HK\$15.7 million in FY2024 to approximately HK\$80.9 million in FY2025, and our Group had 28 backlog projects with expected revenue of approximately HK\$220 million as at the Latest Practicable Date.

(iii) Consistent ability to secure new business from diverse range of customers

Our Group has demonstrated a solid track record in converting business development efforts into new contracts across multiple industries. Our tender success rate rose markedly during the Track Record Period, from approximately 12.5% in FY2024 to approximately 55.6% in FY2025, and further to approximately 60.0% in 3M2026. This upward trajectory reflects the growing recognition of our operational capabilities and reputation in the market, and directly supports the broadening of our customer base.

The improved tender success rate has translated into tangible growth in both the number and diversity of our clients. We secured 6 new clients in FY2024, 11 new clients in FY2025, and 5 new clients in 3M2026, spanning industries such as air cargo terminal operations, telecommunications, construction, and property management. As at the Latest Practicable Date, our project backlog had grown to 28 projects, up from 11 projects as at 31 December 2024. In addition, our total revenue increased by approximately 35.4% from approximately HK\$138.7 million in FY2024 to approximately HK\$187.7 million in FY2025.

BUSINESS

Notably, while the HKIA Operator and the Air Cargo Terminal Operator remained among our top five customers in both FY2024 and FY2025, the identity of our other top customers changed from year to year, evidencing continuous client acquisition rather than reliance on a static set of relationships. Illustrative examples of this diversification include: (a) a contract awarded in FY2024 with the Air Cargo Terminal Operator (initial contract sum of approximately HK\$129.7 million, term from 2025 to 2027) for manpower and security workforce services; (b) a contract awarded in FY2025 with Jones Lang LaSalle (initial contract sum of approximately HK\$17.2 million, term from 1 April 2025 to 31 March 2027) covering manpower supply, access control, patrolling, incident handling and customer-facing services; and (c) the CCTV Contract awarded in FY2025 by Customer D, one of Hong Kong’s major telecommunications and technology solutions providers, covering the design, installation and maintenance of CCTV systems.

Taken together, our rising tender success rate, expanding customer base, and growing and staggered project backlog demonstrate our Group’s consistent ability to convert satisfactory project performance and reputation into new business opportunities across a widening range of industries, thereby reducing the long-term concentration risk associated with reliance on any single customer or project.

(iv) Strategic Expansion into Electronic Security Solutions Services

Another key driver for the reduction in our client concentration is our deliberate diversification beyond the sole provision of Security Guarding Services into Electronic Security Solutions Services (encompassing CCTV-related services, electronic access control systems, and robotics-based security solutions), with revenue of approximately HK\$20.0 million recognised in FY2025 and expected to continue to grow in the near future in light of the CCTV Contract.

Through such expansion of revenue stream, new customer segment distinct from our traditional Security Guarding Services customers (such as the HKIA Operator and the Air Cargo Terminal Operator) are introduced to our Group. The CCTV Contract, for instance, was awarded by Customer D, one of Hong Kong’s major telecommunications and technology solutions providers, who became one of our top five customers in FY2025. Such expansion also reduced our structural dependence on labour-intensive, single-project revenue streams (such as the Three-runway Contract), instead positioning our Group to capture the rising demand and opportunities for technology-enabled security solutions.

Our Directors believe that the continued development of Electronic Security Solutions Services will further diversify our customer and revenue base over time, complementing our Security Guarding Services business and reducing our reliance on any single customer, project or service segment.

In light of the above, our Directors consider that the expected completion of the Three-Runway System Project in the revenue and profit contribution from the three-runway system-related projects is not expected to materially disrupt our operations or overall financial performance.

BUSINESS

Top customer who was also our supplier

During the Track Record Period, we have provided security services (including security consulting and security guarding) to Customer C as well as engaged them as our supplier for technology services such as maintenance of software. As such, Customer C was both our supplier and customer during the Track Record Period, and also one of our top five customers in FY2025.

Customer C engaged us for our expertise in a diverse range of security projects, whereas we engaged Customer C for their expertise in advanced technology and software in relation to security services. Customer C who was principally engaged in the design, installation, maintenance and repairing of security systems and devices had business needs for security-related consultancy and support services, including advice on manpower planning, procurement and deployment of manpower where necessary, implementation of day-to-day operational strategies, project-level operational resource planning, and advice on operational issues arising from daily security-related operations. As such, Customer C engaged us as its security service provider to provide them with the aforementioned services.

As our operational needs evolved, we no longer required the technology services provided by Customer C with effect from May 2026. The relevant service agreement was terminated accordingly, and Customer C has since ceased to be our supplier.

The following table sets forth the details of our transactions with Customer C during the Track Record Period:

	FY2024	FY2025	3M2026
Sales			
Revenue (HK\$'000)	549	1,980	495
As a percentage of our revenue	0.4%	1.1%	1.6%
Gross profit (HK\$'000)	199	720	180
Gross profit margin	36.2%	36.4%	36.4%
Purchases			
Purchase (HK\$'000)	40	129	24
As a percentage of our total amount of purchases	0.2%	0.4%	1.4%

SALES AND MARKETING

Pricing policy

We generally charge our customers on an actual usage basis or fixed-fee basis, depending on the nature of services provided. Our pricing is generally determined using a cost-plus pricing model. Such service fees are payable on a monthly basis or upon completion of services. According to the Frost & Sullivan Report, charging on an actual usage basis or fixed-fee basis is the industry pricing approach in the Hong Kong security services market. During the Track

BUSINESS

Record Period, 41 out of 50 of our projects were charged on an actual usage basis for our security services, while 9 out of 50 of our projects was charged on a fixed-fee basis.

When we tender for a new project agreement in relation to manpower provision or negotiate the renewal of an existing one with our customers, we determine our pricing with reference to the stipulated or expected number of employees and workers required for each position, while taking into account different factors. These factors include: (i) the location and type of the properties; (ii) frequency that our services will be performed; (iii) our estimated operational expenses, such as labour, materials and administrative costs; (iv) our targeted profit margins; (v) the pricing of similar projects; (vi) an evaluation of our competitors’ pricing; and (vii) the overall potential for business growth within our Group. We also regularly review and evaluate the fees we charge for the provision of our services, comparing them against our financial performance to ensure that our targeted profit margins are maintained. This process also allows us to assess whether adjustments to our fees are necessary when renewing our agreements.

We have also considered the potential impact of changes in the statutory minimum wage pursuant to the Minimum Wage Ordinance from time to time. Some of our contracts include a mechanism that allows our Group to adjust service fees in response to changes in the statutory minimum wage. However, some contracts do not include such mechanisms, but we are obliged to comply with the statutory minimum wage requirements and will ensure that our employees are paid in accordance with the law.

Our clients may sometimes require our security services on an ad hoc or urgent basis, such as for overnight security guarding. In such situations, our Group has a list of both full-time and casual employees to mobilise the necessary manpower to meet these ad hoc demands. While our ability to respond promptly and satisfy client needs within a short timeframe is one of our strengths, our management recognises the importance of formalising such arrangements. To ensure clarity and proper documentation, our contracts include payment terms for ad hoc manpower, and we will obtain a clear request, such as a letter of request or an email request, from the client before proceeding. We will then appropriately plan for the required manpower and upon completion of work, we will issue an invoice to the client.

In light of the increasing labour cost and the labour-intensive nature of our business, it is important for us to accurately estimate our cost when preparing tenders or pricing our services. We believe that our clients expect a precise assessment of cost, including potential increases in labour cost, before submitting quotation or entering into service contracts. Therefore, we generally take potential changes in labour cost into account at the tendering or quotation stage, rather than relying on ad hoc fee adjustment. By carefully assessing cost during the preparation of our quotation, we aim to incorporate potential service cost increases into our pricing and mitigate the risk of unexpected cost increments over time.

For certain services such as the installation and maintenance of security systems, we generally charge clients on a fixed-fee basis using a cost-plus pricing model. For details on the risks involved, please refer to the paragraph headed “Risk Factors – Risks relating to our business – Our provision of services on a fixed fee basis could subject us to losses if we subsequently incur excess expenses in delivering our services to clients” in this document.

BUSINESS

Payment and credit policy

Our clients typically settle payment via cheque or bank transfer in Hong Kong dollars. We issue invoices either on a monthly basis or upon the completion of our services. During the Track Record Period, the credit period granted to our customers was approximately 14 to 60 days. The majority of trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Our management is responsible for establishing our credit policy, while our finance department handles the implementation and monitoring of receivable settlements. Before accepting a new client, our Group evaluates the client’s credit quality and assigns credit limits accordingly. Credit limits and terms granted to clients are reviewed on a regular basis.

Marketing

During the Track Record Period, we secured new business primarily through quotation and open tender. Our Directors believe that our track record and our relationship with existing customers form the foundation of our marketing. By leveraging our established customer base and reputation in Hong Kong’s security service industry, we minimise reliance on extensive marketing campaign. Instead, we focus on promoting our Group by maintaining business relationships with existing and potential customers through regular communication, as well as our website.

Additionally, we take pride in our team of highly reputable and experienced consultants. Our Directors believe that their extensive expertise and professionalism in delivering advice have become key elements in enhancing our brand. Their reliability and strong reputation within the industry further reinforce our position in the market and contribute to our ability to attract and retain clients.

Seasonality

Our Group did not experience material seasonal fluctuations during the Track Record Period.

BUSINESS

OUR OPERATION

Licences and certifications

For a summary of the laws and regulations related to our business and industry, please refer to the section headed “Regulatory Overview” in this document.

As at the Latest Practicable Date, members of our Group held the following licences and qualifications that are material to our business operations:

Licence	Issuing authority	Qualification/Standard	Holder	Expiry date
Security Company Licence	SGSIA	Type I – Provision of security guarding services; and Type III – Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device	Arrano Security	20 March 2027
Security Company Licence	SGSIA	Type I – Provision of security guarding services; and Type III – Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device	Arrano Group	16 January 2030

As confirmed by our Directors, after obtaining legal advice from the Company’s legal advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all the necessary approvals, permits, consents, licences, permissions, authorisations, certificates and/or registrations required for our business and operations. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the conditions of the above Security Company Licences and that there would be no impediment to renewing the above Security Company Licences.

BUSINESS

The table below outlines other licences and certifications held by members of our Group as at the Latest Practicable Date:

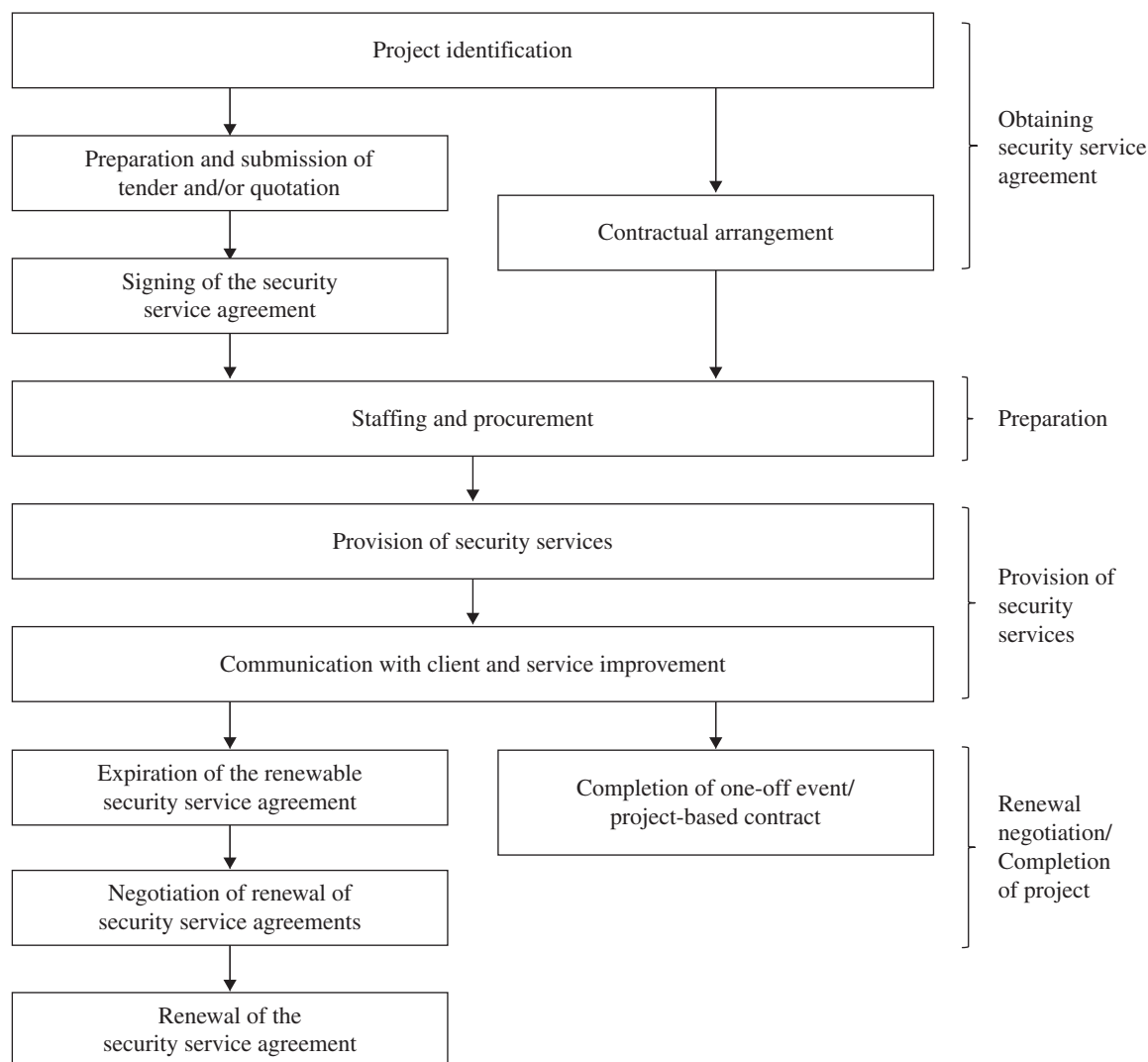
Licence and certification	Issuing authority	Qualification/Standard	Holder	Expiry date
Certificate of Registration of Electrical Contractor	Electrical and Mechanical Services Department of the Government of Hong Kong	N/A	Arrano Security; and Arrano Technology	15 July 2027
Property Company Management Licence	Property Management Services Authority	N/A	Arrano Security	21 May 2029
Quality Management Systems	Accredited Certification International Limited	ISO 9001:2015 accreditation for the provision of security services in Hong Kong at designated sites	Arrano Security	25 May 2027
Environmental Management Systems	Accredited Certification International Limited	ISO 14001:2015 accreditation for the provision of security services in Hong Kong at designated sites	Arrano Security	25 May 2027
Occupational Health and Safety Management Systems	Accredited Certification International Limited	ISO 45001:2018 accreditation for the provision of security services in Hong Kong at designated sites	Arrano Security	25 May 2027

For details of the licences and qualifications held by our employees, please refer to the paragraph headed “Our employees – Licences and qualifications of employees” below in this section.

BUSINESS

Operational procedures

The following flowchart illustrates a brief process of the provision of our security services, from identifying a project to renewal or expiration of a service agreement:



Obtaining security service agreement

We mainly secure security service agreements through open tendering or quotation processes. Contracts that are not obtained through tendering are generally secured by way of quotation with potential clients, or via acquisition. We do not intend to conduct acquisitions to obtain new projects in the future as we intend to mainly approach new potential clients by way of tendering or quotation processes.

BUSINESS

Our management actively identifies and evaluates new tender opportunities in the market. We have also, from time to time, received invitations for tenders or quotations from potential customers for the provision of security services. Upon identifying a potential tender, we conduct a feasibility study to assess key factors, including the project size, resource and qualification requirements and scope of services. Following management approval of the feasibility study, we prepare and submit the tender documents within the required time frame. A standard tender process typically takes approximately one to three months, from receiving the tender invitation to the announcement of results.

Potential clients typically assess our financial capability, safety and environmental management systems and technical expertise. Some may have tender evaluation systems that assess financial and other considerations, such as management standards, industry expertise, reputation and compliance with regulatory requirements. Some tenders also include restrictions, such as disqualifying applicants with a specified number of demerit points due to prior contractual breaches.

For contracts secured without open tendering, we use a quotation-based process. After understanding our clients’ instructions and requirements, our sales and marketing team, in collaboration with our operations team, prepares quotations. These are based on factors such as expected profit margins, project location, client background, urgency of the intended timetable, prevailing market rates, project complexity and expected time and resources required. The final draft of the quotation is submitted to management for approval. This step involves a thorough evaluation to confirm that the proposal adheres to our pricing guidelines, risk management policies and profitability benchmarks.

Upon approval, the quotation is submitted to the client. A standard quotation process typically takes approximately one to six months from an initial submission to the execution of the contract. Once the quotation is accepted by the client, we proceed to sign the agreement, which outlines the terms and conditions of the services to be provided.

Prior to the Track Record Period, we secured the Three-runway Contract through acquisition. For details of the acquisition of the Three-runway Contract, please refer to the paragraph headed “The Three-runway Contract” in this section.

Preparation

Once our engagement is confirmed, we establish a project management team, typically comprising a project manager and/or one or more supervisors, depending on the size and complexity of the project. The project management team is tasked with conducting an internal assessment to gain a full understanding of the scope of services. They also prepare an allocation plan for frontline workers and equipment required for the project and coordinate with our operations department regarding procurement and subcontracting arrangements, as necessary.

Our management and operation team will convene meetings with clients and other relevant parties. During these meetings, the current condition of the property is usually inspected, specific management arrangements and any particular client requirements will be discussed and agreed. This process ensures that both parties have a clear understanding of the operational expectations and deliverables before services commence.

BUSINESS

We ensure our security personnel deployed on-site receive trainings in accordance with the SGSO. For some projects, we conduct induction safety training courses for personnel employed in the performance of our services prior to their deployment. The preparation work generally takes approximately 4 to 6 weeks to complete.

In addition, if required, we will provide a performance bond to secure our performance under the terms of the relevant contract. For further information of performance bonds, please refer to the paragraph headed “Quality assurance – Performance bonds” below in this section.

Provision of security services

We deliver security services through our frontline staff and workers in accordance with the scope of services outlined in the agreements entered into with our customers. Our project management team is responsible for monitoring the daily operations and quality of our services, as well as addressing and resolving any issues that may arise. The terms of our engagement generally range from 2 months to 3 years.

To ensure our service quality, we have implemented a quality assurance system designed to supervise and maintain the standards of our operations. Our operations team maintains regular communication with the project management team and provides updates to our management to ensure alignment and accountability. We actively encourage our customers to share their feedback, as it allows us to continuously improve our service delivery. For further details, please refer to the paragraph headed “Quality assurance” below in this section.

Renewal negotiation

We typically begin negotiations with customers or initiate preparations for tenders, which are mandatory processes for certain projects, within two to three months prior to the expiration of the existing agreement. Our management and financial department review the financial performance of the current engagement and evaluates the projected profitability for renewal.

In cases where renewal is not successful, the security service agreement will expire or conclude automatically upon its expiration, in line with the terms of the agreement.

QUALITY ASSURANCE

Service standards and certifications

We are committed to delivering high-quality security services to meet customer requirements, which are vital to our continued success. We have implemented a set of measures on each key operational process starting from recruitment and formulated guidelines and policies to be adhered by our employees to ensure they could meet the demands and requirements of our clients and work in a safe environment.

Our management, operations team and project management team work together to uphold service standards and ensure consistent service delivery. Our chief operating officer oversees the quality assurance function to ensure alignment with our standards. Each of the managed properties has been assigned a project manager and/or supervisor for daily operations, who

BUSINESS

reports to the operations department. The operations department regularly reports to senior management to ensure accountability and continuous improvement.

Our management system is certified to the following international standards:

- ISO 9001:2015 – Accreditation for quality management in the provision of security services in Hong Kong at designated sites.
- ISO 14001:2015 – Accreditation for environmental management in the provision of security services in Hong Kong at designated sites.
- ISO 45001:2018 – Accreditation for occupational health and safety management in the provision of security services in Hong Kong at designated sites.

These certifications enhance our public image, credibility and customer confidence, reflecting our commitment to quality, safety and sustainability.

Performance bonds

As a security for our due performance under the relevant contracts, some customers may require our Group to provide performance bonds, typically not exceeding 2% to 5% of the contract sum. These bonds are typically issued by banks after a project is awarded.

For performance bonds issued by a bank, the bank may require a deposit of a sum equal to the amount guaranteed under the bond with the bank. The bank may use this deposit to reimburse any compensation paid to our customer under the terms of the bond.

If we fail to perform satisfactorily under the relevant contracts or fail to comply with the terms, conditions and specifications of contracts with our customers, such customers are entitled to claim compensation under the performance bonds from the banks. The amount of compensation is capped at the bond amount, and depending on the terms of the performance bonds and the amount of premiums, our Group may be required to reimburse the issuer of the bond for any claims paid to the customers.

During the Track Record Period and up to 5 February 2026, a performance bond of HK\$5.0 million was arranged through an Independent Third Party associated with the JV Partner in favour of the HKIA Operator to secure the due performance of the Three-runway Contract. Under this historical arrangement, our Group contributed HK\$3.5 million as cash deposit, representing our then 70% share of the bond security amount.

Following the Novation dated 30 April 2025, our Group arranged for a new performance bond of HK\$5.0 million issued by a licensed bank in Hong Kong in favour of the HKIA Operator. The new performance bond took effect on 5 February 2026 and replaced the previous performance bond. As at the Latest Practicable Date, such new performance bond remained in force.

During the Track Record Period and up to the Latest Practicable Date, no claim had been made by the HKIA Operator under the previous or the new performance bond.

BUSINESS

Quality inspection

At the on-site level, each managed project is assigned a project management team responsible for daily monitoring of service quality and progress. Outstanding issues are reported to our operation team for guidance.

Our operations team oversees all managed properties and conducts regular inspections to ensure our service quality. Weekly on-site inspections are typically carried out to assess service execution, record keeping, complaint handling and internal management. These inspections identify issues, assign responsibility and follow up on resolutions from previous assessments. As our security services include 24-hour surveillance, patrolling, guarding and access control, inspections are also conducted at midnight to ensure staff adhere to their duties. Our operations team provides regular reports to senior management, ensuring accountability and enabling continuous improvement in service delivery.

The Crime Prevention Bureau of the Hong Kong Police Force conducts annual inspection of our Group. As part of this process, we are required to prepare and provide a list of documents, including a letter of authorisation, a valid business registration certificate, a valid employees’ compensation insurance policy, a valid public liability insurance policy and an updated employee list. The employee list must include, among other details, the names of security service personnel and the expiry dates of their corresponding Security Personnel Permits. During the Track Record Period, our Directors confirm that we have complied with the requirements of the annual inspection, and no material breach has been identified.

Recruitment and screening

We have established a standard recruitment and screening process to evaluate the background, employment history, academic qualifications, professional credentials, integrity and experience of candidates to ensure they meet the requirements of our clients. All applicants are required to complete an application form detailing their background when applying to become our employees.

For candidates applying for security personnel position, we will conduct reference check on their employment history and verifies the validity of their Security Personnel Permits against the list of revoked, cancelled, or suspended permits provided by the Licensing Department of the Hong Kong Police Force. Besides, our Group is notified by the Licensing Department if the Security Personnel Permit of any of our employees is revoked.

Code of conduct for security personnel and trainings

The conduct of our security personnel is guided by staff discipline guideline provided during orientation. This guideline ensures professionalism and compliance with both our Group and clients’ expectations. It outlines key requirements, such as punctuality and strict fulfillment of job responsibilities. Security personnel must perform their duties with fairness, courtesy and compliance with all applicable laws. Some clients may impose specific codes of conduct that security personnel are required to follow based on the nature of the site.

BUSINESS

To uphold these standards, we provide a code of conduct and hold regular training sessions. These initiatives ensure that security personnel act courteously and professionally when interacting with staff, visitors and the public, as well as when handling incidents at their assigned locations.

Security personnel are strictly prohibited from engaging in any form of misconduct, including: (i) arriving late, unauthorised absence or entering areas outside their assigned duties; (ii) damaging properties, misusing facilities or engaging in criminal activities; (iii) sleeping, drinking alcohol, gambling or using foul language while on duty; (iv) negligence, failure to follow lawful instructions or refusal to wear the proper uniform; and (v) soliciting or accepting bribes, gifts or favors from clients, staff or the public.

We ensure that all security personnel deployed on-site undergo training in compliance with the SGSO. For certain projects, we also provide induction safety training courses to all personnel involved in delivering our services before their deployment.

Client evaluation and complaint handling

We highly value clients feedback for continuously improving our services. To better understand our customers' needs and enhance our service quality, our management and operations department periodically communicate with customers to gather their feedback. Any areas for improvement are identified, documented and assigned to the responsible staff for rectification and follow-up.

In the ordinary course of our business operations, we occasionally receive suggestions and complaints from customers regarding our services. We encourage our customers to share their complaints directly with the project manager, the operations team or the management.

To ensure complaints will be promptly handled, our on-site staff is trained to address issues immediately whenever possible. Upon receiving a complaint, the on-site project team assesses the situation, provides an initial response and takes immediate remedial actions to resolve the issue on the spot. If the matter requires further investigation or escalation, the details are promptly reported to the operations team or management for follow-up. This approach ensures that customer concerns are addressed efficiently and professionally, minimising inconvenience and maintaining service quality.

There were no material complaints during the Track Record Period and up to the Latest Practicable Date.

OUR SUPPLIERS AND SUBCONTRACTORS

During the Track Record Period, our suppliers primarily fell into two categories: (i) subcontractors providing security manpower; and (ii) suppliers supporting operational needs, such as the provision of water and sanitation services, fuel and equipment, and transportation. During the Track Record Period, we have established stable business relationships with our major suppliers. During the Track Record Period, all our suppliers and subcontractors were based in Hong Kong and our purchases were denominated in Hong Kong dollars.

BUSINESS

For a discussion of the fluctuations in our purchases from suppliers and subcontractors during the Track Record Period, as well as the relevant sensitivity analysis, please refer to the paragraph headed “Financial information – Key factors affecting our results of operations and financial conditions – Price fluctuations of labour and subcontracting costs” in this document.

Our suppliers

Basis of selecting suppliers

We evaluate our suppliers by considering factors such as the quality of their products and services, capacity, pricing, past experience with us, professional qualifications and regulatory licences, reliability and creditworthiness. Our operations department conducts regular evaluations for both existing and potential suppliers. The process begins with the collection of preliminary background information about suppliers through physical visits and online inquiries. Qualified suppliers are then shortlisted and invited by our Group to submit quotations.

Once an engagement is confirmed by our customer, we discuss the scope of services required with the suppliers to ensure they deliver their products or services on time and in accordance with the customers’ requirements. In respect of subcontractors for security personnel, we will discuss with them the terms including the number of personnel deployed and their actual working hours.

In FY2024, we procured shuttle bus services from one of our top five suppliers, Perfect Nations Limited. This supplier is owned as to 50% by Well Smart, being one of our Controlling Shareholders, and 50% by a company wholly-owned by Ms. Yip, our executive Director. To address the potential conflict of interest, we have implemented several internal control measures to ensure that all transactions with this supplier are conducted on an arm’s length basis and under normal commercial terms. These measures include regular reviews of service quality, pricing and compliance to ensure that our procurement decisions remain in the best interests of the Group. Our Directors confirm that all transactions with this supplier were conducted on an arm’s length basis and under normal commercial terms in FY2024. For further details regarding related party transactions during the Track Record Period, please refer to note 31 to the Accountants’ Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortages or delays in the supply of goods or services that had a material impact on our operations. This highlights the effectiveness of our supplier selection process and the stability of our supplier relationships, even when managing diverse suppliers, including those with close connections to members of our management team.

BUSINESS

Principal terms of engagement

Key terms	Description
Specification of products/ Scope of services	<p>For products such as equipment, this is generally in the form of a price list or purchase order specifying the unit price, product specification, quantity, delivery date of the products required.</p> <p>For services such as suction service, the service scope, period and price are generally specified in a quotation. For other services such as transportation, there are long term service contracts designating the service scope and monthly fee.</p>
Minimum purchase commitment	Generally none
Payment terms	<p>For goods delivered, our suppliers generally issue an invoice to us for the outstanding payment upon delivery.</p> <p>For services provided, our suppliers generally issue monthly invoice for the monthly service fee.</p> <p>The credit period granted by our suppliers is usually 0–90 days.</p>
Termination	For long term service contracts, generally either party may terminate with one-month written notice.

Our subcontractors

Due to the nature of our labour-intensive business, we have engaged subcontractors to provide security manpower. Our Directors believe that the subcontracting arrangement is economically-efficient and allows us to ensure sufficient supply of security manpower as required by customers. During the Track Record Period and up to the Latest Practicable Date, we did not act as a subcontractor in the provision of security manpower to other parties. During the Track Record Period, our Group’s subcontracting fees amounted to approximately HK\$11.0 million, HK\$18.9 million and HK\$0.1 million, representing approximately 10.8%, 13.6% and 0.3% of our total cost of services, respectively.

BUSINESS

Principle terms of engagement

Typically, the agreements entered into between us and the subcontractors relating to the provision of manpower services include the following terms:

Key terms	Description
Scope of services	The scope of manpower services to be provided by the subcontractor is set out. We require our subcontractors to adhere to the specifications and requirements of our customers (e.g. hours and location of work).
Fees	Generally based on hourly rate or an all-inclusive monthly charge. There is usually an adjustment mechanism for any adjustment pursuant to changes to the statutory minimum wage from time to time.
Payment terms	Subcontractors generally issue monthly invoice for actual hours worked. The credit period granted by subcontractors is usually 0 to 90 days.
Insurance	We typically provide third party liability insurance and employees’ compensation insurance which cover our subcontractors.
Indemnity	Subcontractors are required to indemnify us against any claims, damages, costs and expenses made against us or incurred by us by reason of any breach of the subcontractor under the subcontracting agreement.
Termination	We are entitled to terminate the agreement in the event of breach of contract by our subcontractor. Either party may terminate by giving three months’ notice.

In relation to the CCTV Contract, we entered into agreements with the subcontractors for cable-laying work, which include the following key terms:

Key terms	Description
Scope of services	The subcontractors are responsible for cable-laying work, including the provision of labour and materials, in accordance with the specifications, locations and other requirements set out in the relevant purchase orders.
Fees	Generally based on the fees set out in the quotation provided by the subcontractor and agreed upon through the issuance of purchase orders.

BUSINESS

Key terms	Description
Payment terms	The subcontractors will issue invoice upon completion of the relevant works. The credit period generally ranges from 0 to 27 days, depending on the terms agreed with the relevant subcontractor, where no credit period is specified, payment is due upon completion of the works and submission of the relevant invoice and supporting documents.
Insurance	We typically provide third party liability insurance and employees’ compensation insurance which cover our subcontractors.
Duration	The subcontractor are engaged on a project-by-project basis, and each engagement generally ends upon completion of the works specified in the relevant purchase order.

Top five suppliers

During the Track Record Period, purchase amounts from our top five suppliers, in aggregate, accounted for approximately HK\$15.3 million, HK\$19.2 million and HK\$1.0 million, respectively, representing approximately 79.8%, 67.1% and 57.8% of our total purchases for the respective years. Purchase amounts attributable to our largest supplier during the Track Record Period amounted to approximately HK\$11.0 million, HK\$5.2 million and HK\$0.4 million, respectively, representing approximately 57.6%, 18.2% and 20.6% of our total purchases for the respective years.

The following tables set out the profile of each of our five largest suppliers during the Track Record Period:

FY2024

Rank	Supplier	Main products/ services provided to our Group	Commencement of business relationship	Approximate amount of purchase (HK\$'000)	Approximate percentage of total purchase amount (%)	Settlement method	Credit terms
1	Subcontractor A ⁽¹⁾	Provision of security personnel	2021	11,028	57.6	Bank transfer	90 days
2	Supplier C ⁽³⁾	Fuel	2021	1,465	7.7	Bank transfer	0 day
3	Perfect Nations Limited ⁽⁵⁾	Provision of shuttle bus service	2023	1,040	5.4	Bank transfer	30 days
4	Supplier D ⁽⁴⁾	Provision of generator rental service	2021	882	4.6	Bank transfer	30 days
5	Supplier B ⁽²⁾	Provision of distilled water, suction services and mobile toilets	2021	863	4.5	Bank transfer	0 day
Total purchases from our top five suppliers				15,278	79.8		

BUSINESS

FY2025

Rank	Suppliers	Main products/ services provided to our Group	Commencement of business relationship	Approximate amount of purchase (HK\$'000)	Approximate percentage of total purchase amount (%)	Settlement method	Credit terms
1	Supplier E ⁽⁶⁾	Provision of cable-laying services	2025	5,212	18.2	Bank transfer	14 days upon completion
2	Supplier F ⁽⁷⁾	Provision of cable-laying services	2025	5,107	17.8	Bank transfer	27 days upon completion
3	Subcontractor A ⁽¹⁾	Provision of security personnel	2021	5,055	17.6	Bank transfer	90 days
4	Supplier G ⁽⁸⁾	Provision of cleaning services	2025	2,489	8.7	Bank transfer	0 day
5	Supplier D ⁽⁴⁾	Provision of generator rental service and secondment of technical officers	2021	1,385	4.8	Bank transfer	30 days
Total purchases from our top five suppliers				19,248	67.1		

3M2026

Rank	Suppliers	Main products/ services provided to our Group	Commencement of business relationship	Approximate amount of purchase (HK\$'000)	Approximate percentage of total purchase amount (%)	Settlement method	Credit terms
1.	Supplier H ⁽⁹⁾	Provision of cable-laying services	2026	360	20.6	Bank transfer	0 day
2.	Supplier I ⁽¹⁰⁾	Provision of shuttle bus service	2025	210	12.0	Bank transfer	7 days
3.	Supplier B ⁽²⁾	Provision of distilled water, suction services, mobile toilet	2021	195	11.1	Bank transfer	0 day
4.	Supplier J ⁽¹¹⁾	Provision of project management services	2025	151	8.6	Bank transfer	45 days
5.	Supplier K ⁽¹²⁾	Provision of patrol vehicles rental services	2021	96	5.5	Bank transfer	0 day
Total purchases from our top five suppliers				1,012	57.8		

BUSINESS

Notes:

- (1) A local security services provider incorporated in 1996 and a subsidiary of a facility services provider listed on the Stock Exchange.
- (2) A local support services provider incorporated in 2020 to contractors, subcontractors and service providers of the Three-runway System Project. It is owned as to 50% each by Mr. Fong Chun Ho (“**Mr. Fong CH**”), who is the step-brother of Mr. Fong, our executive Director and an Independent Third Party.
- (3) A local supplier incorporated in 2014 and distributor of fuel for contractors at the Three-runway System Project Site.
- (4) A local security supplies provider incorporated in 2021 that offers a range of security products, such as security equipment, construction site gear and personal safety gear.
- (5) A local shuttle bus service provider incorporated in 2021. As at the Latest Practicable Date, it is owned as to 50% by Well Smart, being one of our Controlling Shareholders, and 50% by a company wholly-owned by Ms. Yip, our executive Director. As such, it is an associate of Well Smart and Ms. Yip, and a connected person of our Group accordingly.
- (6) A local private limited company incorporated in 2024 and principally engaged in engineering services in Hong Kong.
- (7) A local private limited company incorporated in 2025 and providing a range of engineering services, including electric works and structured cabling.
- (8) A local private limited company incorporated in 2018 and providing a range of engineering services, including ancillary services such as cleaning.
- (9) A local private company incorporated in 2012 with its registered business nature stated as construction.
- (10) A local private company incorporated in 1992 providing passenger transportation services including residential shuttle bus, school bus and employee transportation services.
- (11) A private company and a Hong Kong-based professional training and security services provider.
- (12) A private company that provides vehicle rental services. As at the Latest Practicable Date, it is wholly-owned by Mr. Fong CH, who is the step-brother of Mr. Fong, our executive Director. As such, Mr. Fong CH is an associate of Mr. Fong, and a connected person of our Group accordingly. As Supplier K is wholly-owned by Mr. Fong CH, a connected person, therefore Supplier K is an associate of Mr. Fong, and a connected person of our Group accordingly.

Save as disclosed in this document, our five largest suppliers in each year during the Track Record Period were Independent Third Parties. As at the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers in each year during the Track Record Period.

Supplier concentration

When we first commenced providing security services under the Three-runway Contract several years prior to the Track Record Period, our Group faced manpower constraints in meeting the substantial and immediate operational requirements of this large-scale project, given our relatively limited workforce and operational capacity at that early stage. To bridge this gap, we engaged Subcontractor A to supplement our manpower and fulfil the requirements of the Three-runway Contract. During FY2024, purchase amounts attributable to Subcontractor A amounted to approximately HK\$11.0 million, representing approximately 57.6% of our total

BUSINESS

purchases for that year, with an average of approximately 28 security personnel engaged through Subcontractor A on a monthly basis.

As our Group grew and gained greater operational experience over the years, we progressively built up our own workforce, capability and expertise in security manpower deployment, thereby reducing our reliance on Subcontractor A. Purchase amounts attributable to Subcontractor A decreased by approximately 54.2% to approximately HK\$5.1 million (representing approximately 17.6% of our total purchase) in FY2025, while the average number of security personnel engaged through Subcontractor A on a monthly basis fell to approximately 17. We did not engage Subcontractor A at all during 3M2026. This reduction and eventual cessation was primarily attributable to the Three-runway Contract progressing towards its completion, resulting in a corresponding decrease in the manpower requirements stipulated by the HKIA Operator, coupled with our Group’s sizeable in-house workforce which we had built up over the years that enabled us to fulfil the remaining manpower needs internally without further reliance on Subcontractor A. Our Directors confirm that there was no dispute or disagreement with Subcontractor A during the Track Record Period and up to the Latest Practicable Date, and that our Group has maintained a good working relationship with Subcontractor A and we would continue to be able to re-engage Subcontractor A in the future if and when necessary.

OUR EMPLOYEES

As the security services industry is a labour-intensive industry, we believe our success depends in part on our ability to maintain a stable operational workforce so as to deliver consistent and quality services to our clients. Apart from engaging subcontractors to provide security manpower, we also recruit our employees for security manpower from the open market, primarily through the publication of job advertisements and referrals.

As at 31 December 2024, 31 December 2025 and 31 March 2026 and the Latest Practicable Date, we had a total of 491, 469, 431 and 446 employees, respectively. Our employees as at the Latest Practicable Date included 350 full-time and 96 casual workers. We maintain a pool of casual employees to handle ad hoc and urgent work requests from our clients. By performing screening procedures in advance during recruitment, we ensure the consistent delivery of high-quality services.

Our workforce comprises both domestic and imported workers (with 65, 59, 54 and 47 imported workers employed as at 31 December 2024 and 2025, as at 31 March 2026 and the Latest Practicable Date). While the average monthly labour costs for imported workers and domestic workers are comparable, imported workers are employed for certain operational reasons. First, the average employee turnover rate for imported workers during the Track Record Period was notably lower than that of domestic workers, at approximately 1% compared to approximately 9% respectively. Second, our imported workers were mostly deployed as security personnel in two of our Security Guarding Services projects situated at the Three-runway System Project Site. Given the relatively remote location of these projects on Lantau Island, our Group experienced greater difficulty in recruiting domestic workers. The Directors therefore consider that the employment of imported workers helped maintain a more stable workforce for relevant projects.

BUSINESS

The following table sets out a breakdown of the number of our employees by function as at the Latest Practicable Date:

	No. of employees with Security Personnel Permit	No. of non-licensed employees	Total
Management and operations	10	20	30
Security services	416	0	416
Total	426	20	446

The following table sets out a breakdown of our security personnel by employment source as at the Latest Practicable Date:

	No. of security personnel
Security services	
– Local	399
– Import workers	47
Total	446

The following table sets out a breakdown of the number of our employees by gender and age group during the Track Record Period and as at the Latest Practicable Date:

	FY2024	FY2025	3M2025	3M2026	Latest Practicable Date
By Gender					
Male	332	305	321	283	283
Female	159	164	182	148	163
Total	491	469	503	431	446
By Age Group					
18–30	69	64	68	63	57
31–40	49	66	50	61	60
41–50	126	117	126	107	107
>50	247	222	259	200	222
Total	491	469	503	431	446

BUSINESS

We enter into individual written employment contracts with our full time and casual employees, covering matters that generally include the scope of services, working hours, wages, work location, employee benefits and grounds for termination. We also require all our employees to read and adhere to the code of conduct provided by us (and by the customer, if any), which ensures they follow provisions aimed at delivering services with integrity, commitment and professionalism. We ensure that all security personnel deployed on-site undergo training in compliance with the SGSO. For certain projects, we also provide induction safety training courses to all personnel involved in delivering our services before their deployment. For further details of the employees’ code of conduct and trainings, please refer to the paragraph headed “Quality assurance – Code of conduct for security personnel and trainings” above in this section.

To retain our existing employees, we offer an attractive remuneration package that comprises basic salaries, bonuses and other employee benefits, such as mandatory provident fund schemes and medical insurance. The remuneration package is reviewed annually to ensure competitiveness and alignment with market standards.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, wages of all of our employees were no less than the applicable statutory minimum wage rate, as amended or supplemented from time to time. For the risk factor relating to the statutory minimum wage, please refer to the paragraph headed “Risk Factors – Risks relating to our industry – With the implementation of the Minimum Wage Ordinance, we may fail to retain labour in a cost-effective way or transfer the rising labour costs to our clients, which may adversely affect our profitability” in this document.

During the Track Record Period, our direct labour costs were approximately HK\$78.6 million, HK\$108.1 million and HK\$21.6 million, respectively, representing approximately 77.0%, 77.5% and 90.5% of our total costs of services, respectively.

Our Group has also established and implemented policies to enhance labour practices and employee engagement. These include the human resources and payroll policy, which details the policies and procedures adopted by the Group regarding issues affecting employees during their employment. This policy ensures that human resources and payroll procedures for all employees are standardised and compliant.

The human resources and payroll policy formalises key procedures governing employment interactions, including but not limited to recruitment and employment, employment contracts and orientation, annual appraisals, promotions or salary increments, and termination or resignation. By formalising these processes, the Group aims to safeguard employees’ rights and retain talent across its subsidiaries.

Licences and qualifications of employees

We, in connection with our security services and in addition to our corporate licences, are required to ensure that our employees obtain the following licences and qualifications or are trained in the performance of their duties.

Pursuant to the SGSO, security personnel involved in the provision of security services are required to hold a valid Security Personnel Permit. The Security Personnel Permit is valid for a

BUSINESS

period of up to five years or such shorter period as the Commissioner of Police may specify. As at Latest Practicable Date, 426 of our employees had obtained and validly held the Security Personnel Permits, of which: 397 employees were allowed to perform Category A Security Work and Category B Security Work, and 34 employees were allowed to perform Category D Security Work.

We record details of the licences and permits held by our employees in a computer database and regularly monitor the status of their validity. Additionally, we conduct regular checks on the licences and permits of the personnel deployed by our subcontractors to ensure compliance with all applicable legal and regulatory requirements.

Labour dispute

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group had not encountered or experienced any material labour disputes with any of our employees or trade unions that would have materially affected our business operations or financial performance.

OUR CONSULTANCY TEAM

We have built a team of experienced consultants comprising high-ranking Government and public officials as follows:

- The Hon IP Kwok-him, *GBM, GBS, JP*, Hong Kong delegate to the National People’s Congress of the PRC; unofficial member of the Executive Council of Hong Kong; member of the Legislative Council of Hong Kong; chairman of the Panel on Security of the Legislative Council of Hong Kong
- Mr. Sin Yat-kin *GBS, CSDSM, JP*, former commissioner of Correctional Services Department of the Hong Kong Government
- Mr. Andy Chan Chor-kam, *SBS, FSDSM*, former Director of Fire Services of the Hong Kong Government

They provide valuable advisory support to our Group across areas such as security operations, security management, fire safety, electronic systems, and other technical or operational matters relevant to our business. These consultants are typically engaged to provide general advice and support on an ongoing basis according to our business needs, with their advice extending to particular projects from time to time where required. They are engaged under consultancy arrangements and remunerated principally through fixed consultancy fees.

Our consultants contribute meaningfully to our Group’s operational excellence by sharing industry knowledge and practical experience accumulated over many years, advising on security management and operational matters, providing technical input on relevant systems or safety-related issues, and supporting our management team in assessing the operational requirements of certain projects. Our Directors believe that this collaborative relationship with our consultants has enhanced our Group’s technical capabilities, service quality and market reputation.

BUSINESS

OCCUPATIONAL HEALTH AND SAFETY

Pursuant to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), employers are required, as far as reasonably practicable, to ensure the safety and health at work of all their employees. We minimise workplace accidents and injuries through the implementation of safety measures and policies, and we require all of our employees to strictly adhere to these measures and policies. We believe that maintaining high standards in workplace health and safety is critical to maximising our operational efficiency, which, in turn, helps us compete effectively. Since 2024, we have been accredited with the ISO 45001:2018 occupational health and safety management system standard for the provision of security services in Hong Kong at designated sites.

We have implemented various policies and measures to ensure workplace safety and efficiency, which include, among others:

- policies regulating the code of conduct of our employees to maintain professionalism and discipline;
- regular occupational health and safety reminders to keep our employees aware of workplace safety practices;
- health and safety policy, which includes briefing on strict compliance with the Occupational Safety and Health Ordinance; preventative measures to be taken by security service personnel to minimise dangerous situation; and training on hazards and dangerous chemicals;
- on-site chain of command chart, placed at the locations where our employees are dispatched, to facilitate effective communication in the event of emergencies or other incidents;
- trainings and guidelines for security service personnel deployed on-site; and
- an emergency manual and procedures, which provide detailed handling instructions for emergency situations, including bomb explosions, flooding, unidentified gas leakage, black rainstorm or typhoon signal no. 8 or above, theft or pickpocketing, arson and fire or smoke found.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that there was no material breach of work safety rules by our employees, no significant incidents or accidents in relation to our employees’ safety, and no non-compliance with the applicable laws and regulations relevant to work safety and health issues.

Procedure for recording and handling employee injuries or accidents at work

Due to the nature of our business, we may be subject to claims from employees for work-related injuries. To address this, we maintain a set of procedures to record and handle employees injuries or accidents at work, as well as their work-related personal injury claims. In

BUSINESS

such cases, we report the employee injuries or accidents to our insurance company, which is responsible for handling the claims.

During the Track Record Period, our Directors confirm that all employees’ compensation and/or personal injury claims against our Group had been fully covered by our insurance, and none of our employees were involved in any fatal or material work injuries or accidents that had a material adverse impact on our business operations. For further details on our insurance policies, please refer to the paragraph headed “Insurance” below in this section. For information on our ongoing and potential employees’ compensation and/or personal injury claims, please refer to the paragraph headed “Occupational health and safety – Litigation, claims and legal compliance” below in this section.

Litigation, claims and legal compliance

As confirmed by our Directors, we had not been involved in any incidents which, in the opinion of our Directors, constituted either a material impact non-compliance or systemic non-compliance, and we had complied with all applicable Hong Kong laws and regulations for our business activities and operations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Due to the nature of our industry, we may be subject to employees’ compensation and personal injury claims. During the Track Record Period and up to the Latest Practicable Date, there were seven litigation claims against our Group as defendant made by our employees involving employees’ compensation claims and personal injury cases. Four of these cases had been either settled or discontinued, while the remaining three were still pending as at the Latest Practicable Date and were being handled by the solicitors appointed by the insurer under our relevant insurance policies.

Our Directors confirm that, to the best of their knowledge after making all reasonable enquiries, and save for the legal proceedings set out above, as at the Latest Practicable Date: (i) no member of our Group was engaged in any litigation, arbitration, or claim of material importance; and (ii) there was no litigation, arbitration, or claim pending or threatened by third parties against any member of our Group that would have a material adverse effect on our Group’s results of operations or financial condition.

INSURANCE

We purchase and maintain various insurance policies to mitigate risks associated with our business operations and our employees. The insurance policies we typically maintain include: (i) public liability insurance; (ii) employees’ compensation insurance; and (iii) group medical insurance.

Public liability insurance policy

The policy covers our liability to pay compensation for loss or damage to property occurring within specified locations in Hong Kong as a result of an accident or prescribed

BUSINESS

incident. We have taken out two public liability insurance policies to cover our business operations, with renewed policies under substantially the same terms not treated as additional policies.

When applying for a Security Company Licence for Type I security work, the Security Authority also considers whether the applicant is adequately insured for the scope of its business. The minimum required coverage is HK\$10 million per incident for public liability. In compliance with this requirement, we have secured two public liability insurance policies with a limit of HK\$10 million and HK\$20 million per claim, respectively, and both with an unlimited number of claims during the policy period, covering our security services provided anywhere within Hong Kong.

Employees’ compensation insurance

The employees’ compensation insurance policy we maintain complies with the requirements of the Employees’ Compensation Ordinance. The policy covers our liability to make payments in respect of bodily injury or death of any of our employees arising out of an accident in the course of their employment.

Group medical insurance policy

We maintain group medical insurance policies for all our full-time employees. These policies provide comprehensive health coverage, including specialist consultations and other medical services, ensuring the well-being and healthcare needs of our employees are adequately addressed.

During the Track Record Period, our total insurance expenses amounted to approximately HK\$0.2 million, HK\$1.1 million and HK\$0.3 million, respectively.

Our Directors consider our insurance coverage to be customary and consistent with businesses of our size and type, and adequate for our business operations. Our Directors believe that we have sufficient insurance coverage to address public liability risks that may arise from our provision of security services.

PERSONAL DATA AND PRIVACY PROTECTION

In the course of our business operations, we collect, process and store personal data from various stakeholders, including our employees, customers, suppliers and business partners. The types of personal data we collect include, but are not limited to: (i) employees’ data, namely personal identification details, employment records, educational qualifications, validity of their Security Personnel Permits and health or medical records where applicable; and (ii) visitors’ data, namely names, contact details, identification documents (e.g. ID card/passport numbers) and records of entry and exit for security purposes. This data is obtained to facilitate our business operations such as recruitment and operational management.

We are committed to safeguarding the personal data we collect and ensuring its confidentiality. To achieve this, we have implemented data protection policies and measures in line with applicable laws and best practices. These policies govern the collection, use, storage,

BUSINESS

sharing and disposal of personal data, ensuring it is handled lawfully. During the Track Record Period and up to the Latest Practicable Date, all data (including personal data and operational data) of the Group has been stored in locked fireproof cabinets at its offices in Hong Kong and on a NAS server provided by an IT support company engaged by Arrano Group (the “**IT Support Company**”). In relation to the data retention period, accounting and financial records, tax records and employee records will be stored for at least seven (7) years while personal data of unsuccessful job applicants will be stored for not more than ninety (90) days.

We have implemented strict data protection policies and measures to ensure strict compliance with applicable laws, regulations and best practices. Such internal measures primarily include (i) technical measures, (ii) organisational measures and (iii) physical measures. For technical measures, we ensure all data is encrypted and that access to the data is role-based. Multi-factor authentication is used for administration department’s access or remote access. All data is backed up to a cloud system provided by the IT Support Company and the systems provided by the IT Support Company will be regularly updated. For organisational measures, mandatory data protection training is provided for all staff annually. We conduct access reviews quarterly and remove any employee’s access to our data systems immediately upon his/her role change or termination. Where there is any detection of data breach, we will respond immediately by containing it and notifying the breach to the relevant authorities if required. For physical measures, we ensure all physical records of the data are securely stored inside the locked fireproof cabinets and access to such records are restricted to authorised personnels only.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we have not experienced any incidents of material data leakage and have not been found in non-compliance with any applicable laws and regulations relevant to personal data and privacy protection issues.

INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY

We have developed our Electronic Security Services Solutions segment, increasing our competitiveness and enhancing service quality and customer satisfaction. During the Track Record Period, we provided technologies such as an electronic guard tour system (i.e. a system that electronically records the patrolling duties performed by guards), a radio communication system and an electronic site access control system for the Three-runway System Project Site. We have also designed and installed CCTV systems under the CCTV Contract and established Arrano Huilun with Guangzhou Huilun in 2026 to research, develop and commercialise robotic and automation solutions. These implementations demonstrate our ability to integrate advanced security technologies into our service, addressing operational needs while delivering efficient solutions.

As at the Latest Practicable Date, we had a registered trademark at the Intellectual Property Department Hong Kong and a registered domain name with the Hong Kong Internet Registration Corporation Limited, which we consider are material to our business. For further details on our material intellectual property rights, please refer to the paragraph headed “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights” in this document.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, after making all reasonable enquiries, we had not infringed or had not been alleged to infringe any intellectual property rights owned by third parties and we had not been subject to any material intellectual property claims against us or involved in any material intellectual property dispute.

ENVIRONMENTAL PROTECTION

Due to the nature of our business, our Group’s operational activities do not significantly generate industrial pollutants, and we did not incur material costs for compliance with environmental protection rules and regulations during the Track Record Period. Our Directors expect that such costs will not be significant in the future.

However, we recognise the importance of environmental protection and strive to meet community expectations for a healthy living and working environment. We have implemented various environmental protection measures, including encouraging the use of recycled paper and providing separate recycling bins for different types of waste; reducing energy consumption and purchasing energy-efficient appliances; and arranging training courses to enhance employee awareness of environmental conservation.

We also prioritise employee well-being by establishing a safe and healthy working environment through: occupational safety and health management practices; prohibiting dangerous activities; complying with applicable labour laws and regulations; and promoting an equal and fair working environment.

Since 2024, we have been accredited with the ISO 14001:2015 Environmental Management System Standard and the ISO 45001:2018 Occupational Health and Safety Management System Standard for the provision of security services in Hong Kong.

As at the Latest Practicable Date, we had not recorded any material non-compliance with applicable environmental protection laws and regulations.

ESG policy and governance

We recognise the importance of environmental, social, and governance (“ESG”) considerations to our Group’s sustainable development. To this end, our Board has adopted a comprehensive ESG policy in compliance with the GEM Listing Rules, which outlines our corporate social responsibility objectives and provides guidance on environmental protection, employee well-being and corporate social responsibility practices.

To ensure the effectiveness of this policy, our Board takes primary responsibility for overseeing and managing ESG-related matters. Key responsibilities include: (i) overseeing environmental, social and climate-related issues; (ii) evaluating, prioritising and managing material ESG and climate-related matters; (iii) designating a Director to monitor ESG and climate-related matters and ensure implementation of the ESG policy; and (iv) reviewing the Group’s ESG performance and coordinating departmental efforts to meet ESG objectives.

BUSINESS

Our Board closely monitors the latest regulatory requirements for ESG disclosures, including the ESG Reporting Guide issued by the Stock Exchange. Annually, the Board reviews and discusses the content and quality of the ESG report to ensure accurate and compliant disclosure.

Strategies and measures for ESG management

To evaluate and manage material ESG-related issues and ensure compliance with the Stock Exchange’s ESG requirements, we have implemented the following measures: (i) regular management discussions to identify and address material ESG areas; (ii) ensuring compliance with the recommendations and requirements under the GEM Listing Rules; (iii) engaging stakeholders through various communication channels; and (iv) conducting materiality assessments on ESG and climate-related issues, with input from third-party consultant.

During the Track Record Period, our materiality assessment identified social and climate-related issues relevant to our business, while no material environmental issues were identified. These social and climate-related matters present risks and opportunities for our Group, and we remain committed to monitoring and improving our performance in these areas.

Material issues	Potential risks, opportunities and impacts
Employees health and safety	<p>Workplace accidents or injuries may harm employees and lead to legal liabilities, increased insurance costs, and reputational damage.</p> <p>Implementing safety measures can enhance employee satisfaction, reduce staff absence, lower turnover and create a safer working environment.</p> <p>Compliance with occupational health and safety regulations improves operational reliability and reputation.</p>
Labour practices and equal opportunity	<p>Non-compliance with labour laws or discriminatory practices can lead to legal penalties and reputational harm.</p> <p>Promoting fair labour practices and diversity improves employee satisfaction and enhances our Group’s image.</p> <p>Compliance ensures a positive working environment and strengthens internal trust and external reputation.</p>
Customers’ privacy and data security	<p>Data breaches, unauthorised access or misuse of sensitive client information can lead to legal penalties, reputational damage, loss of client trust.</p> <p>Strengthening data protection systems improves trust and provides a competitive advantage in privacy-conscious markets.</p>

BUSINESS

Material issues

Potential risks, opportunities and impacts

Compliance with data privacy regulations ensures long-term customer loyalty and mitigates risks of financial losses or legal actions.

Climate change and energy use

Rising energy costs and non-compliance with environmental regulations may impact profitability and reputation.

Adopting energy-efficient technologies reduces costs, lowers the carbon footprint and positions our Group as environmentally responsible.

Operational cost savings and enhanced reputation attract environmentally conscious clients.

We intend to continue the adoption of the abovementioned practices upon [REDACTED] to comply with the requirements on ESG under the GEM Listing Rules. Our Board has the collective and overall responsibility for establishing, adopting, and reviewing the ESG vision, policy, and target of our Group. Our Board may assess or engage independent third parties to evaluate the ESG risks and review our existing, target, and internal controls. Necessary improvements will then be implemented to mitigate the risks.

To combat climate change and manage carbon emissions, we have implemented corresponding work arrangements and measures in response to severe weather conditions, such as typhoons and rainstorms. These include issuing timely safety warnings to notify employees and personnel working outdoors about relevant special work arrangements to ensure their safety. We also keep track of climate-related issues and actively assesses and monitors climate-related risks to optimise our management practices on an ongoing basis.

BUSINESS

Our Group has incorporated quantitative information to reflect our management of risks related to pollutants, greenhouse gas (“GHG”) emissions, and resources consumption. GHG emissions comprise scope 1 direct GHG emissions, the direct emissions from the fuel combustion in company-owned vehicles and the combustion of towngas and liquefied petroleum gas (“LPG”); and scope 2 energy indirect GHG emissions, the emissions resulting from the use of purchased electricity. The details of GHG emissions and resources consumption during the Track Record Period are as follows:

	Unit	FY2024	FY2025	3M2025	3M2026
GHG Emissions					
Scope 1 – Direct GHG emissions	tCO ₂ e	43.15	2,465.40	287.27	662.82
Scope 2 – Energy indirect GHG emissions	tCO ₂ e	6.72	26.14	2.98	2.82
Total GHG emissions (Scope 1+2)	tCO ₂ e	49.87	2,491.54	290.25	665.64
Total GHG emissions intensity (Scope 1+2)	kg CO ₂ e/ HK\$’000 Revenue	0.36	13.27	5.97	20.86
Resources Consumption					
Diesel consumption	kWh	38,253.39	8,423.45	8,423.45	–
Towngas consumption	kWh	542.22	3,992.07	1,086.05	1,136.86
LPG consumption	kWh	153,690.39	11,233,447.91	1,300,075.61	3,022,562.89
Purchased electricity	kWh	17,692.23	76,893.40	8,768.95	8,302.95
Total energy consumption	kWh	210,178.23	11,322,756.83	1,318,354.05	3,032,002.70
Total energy consumption intensity	kWh/HK\$’000 Revenue	1.52	60.32	27.10	95.00

The Group procured shuttle bus services from a supplier for the transport of security personnel to and from project sites. This activity generates indirect Scope 3 GHG emissions under Category 1: Purchased Goods and Services. The associated emissions for FY2024 and FY2025 are 0.07 and 0.08 tCO₂e respectively, while for 3M2025 and 3M2026 are 0.01 and 0.01 tCO₂e respectively.

Given that the majority of the Group’s leased properties commenced operations from the end of 2024, FY2025 represents the first full year of normalised energy consumption, and has accordingly been selected as the baseline year (total energy consumption intensity: 60.32 kWh/HK\$’000 Revenue; total GHG emissions (Scope 1 and 2) intensity: 13.27 kg CO₂e/HK\$’000 Revenue). The Group has set a target to reduce both its total energy consumption intensity and total GHG emissions intensity by 5% by the financial year ending 31 December 2030 against this baseline. When setting the targets, the Group has considered historical consumption and emissions levels during the Track Record Period, the performance of industry peers, and effectiveness of relevant reduction measures to ensure their achievability. These targets will be reviewed annually by the Board and senior management to ensure their continued relevance to our Group’s operations and strategic goals.

BUSINESS

To achieve these targets, the Group will promote energy-saving awareness for employees residing in or managing its residential properties, covering responsible use of LPG, Towngas and electricity. The Group will also conduct periodic reviews to identify and replace ageing or inefficient appliances on a timely basis. These measures are expected to be covered within the existing administrative budget without material financial impacts on the Group.

PROPERTIES

As at the Latest Practicable Date, we did not own any properties. We have leased one property for use as our headquarters and several residential flats as dormitories for our imported workers. Details of our major leases are as follows:

Address	Purpose	Area (m ²)	Lease Term	Monthly Rent (HK\$)	Landlord
Unit A, 27/F., Phase 2, Billion Plaza, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong	Headquarters	323.1	1 December 2025 to 30 November 2026	40,000	Independent Third Party
Flat 13, 6/F, Block C, Siu Hei Court, No. 201 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Residential	33.7	28 November 2024 to 27 November 2026	10,300	Independent Third Party
Flat 7, 29/F, Block D, Siu Hei Court, No. 201 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Residential	38.6	18 November 2024 to 17 November 2026	11,000	Independent Third Party
Flat B, 23/F, Block 4, Melody Garden, No. 2 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Residential	80.0	22 November 2024 to 21 November 2026	21,000	Independent Third Party
Flat J, 1/F, Block 10, Yuet Wu Villa, No. 2 Wu Sau Street, Tuen Mun, New Territories, Hong Kong	Residential	45.0	18 November 2024 to 17 November 2026	11,000	Independent Third Party
Flat K, 1/F, Tower B, Clague Garden Estate, No. 26 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Residential	33.7	8 December 2024 to 7 December 2026	11,800	Independent Third Party
Unit C, 22/F, Tower T-6, Miami Beach Towers Phase II, No. 268 Wu Chui Road, Tuen Mun, New Territories, Hong Kong	Residential	44.1	18 November 2024 to 17 November 2026	12,800	Independent Third Party

As at the Latest Practicable Date, we did not have any single property with a carrying amount of 15% or more of our total assets. On this basis, we are not required to include a valuation report in this document under Rule 8.01A of the GEM Listing Rules. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report for all interests in land or buildings.

BUSINESS

MARKET COMPETITION

According to the Frost & Sullivan Report, the security services market in Hong Kong is fragmented and competitive. In 2025, there were over 1,450 industry participants in the security services industry in Hong Kong. The market is relatively fragmented, with the top five players contributing approximately 9.3% of the entire market in terms of revenue.

Our Group entered the security services market in Hong Kong as a new provider in 2021, and we accounted for approximately 0.5% of the total market revenue in 2025. Our Directors believe that our track record of delivering a spectrum of quality security services, combined with our experience in public and large-scale projects serving reputable clients, enables us to differentiate ourselves in the industry and capture market opportunities.

For details about the security service markets in Hong Kong, please refer to the section headed “Industry Overview” in this document.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

It is the responsibility of our Board to oversee and ensure that we maintain sound and effective internal control and risk management systems to safeguard our Shareholders’ investment and our assets at all times.

During our operations, we are exposed to various risks, details of which have been set out in the section headed “Risk Factors” in this document. We have formulated and adopted a risk management system which classifies our risks into (i) business risks; (ii) financial risks; (iii) compliance risks; and (iv) operational and other risks. With reference to each category of risk, we would conduct a risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks, and the development of risk management strategy to control and mitigate such risks. Our management also regularly monitors the implementation of those policies, measures and procedures from time to time to ensure the soundness and effectiveness of our risk control system.

Internal Control

In preparation for the [REDACTED], we have engaged an external internal control consultant to conduct an evaluation of our internal control system from 1 January 2024 to 31 March 2026, to review our management of business operations, including our financial reporting, human resources and IT general control and review and follow up on the effectiveness of our enhanced internal control measures.

We have written policies and procedures that cover, among others, financial management, sales and procurement, project management and costing, safety and compliance, human resources and risk management.

To mitigate risks of fraud, bribery, and corruption, our Group has implemented policies in relation to anti-fraud and anti-bribery, code of conduct, code of ethics, and whistleblowing. These policies specify prohibited behaviours and defined roles and controls, and strictly prohibit

BUSINESS

all directors, officers, and employees from engaging in, soliciting, or accepting improper payments, kickbacks, or any form of corrupt practices.

Our Group ensures all employees are fully informed of these policies, including relevant local legal requirements. New hires will receive briefings on our Group’s anti-fraud and anti-bribery measures, while key personnel will undergo regular training on fraud risks, bribery prevention, and compliance with applicable laws, regulations, and ethical standards pertinent to their roles.

Employees are required to report any actual or suspected violations through our Group’s established whistleblowing mechanisms. The reporter making genuine and appropriate reports under established mechanisms is assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action. All reported incidents are promptly handled and investigated, if necessary. If misconduct is confirmed, our Group will take disciplinary action and report to relevant regulatory authorities as appropriate.

Our Group remains committed to upholding the highest standards of integrity and accountability across all operations.

Based on the above, our Directors are of the view that we have taken reasonable steps to establish an internal control system and procedures to enhance our control on both working and management levels.

We will continue to strengthen our internal control and ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules) upon [REDACTED] by adopting the following internal control measures:

- each of our Directors has attended a training session in March or April 2025 conducted by our legal advisers as to Hong Kong law on the ongoing obligations and duties of a director of a company whose shares are [REDACTED] on the Stock Exchange.
- we have appointed Innovax Capital Limited as our compliance adviser upon [REDACTED] to advise and assist our Board on compliance matters in relation to the GEM Listing Rules and/or other relevant laws and regulations applicable to our Company.
- we [have] established the Audit Committee which comprises all independent non-executive Directors, namely Ms. Leung Yuen Shan Maisy, Mr. Yau How Boa and Mr. Au Ka Wang. The Audit Committee is responsible for, among other things, reviewing and supervising the financial reporting process, overseeing internal control procedures and corporate governance and supervising the internal control systems of our Group.
- when considered necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and legal compliance.

Our Directors confirm that the internal control measures implemented by our Group are sufficient and could effectively ensure a proper internal control system for our Group.

CONNECTED TRANSACTIONS

OVERVIEW

Upon [REDACTED], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules.

CONNECTED PERSONS

The following persons, among others, will become our connected persons upon [REDACTED]:

Name of our connected persons	Connected Relationship
Guangzhou Huilun	As of the Latest Practicable Date, Arrano Huilun is an indirect non-wholly owned subsidiary of the Company. Arrano Huilun is owned as to 61% by Arrano Technology, as to 33% by Guangzhou Huilun, and as to 6% by an Independent Third Party. As Guangzhou Huilun is a substantial shareholder of Arrano Huilun, it is a connected person of the Company at the subsidiary level.

OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Counterparty	Category of continuing connected transaction	Applicable GEM Listing Rule	Waiver sought
Procurement of robotic products and related services	Guangzhou Huilun	Partially-exempt continuing connected transaction	GEM Listing Rule 20.33 and 20.103	Announcement

Procurement of robotic products and related services

Principal terms

On 17 July 2026, our Company and Guangzhou Huilun entered into the Procurement Framework Agreement, pursuant to which Guangzhou Huilun and its associates may, from time to time, supply robotic products and robotic equipment, and provide robotics-related research and development and customisation and other ancillary services to members of our Group.

Each transaction contemplated under the Procurement Framework Agreement will be entered into by way of an individual agreement or purchase order setting out the specific products or services, price, payment terms and delivery arrangements, and will be (i) conducted in the ordinary and usual course of business of our Group, on normal commercial terms or better, and on terms that are fair and reasonable; (ii) carried out in accordance with the terms of the Procurement Framework Agreement, the relevant individual agreement(s) and applicable laws; and (iii) subject to the applicable annual cap(s).

CONNECTED TRANSACTIONS

The Procurement Framework Agreement is non-exclusive and does not require any member of our Group to procure any minimum amount of products or services from Guangzhou Huilun or its associates. It has an initial term from the date of the agreement to 31 December 2028. Any renewal will be subject to the compliance with the requirements under Chapter 20 of the GEM Listing Rules and all other applicable laws and regulations.

Reasons for the transactions

We are a security services provider in Hong Kong principally engaged in the provision of (i) Security Guarding Services; and (ii) Electronic Security Solutions Services. In connection with our Electronic Security Solutions Services, members of our Group may from time to time require robotic products and related research and development, product customisation, technical support and ancillary services.

Guangzhou Huilun is principally engaged in the research and development, manufacture and sale of intelligent robots, industrial robots, specialised operation robots and service robots. As at the Latest Practicable Date, Guangzhou Huilun is a wholly-owned subsidiary of Guangdong Huilun Technology Co., Ltd.* (廣東慧倫科技有限公司) (“**Guangdong Huilun**”), which was owned as to 49.39% by Guangzhou Automobile Group Co., Ltd., a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2238) and the Shanghai Stock Exchange; as to 24.69% by each of two PRC limited partnerships; and as to 1.23% by Mr. Zhang Aimin, the chairman and general manager of Guangdong Huilun.

Pursuant to the business cooperation agreement entered into among the shareholders of Arrano Huilun, Arrano Huilun serves as the principal platform for the development, sales, distribution and customer engagement of security robots in Hong Kong. Guangzhou Huilun shall contribute robotics-related technologies and product development and manufacturing resources, and shall grant Arrano Huilun an exclusive and royalty-free licence to use the relevant robotic patents in Hong Kong, while our Group shall contribute its local security market know-how, customer resources, project management experience and after-sales support capability. Having considered the above and our Group’s need for a stable supply of suitable robotic products and related services, our Directors consider that the Procurement Framework Agreement is in the interests of the Company and the Shareholders as a whole.

Pricing basis

The price and fees to be charged by Guangzhou Huilun and its associates for the products and services pursuant to the Procurement Framework Agreement shall be determined through arm’s length commercial negotiation between the parties on a fair and reasonable basis, taking into account various factors including but not limited to the nature, type, specifications and quantity of the relevant products and services, transaction volume, prevailing market prices, and the prices and fees charged by independent third -party suppliers for comparable products and services under comparable circumstances.

Historical amounts

For the years ended 31 December 2024 and 2025 and the three months ended 31 March 2026, the historical transaction amounts in respect of the supply of services and products by

CONNECTED TRANSACTIONS

Guangzhou Huilun and its associates to our Group were nil, nil, and nil, respectively. As at the Latest Practicable Date, there were no historical transactions between Guangzhou Huilun and our Group.

Annual caps

The following table sets forth the proposed annual caps for the annual transaction amounts payable by our Group to Guangzhou Huilun and its associates under the Procurement Framework Agreement:

	For the years ending 31 December		
	2026	2027	2028
	(HK\$ in million)		
Total fees payable by our Group to Guangzhou Huilun and its associates	<u>10.0</u>	<u>20.0</u>	<u>30.0</u>

The proposed annual caps are determined based on:

- (i) the expected scope and scale of products and services to be procured under the Procurement Framework Agreement, and the annual service fee of HK\$1.0 million;
- (ii) the commercial sales targets under the business cooperation agreement of relevant robotic products and estimated demand of our Group for such products and services for the three years ending 31 December 2028;
- (iii) the estimated fees and unit prices for the relevant products and services, which will be determined on normal commercial terms and on a market-competitive basis, taking into account the nature, scope, technical specifications and complexity of the products and services to be provided, prevailing market rates for comparable products and services, and the relevant cost factors; and
- (iv) other factors including possible changes in product configuration, technical requirements, project timetable, customer demand, procurement arrangements, supply chain costs, labour costs, logistics costs, exchange rate fluctuations and general market conditions.

The increasing annual caps reflect the expected ramp-up in the commercialisation and procurement of robotic products and related services. The annual cap for 2026 will apply only to transactions conducted from the [REDACTED] to 31 December 2026.

CONNECTED TRANSACTIONS

GEM Listing Rules implications

As of the Latest Practicable Date, Arrano Huilun is an indirect non-wholly owned subsidiary of the Company and is owned as to 61% by Arrano Technology, 33% by Guangzhou Huilun, 6% by an Independent Third Party. As Guangzhou Huilun is a substantial shareholder of Arrano Huilun, Guangzhou Huilun and its associates are connected persons of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.99 of the GEM Listing Rules, a connected transaction between the [REDACTED] issuer’s group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders’ approval requirements if: (1) the [REDACTED] board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the [REDACTED] and its shareholders as a whole.

In view of the fact that (i) Guangzhou Huilun is a connected person of the Company at the subsidiary level; (ii) the Board (including the independent non-executive Directors) has approved the Procurement Framework Agreement; and (iii) the independent non-executive Directors have confirmed that the Procurement Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, such transactions will, upon the [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 20.47 and 20.69 of the GEM Listing Rules and the announcement requirement under Rule 20.33 of the GEM Listing Rules, but exempt from the circular, independent financial advice and independent Shareholders’ approval requirements under Rule 20.99 of the GEM Listing Rules.

INTERNAL CONTROL PROCEDURES ADOPTED BY THE COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENT

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the relevant responsible personnel in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 20 of the GEM Listing Rules.
- To facilitate an annual review of continuing connected transactions, the Company will provide all necessary documentation to the auditors and our independent non-executive Directors. As required by the GEM Listing Rules, the independent non-executive Directors will confirm to the Board annually that such transactions were conducted in the ordinary course of business, on normal commercial terms, and are

CONNECTED TRANSACTIONS

fair, reasonable, and in the best interests of Shareholders. Simultaneously, the auditors will issue a confirmation stating whether any findings suggest these transactions lacked Board approval, deviated from pricing policies, breached governing agreements, or exceeded the established annual caps.

- When considering any renewal or amendment of the agreements after [REDACTED], the interested Directors and Shareholders will abstain from voting on the relevant resolutions at Board meetings or Shareholders' general meetings, as applicable. If approval from the independent non-executive Directors or independent Shareholders cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Rule 20.33 of the GEM Listing Rules.

WAIVER

In respect of the transactions as contemplated under the Procurement Framework Agreement as described above, we have applied for, [and the Stock Exchange has granted us], a waiver from strict compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules pursuant to Rule 20.103 of the GEM Listing Rules.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSORS' CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the continuing connected transactions described above; (ii) obtained necessary representations and confirmations from our Company and the Directors; and (iii) participated in the due diligence and discussions with the management of our Group.

Based on the above, the Sole Sponsor concurs with the view that (i) the Procurement Framework Agreement and the transactions contemplated thereunder are of our Directors in the ordinary and usual course of our business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), our Company will be held as to [REDACTED]% by Fong 1119 and [REDACTED]% by HFTT. Fong 1119 is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Mr. Fong, the chairman of our Board, our executive Director and chief executive officer of our Group. HFTT is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Well Smart which is in turn wholly-owned by Ms. Lam, our non-executive Director.

As (i) each of Fong 1119 and HFTT will be entitled to exercise 30% or more of the voting power at general meetings of our Company; (ii) Mr. Fong and Ms. Lam controls Fong 1119 and HFTT, respectively (and hence controls Fong 1119 and HFTT’s voting interests in our Company), each of Fong 1119, HFTT, Well Smart, Mr. Fong and Ms. Lam will be regarded as Controlling Shareholders upon the [REDACTED]. For more information relating to Mr. Fong and Ms. Lam, please refer to the paragraph headed “Directors and Senior Management – Directors” in this document.

EXCLUDED BUSINESS

Our Group is principally engaged in providing security services in Hong Kong. Mr. Fong, Well Smart and Ms. Lam, being our Controlling Shareholders, and their close associates, are currently operating other businesses through companies controlled by them and these companies do not form part of our Group.

The table below sets out details of each of the companies which our Controlling Shareholders and their close associates are interested in but are excluded from our Group as at the Latest Practicable Date (collectively, the “**Excluded Group**”):

Name of company/ entity	Place of incorporation	Shareholders	Directors	Principal business
Anchor Intelligence (Hong Kong) Limited	Hong Kong	1. Great Wall (Hong Kong) Technology Limited (50%) 2. Mr. Ip (30%) 3. Mr. Wong (20%)	1. Mr. Ip 2. Mr. Wong	No business operation
Anchor Robotics (Hong Kong) Limited	Hong Kong	Anchor Intelligence (Hong Kong) Limited (100%)	Mr. Fong	No business operation
Arrano Plant and Vehicle Services Limited	Hong Kong	1. Well Smart (50%) 2. Globalpass International Holdings Limited (50%)	1. Ms. Yip ⁽¹⁾ 2. Ms. Lam	Provision of transportation services

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name of company/ entity	Place of incorporation	Shareholders	Directors	Principal business
Arrano Capital Limited	Hong Kong	1. Well Smart (50%) 2. Mr. Fong (50%)	1. Mr. Fong 2. Ms. Lam	Money lending business
G Capital (Hong Kong) Limited	Hong Kong	1. Great Hint Limited (30%) 2. Independent Third Party (70%)	1. Mr. Fong 2. Independent Third Party	No business operation
Globalpass International Holdings Limited	Hong Kong	Ms. Yip ⁽¹⁾ (100%)	Ms. Yip	Provision of transportation services
Great Hint Limited	Hong Kong	Mr. Fong (100%)	Mr. Fong	Construction, renovation and maintenance business
Great Wall (Hong Kong) Technology Limited	Hong Kong	Mr. Fong (100%)	Mr. Fong	No business operation
Great Wall (China) Company ⁽³⁾	Hong Kong ⁽³⁾	Mr. Fong (100%) ⁽³⁾	N/A ⁽³⁾	No business operation
LM350 Limited	Hong Kong	Master International Holdings Limited (100%)	Mr. Fong	No business operation
Master International Holdings Limited	Hong Kong	Mr. Fong (100%)	1. Mr. Fong 2. Ms. Yip	No business operation
Natura V6 Co. Limited	Hong Kong	Master International Holdings Limited (100%)	Mr. Fong	No business operation
Perfect Nations Limited	Hong Kong	1. Well Smart (50%) 2. Globalpass International Holdings Limited (50%)	1. Ms. Yip ⁽¹⁾ 2. Ms. Lam	Provision of transportation services
Shine Elegant Limited	BVI	Ms. Yip ⁽¹⁾ (100%)	Ms. Yip ⁽¹⁾	No business operation

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name of company/ entity	Place of incorporation	Shareholders	Directors	Principal business
TTT Limited	Hong Kong	1. Mr. Fong (40%) 2. Well Smart (30%) 3. Independent Third Parties (30%)	1. Mr. Fong 2. Well Smart 3. Independent Third Parties	No business operation
Link Holdings Limited (Stock Code: 8237)	Cayman Islands	1. Ace Kingdom Enterprises Corporation (58.34%) 2. Independent Third Parties (41.66%)	1. Mr. Wong ⁽²⁾ 2. Independent Third Parties	Hotel operation and distressed debt assets management business
Talent Gains Limited	BVI	1. Mr. Wong ⁽²⁾ (55%) 2. Independent Third Party (45%)	1. Mr. Wong ⁽²⁾ 2. Independent Third Party	No business operation
Ace Kingdom Enterprises Corporation	BVI	1. Boomerang Investment Limited (45%) 2. Independent Third Parties (55%)	Independent Third Parties	Holding company
Boomerang Investment Limited	Hong Kong	1. Mr. Wong ⁽²⁾ (40%) 2. Independent Third Parties (60%)	1. Mr. Wong ⁽²⁾ 2. Independent Third Parties	Manufacturing cakes and providing training courses and workshop
New Fei Optical (Hong Kong) Limited	Hong Kong	1. Mr. Wong ⁽²⁾ (20%) 2. Mr. Wong’s associate (25%) 3. Mr. Wong’s relatives (55%)	1. Mr. Wong ⁽²⁾ 2. Mr. Wong’s associate 3. Mr. Wong’s relatives	Trading of optical products
King Team Global Limited	BVI	Mr. Wong ⁽²⁾ (100%)	Mr. Wong ⁽²⁾	Holding company

Notes:

1. Ms. Yip is the spouse of Mr. Fong.
2. Mr. Wong is the spouse of Ms. Lam.
3. Great Wall (China) Company is a sole proprietorship business carried on by Mr. Fong as a sole proprietor in Hong Kong.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Reasons for exclusion

As set out above, the business nature of our Group is different from the respective business of the companies in the Excluded Group and none of the companies in the Excluded Group engages in the provision of security services. Our Directors are of the view that there is a clear delineation between the Excluded Group and our Group, and the Excluded Group would not compete, or is not expected to compete, directly or indirectly with our Group’s business. The Excluded Group is not included in our Group as our Directors are of the view that the respective business of the companies in the Excluded Group does not form part of our core business and is not in line with our overall strategy to maintain and strengthen our market position as a security service provider in Hong Kong.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Directors, our Controlling Shareholders, our substantial shareholders and their respective close associates does not have any interest in any business apart from our Group’s business, which competes or may compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED] based on the following reasons:

Management independence

Our Company aims at establishing and maintaining a strong and independent board of directors to oversee our Group’s business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

We have an independent management team, which is led by our executive Directors and senior management with substantial experience and expertise in our business, to implement our Group’s policies and strategies.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our executive Directors and senior management will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities.

During the Track Record Period, our Group entered into certain transactions with the Controlling Shareholders and/or their close associates, including: (i) the provision of an interest-bearing loan to Arrano Capital Limited, a company of the Excluded Group which was principally engaged in money lending business, to support its short-term working capital needs, which has been fully settled as at the Latest Practicable Date; (ii) the procurement of shuttle bus services from Perfect Nations Limited for the Three-runway Contract; (iii) the provision of administrative support mainly comprising book keeping support, courier arrangements and other general administrative matters to Perfect Nations Limited; (iv) the provision of one-off security services to Great Hint Limited for concrete structural enhancement works at tunnels and viaducts at Yau Ma Mei MTR Station in July 2024; (v) the procurement of one-off consultancy service from Great Hint Limited in relation to the management and coordination of imported labour arrangements including but not limited to accommodation coordination; (vi) the one-off procurement of operation equipment from Great Hint Limited; and (vii) rental of yacht to Mr. Wong, Great Hint Limited and Globalpass International Holdings Limited at prevailing market rates when the yacht was not required for business development and networking. For details of the abovementioned transactions, please refer to note 31 of the Accountants’ Report as set out in Appendix I to this document.

Given that (i) such transactions were either one-off transactions or had been discontinued as at the Latest Practicable Date, (ii) such transactions were entered into after arm’s length negotiation and on normal commercial terms, (iii) the loan to Arrano Capital Limited has been fully settled as at the Latest Practicable Date, and (iv) the yacht rental arrangements were incidental in nature and ceased since its disposal in FY2025 our Directors are of the view that our Group does not rely on our Controlling Shareholders or their close associates, and has maintained independent access to our operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

In addition, our Group has also established several internal control procedures to facilitate the effective operation of our businesses and to ensure that all transactions with the suppliers are conducted on an arm’s length basis and under normal commercial terms and that our procurement decisions remain in the best interests of the Group.

Save as disclosed above, our Directors confirmed that our Group will not enter into any transaction with our Controlling Shareholders and their respective close associates after the [REDACTED] that will affect our operational independence. Based on the above, our Directors

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

are of the view that there is no operational dependence on our Controlling Shareholders and their respective close associates.

Financial independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decisions according to our own business needs. Our accounting and finance personnel are responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns.

Personal guarantee provided by Mr. Fong, Mr. Wong and Ms. Lam

During the Track Record Period, (i) Mr. Fong and Ms. Lam, each being a Controlling Shareholder; and (ii) Mr. Wong, our executive Director and the spouse of Ms. Lam, provided personal guarantee to secure three bank loans provided by two financial institutions to our Group. Such loans will be fully repaid before [REDACTED] and the personal guarantee provided by Mr. Fong, Mr. Wong and Ms. Lam will also be released accordingly before [REDACTED].

Personal guarantee and indemnity provided by Mr. Fong and Mr. Wong

During the Track Record Period, Mr. Fong, our Controlling Shareholder, and Mr. Wong, our executive Director and spouse of Ms. Lam, our Controlling Shareholder, (i) provided personal guarantee in favour of the JV Partner to jointly and severally guarantee the performance and observance of obligations, terms, conditions, liabilities, undertakings and indemnities by our Group under the Entitlement Deed; and (ii) provided a counter-indemnity in favour of the JV Holdco, undertaking jointly and severally to indemnify and hold harmless the JV Holdco, among other things, against 70% of any and all liabilities arising from any claim by the HKIA Operator under or in connection with the Parent Company Guarantee (collectively, the “**Financial Support**”). For further details, please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document.

In respect of the deed of guarantee in favour of the JV Partner, the exposure is referable to the amount of valid liabilities, losses, damages, costs and expenses, if any, actually suffered or incurred by the JV Partner arising from any failure by the Group to perform its obligations, liabilities, undertakings and indemnities under the Entitlement Deed. In respect of the deed of counter-indemnity relating to the Parent Company Guarantee, the exposure of Mr. Fong and Mr. Wong is referable to 70% of any valid liabilities arising from any claim by the HKIA Operator under or in connection with the historical Parent Company Guarantee. Despite such personal guarantee and indemnity provided by Mr. Fong and Mr. Wong shall continue after the [REDACTED], given (i) our Group has acquired all the rights, benefits, obligations and liabilities from the JV Partner and has taken up the performance of the entire Three-runway Contract since January 2022; (ii) all of the JV Partner’s interest under the Three-runway Contract including all of its rights, obligations and liabilities under the contract had been novated to our Group on 30 April 2025, such personal guarantee and indemnity are only limited to the past performance of

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

our Group under the Three-runway Contract prior to the novation on 30 April 2025, and that no guarantee or indemnity is or will be required from any of our Controlling Shareholders for our Group’s on-going performance under the Three-runway Contract since 30 April 2025.

Our Directors consider that the Financial Support does not indicate financial dependence on the Controlling Shareholders due to the following reasons:

- (i) the Financial Support is a legacy contingent arrangement and is not a loan, credit facility or working capital support used by our Group to fund its current operations;
- (ii) following the Novation, our Group is responsible for the ongoing performance of the Three-runway Contract in its own capacity, while the bank which issued the performance bond indicated that the personal guarantee provided by the Controlling Shareholders could be replaced by corporate guarantee upon [REDACTED];
- (iii) based on the due diligence interview with the HKIA Operator, we understand that the previous HK\$5.0 million performance bond under the historical Arrano JV structure had expired by the end of 2025 and was no longer operative. Following the Novation, our Group arranged a new HK\$5.0 million performance bond in respect of the Three-runway Contract as required by the HKIA Operator. The HKIA Operator indicated that any claim in respect of the current performance security arrangement would be made against the current performance bond. Accordingly, the Directors consider that, in respect of the current performance security arrangement and our Group’s ongoing performance obligations under the Three-runway Contract after the Novation, the HKIA Operator would not be expected to seek recourse against the expired performance bond under the historical Arrano JV structure or against the JV Partner;
- (iv) to the best knowledge of our Directors after having made reasonable enquiries, there has been no enforcement, claim or demand under the Financial Support during the Track Record Period and up to the Latest Practicable Date;
- (v) following completion of the Novation on 30 April 2025, all of the JV Partner’s interest under the Three-runway Contract including all of its rights, obligations and liabilities thereunder had been novated to the Group, and that Arrano JV and/or the JV Partner were in effect replaced by the Group with respect to carrying out of the services under the Three-runway Contract. As the JV Partner would no longer be a party to the Three-runway Contract after the novation, it would be legally pointless for the HKIA Operator to raise a claim against the JV Holdco, and therefore the risk of any valid demand under the historical Parent Company Guarantee (and the corresponding counter-indemnity) in respect of the Group’s ongoing performance after the novation would be minimal; and
- (vi) the Directors consider that the Group has sufficient internal resources, operating cash flow and available banking facilities to meet any such exposure if it materialises, without relying on the Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, while there is no fixed monetary cap under the Financial Support, the Directors consider that the exposure to the potential obligations and liabilities under the Entitlement Deed and the Parent Company Guarantee was minimal as at the Latest Practicable Date, and that the continuing existence of the Financial Support does not indicate financial dependence on the Controlling Shareholders and their respective close associates nor affect our Group's business sustainability or suitability for [REDACTED].

Save as disclosed above, our Directors confirmed that, as at the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates had provided any loan, guarantee or pledge to our Group. Our Directors also confirmed that, as at the Latest Practicable Date, our Group did not provide any loan, guarantee or pledge to our Controlling Shareholders or their respective close associates.

Our Directors believe that, upon the [REDACTED], our Group will principally be relying on available internal financial resources and cash generated from our operations to carry out our business without the support of our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a "**Covenantor**", collectively, the "**Covenantors**") executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

1. Non-competition

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be [REDACTED] on the Stock Exchange; (ii) the date on which the Covenantors cease to be a Controlling Shareholder; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company:

He/She/It will not, and will use his/her/its best endeavours to procure any Covenantor, his/her/its close associates (collectively, the "**Controlled Person(s)**") and any company(ies) directly or indirectly controlled by the Covenantor (the "**Controlled Company(ies)**") not to, either on his/her/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, directly or indirectly, for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or may compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the business of the provision of security-related services (the "**Restricted Business**").

The Deed of Non-Competition does not apply if the Controlled Person(s) and Controlled Company(ies) in aggregate own any interest not exceeding five per cent. of the issued shares in

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

any company conducting any Restricted Business (the "**Relevant Company**"), and the Relevant Company is listed on any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided always that (i) the shareholding of any one holder (and his/her/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Person(s) and the Controlled Company(ies) in aggregate at any time; (ii) the total number of the relevant Covenantors' representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/her/its shareholding in the Relevant Company; and (iii) the Covenantors and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. New business opportunity

Each of the Covenantor jointly, severally, unconditionally and irrevocably undertakes to our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries) that in the event that any Covenantor, any Controlled Person and/or any Controlled Company is given/offered or becomes aware of any business investment or commercial opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Business Opportunity**"):

- (a) he/she/it shall procure the relevant Controlled Person(s) or Controlled Company(ies) to, within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide all information reasonably necessary to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/she/it shall not, and shall procure that his/her/its Controlled Person(s) or Controlled Company(ies) not to, pursue, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/her/its Controlled Person(s) or Controlled Company(ies) invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Pursuant to the Deed of Non-Competition, any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Subject to the paragraph above, our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business and such decisions will be made by our Board (including our independent non-executive Directors). The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each of the Covenantors jointly and severally, unconditionally and irrevocably undertakes that he/she/it will:

- (a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;
- (b) as required by our Company, provide all information necessary for our Directors (including our independent non-executive Directors) to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (c) allow our Directors, representatives and auditors to have sufficient access to his/her/its records and/or his/her/its close associates to ensure his/her/its compliance with the terms and conditions under the Deed of Non-Competition;
- (d) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholders was not taken up;
- (e) ensure that our independent non-executive Directors shall make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (f) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify and keep indemnified our Company and any member of our Group against any losses, liabilities, damages, costs, fees and expenses suffered by our Company or any member of our Group (where relevant) as a result of or in connection with any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition provided that the indemnity shall be without prejudice to any other rights or remedies of our Company and/or any member of our Group in relation to any such breach.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the [REDACTED] of, and the permission to [REDACTED] in, the Shares, as described in this document; (b) the [REDACTED] and [REDACTED] in the Shares on GEM taking place; and (c) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the [REDACTED]) and that the [REDACTED] not being terminated in accordance with their respective terms or otherwise.

The Covenantors [have given] non-competition undertakings in favour of our Company, and none of them have interests in any Restricted Business.

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. Our Board is responsible for and has general powers for management and conduct of our Group’s business. Our senior management consists of our chief financial officer, who is responsible for overseeing the accounting and finance function of our Group. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Position	Date of appointment as Director/senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Directors						
Mr. Fong Chun Kit (方俊傑)	44	Chairman of our Board, chief executive officer and executive Director	25 February 2025	20 August 2020	Responsible for overall corporate development, formulation and implementation of business plans and strategies, and overseeing the growth and development of the business operations of our Group	Spouse of Ms. Yip
Mr. Wong Chun Hung Hanson, M.H. (黃俊雄)	52	Executive Director	25 February 2025	20 August 2020	Responsible for overall project management, formulating overall business strategies, and supervising the business operations of our Group	Spouse of Ms. Lam
Ms. Yip Nga Man (葉雅雯)	42	Executive Director	25 February 2025	7 June 2021	Responsible for the day-to-day management of our business, corporate governance and administration of the business operations of the Group	Spouse of Mr. Fong
Mr. Ip Yik Nam, J.P. (葉亦楠)	46	Executive Director	25 February 2025	14 April 2022	Responsible for formulating business strategies and providing guidance on the development of policies of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as Director/senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Ms. Lam Wing Yu (林永瑜)	51	Non-executive Director	25 February 2025	20 August 2020	Responsible for providing guidance on the overall corporate governance, strategic planning and business development of our Group	Spouse of Mr. Wong
Mr. Yau How Boa, <i>G.B.S., M.H., J.P.</i> (邱浩波)	74	Independent non-executive Director	[•]	[•]	Responsible for giving independent advice to our Board	Nil
Mr. Au Ka Wang, <i>S.B.S., I.D.S.M., J.P.</i> (區嘉宏)	59	Independent non-executive Director	[•]	[•]	Responsible for giving independent advice to our Board	Nil
Ms. Leung Yuen Shan Maisy (梁婉珊)	55	Independent non-executive Director	[•]	[•]	Responsible for giving independent advice to our Board	Nil
Senior management						
Ms. Chan Ngar Man Carmen (陳雅文)	37	Chief financial officer	15 May 2025	30 August 2021	Responsible for overseeing the accounting and finance function of our Group	Nil
Mr. Liu Shing Bun Ricky (廖勝斌)	63	Project director	1 June 2026	1 June 2026	Responsible for overseeing the day-to-day operation of the Group's projects and staff training	Nil
Mr. Cheung Wing Ho (張永豪)	63	Technical director	1 June 2026	1 June 2026	Responsible for overseeing the installation, maintenance and technical support of the Group's security systems	Nil

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Fong Chun Kit (方俊傑), aged 44, was appointed as our Director on 25 February 2025 and designated as our executive Director, chairman of the Board and the chief executive officer of our Company on 15 May 2025. Mr. Fong is one of the founders of our Group and one of our Controlling Shareholders. He is responsible for overall corporate development, formulation and implementation of business plans and strategies, and overseeing the growth and development of the business operations of our Group. Mr. Fong is also a director of each of Arrano Group, Arrano Security, Arrano Technology and Arrano Cleaning.

Mr. Fong has over 15 years of management experience across various industries. The table below sets out Mr. Fong’s working experience:

Name of company/entity	Position	Period of service	Responsibilities
TTT Limited	Director	January 2019 till present	Overseeing the operation of the company’s marine sand trading business ⁽¹⁾
Globalpass Traceability Warehouse (M) Sdn Bhd	Director	July 2018 till present	Overseeing the operation of the company’s supply chain and warehouse management business from Malaysia to the PRC
Great Hint Limited	Director	April 2015 till present	Overseeing the operation of the company’s construction, renovation and maintenance business
Globalpass International Holdings Limited	Director	From December 2010 to June 2011	Overseeing the operation of the company’s food trading business from Malaysia to the PRC

Note:

- (1) TTT Limited has ceased to carry on marine sand trading business since October 2019. As at the Latest Practicable Date, TTT Limited has no business operation.

Mr. Fong was awarded a certificate of long service award by the Social Welfare Department in December 2020 in appreciation of his contribution of 10 years of volunteer service to the community and was awarded a certificate of commendation by the Secretary for Home Affairs in November 2018 in appreciation of his service in community development and his contribution in youth development in Yau Tsim Mong District.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fong graduated from Maccray High School in Clara City, Minnesota, the United States of America in 2000.

Mr. Fong currently holds the following major appointments:

Name of board, committee and council	Position	Period
Sham Shui Po District Fire Safety Committee of the Home Affairs Department	Member	From 1 April 2026 to 31 March 2028
Advisory Committee of the Immigration Department Youth Leaders Corps	Assistant commissioner	From 1 July 2024 to 30 June 2027
Office of the Commissioner of The Hong Kong Road Safety Patrol	Officer	Since April 2023
Guangdong-Hong Kong-Macao Greater Bay Area Youth Society	Honourary president	Since March 2018
Incorporated management committee of Tai Po Old Market Public School	Member	From 1 September 2022 to 31 August 2026
Resources Capital Football Club	Honourary president	Since April 2023

Mr. Fong was also the honourary president of Hoi Wang Community Service Association from October 2012 to May 2014 and from October 2017 to October 2020, a member of the Yau Tsim Mong East Area Committee of the Home Affairs Department from 1 April 2014 to 31 March 2020, and a member of the Yau Tsim Mong District Youth Programme Committee from 1 April 2015 to 31 March 2021.

Mr. Fong was a director of the following company prior to its dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
YUK SHING MACHINERY LIMITED	Hong Kong	No business operation	30 September 2022	Deregistration	No business operation

Mr. Fong confirmed that such company was solvent at the time of its dissolution, and as at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fong is the spouse of Ms. Yip, our executive Director.

Mr. Wong Chun Hung Hanson (黃俊雄), *M.H.*, aged 52, was appointed as our Director on 25 February 2025 and designated as our executive Director on 15 May 2025. Mr. Wong joined our Group as the general manager of Arrano Group on 20 August 2020. Mr. Wong is responsible for overall project management, formulating overall business strategies, and supervising the business operations of our Group.

Mr. Wong has over 21 years of experience in the finance industry. He was a licensed representative in carrying out Type 2 (dealing in futures contracts) regulated activity from April 2003 to November 2013, Type 5 (advising on futures contracts) regulated activity from April 2003 to March 2004, and Type 9 (asset management) regulated activity from April 2003 to March 2004 under the SFO. Mr. Wong completed his secondary school education at Munsang College in Hong Kong in July 1990. Mr. Wong has been awarded the Medal of Honour on 1 July 2026.

Mr. Wong previously served as a sales manager at CSC Securities (HK) Limited from May 2001 to February 2010, as the chief operation officer in the commodities department at New Trend Futures Limited from March 2010 to December 2011, as a futures broker in the commodities department at Stockwell Commodities Limited from December 2011 to September 2013, and as a director of SFG Management Limited from May 2012 to March 2015. From March 2015 to December 2021, Mr. Wong was a director of Seazen Resources Capital Group Limited, a subsidiary of Seazen Group Limited whose shares are listed on the Stock Exchange (stock code: 1030), responsible for overseeing the overall business management of the company and its subsidiaries. Mr. Wong has also been a director of New Fei Optical (Hong Kong) Limited since October 2013, a director of The Football Association of Hong Kong, China Limited (formerly known as The Hong Kong Football Association Limited) since July 2021 and a director of Hong Kong Gold Exchange Limited since 20 December 2024.

Mr. Wong was a director of Well Smart from March 2010 to March 2013, which is an investment holding company holding interests in various private companies. For further details of the companies, please refer to the paragraph headed “Relationship with our Controlling Shareholders – Excluded business” in this document.

Mr. Wong was a non-executive director of Asia Grocery Distribution Limited (stock code: 8413), the shares of which are listed on GEM of the Stock Exchange, from September 2016 to February 2024, and a non-executive director of Global Mastermind Holdings Limited from June 2023 to November 2024, a company previously listed on GEM of the Stock Exchange until 16 March 2026 (stock code: 8063). He has also been a non-executive director and chairman of the board of Link Holdings Limited (stock code: 8237), the shares of which are listed on GEM of the Stock Exchange, since May 2023.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong currently holds the following major appointments:

Name of board, committee and council	Position	Period
Sham Shui Po District Council	District council member	From 1 January 2024 to 31 December 2027
Sham Shui Po Central and South Area Committee of the Home Affairs Department	Member	From 1 April 2026 to 31 March 2028
The Third Guangzhou Conghua District Committee of the Chinese People’s Political Consultative Conference	Committee member	From October 2021 to October 2026
Resources Capital Football Club	Chairman	Since April 2016
Sham Shui Po Kai Fong Welfare Advancement Association	Executive vice president	Since January 2015
The Hong Kong Road Safety Patrol Hong Kong & Islands Region	Regional office commander	Since April 2023
The Hong Kong Road Safety Association	Vice-chairman	From 1 January 2026 to 31 December 2026
AHQ Executive Committee of the Scout Association of Hong Kong	Elected member	From 2026 to 2027
Kowloon City District Kindergarten Heads Association	Honourary chairman	From October 2024 to October 2026

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong was a director of the following companies prior to their respective dissolution:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
ADVANCE FUTURES TRADING COMPANY LIMITED	Hong Kong	No business operation	3 September 2010	Deregistration	No business operation
BRIGHT CROWN INDUSTRIAL LIMITED	Hong Kong	No business operation	29 May 2009	Deregistration	No business operation
BRIGHT TRADE INTERNATIONAL LIMITED	Hong Kong	No business operation	17 September 2004	Deregistration	No business operation
Evergrand Futures Limited	Hong Kong	No business operation	13 November 2009	Deregistration	No business operation
Global Success Health Limited	Hong Kong	No business operation	12 January 2024	Strike off	No business operation
SINOPAWN FUTURE CO., LIMITED	Hong Kong	No business operation	2 October 2015	Deregistration	No business operation

Mr. Wong confirmed that (i) such companies were solvent at the time of their respective dissolution; and (ii) Global Success Health Limited had no business operations at the relevant time and did not raise any objection to the notice issued by the Registrar of Companies and published in the Gazette on 1 September 2023 in relation to the proposed strike-off of its name from the Companies Register. As a result, Global Success Health Limited was subsequently struck off in January 2024. As at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such companies.

Mr. Wong is the spouse of Ms. Lam, our non-executive Director.

Ms. Yip Nga Man (葉雅雯), aged 42, was appointed as our Director on 25 February 2025 and designated as our executive Director on 15 May 2025. She joined our Group as the general manager of Arrano Group in June 2021, and has been the chief operating officer of Arrano Group since January 2024. She is mainly responsible for the day-to-day management of our business, corporate governance and administration of the business operations of the Group.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yip has over 13 years of management experience across various industries. The table below sets out Ms. Yip’s previous working experience:

Name of company/entity	Position	Period of service	Responsibilities
Arrano Plant & Vehicle Services Limited	Director	October 2022 till present	Overall development and overseeing the business operation of the company
Perfect Nations Limited	Director	March 2021 till present	Overall development and overseeing the business operation of the company
Globalpass International Holdings Limited	Director	June 2011 till present	Overall development and overseeing the business operation of the company
L99 Wai Ming Engineering Limited	Project consultant	March 2020 till present	Providing consultancy services in the facility and vehicle workshop industry
TTT Limited	Assistant project manager	From December 2018 to February 2020	Providing project coordination services for sand mining in Malaysia
Globalpass Traceability Warehouse (M) Sdn Bhd	Supply chain manager	From May 2017 to December 2018	Providing cross-boundary supply chain solutions from Malaysia to the PRC and Hong Kong

Ms. Yip obtained an associate of arts degree in applied Japanese studies from City University of Hong Kong in October 2006 and a postgraduate diploma in business management (leadership and innovation) from Edinburgh Napier University through distance learning in March 2025.

Ms. Yip is the spouse of Mr. Fong, our executive Director, chairman of the Board and the chief executive officer of our Company.

Mr. Ip Yik Nam (葉亦楠), *J.P.*, aged 46, was appointed as our Director on 25 February 2025 and designated as our executive Director on 15 May 2025. Mr. Ip joined our Group in April 2022 as a non-executive director of Arrano Group. He is responsible for formulating business strategies and providing guidance on the development of policies of our Group.

Mr. Ip has over 20 years of management experience through assuming various management roles in companies in the United States and Hong Kong. Mr. Ip was an executive director of Able Engineering Holdings Limited (stock code: 1627), the shares of which are listed on Main Board of the Stock Exchange, from September 2016 to April 2022. He was also the chief executive officer of Able Engineering Holdings Limited from September 2016 to February 2020,

DIRECTORS AND SENIOR MANAGEMENT

the director of Able Engineering Company Limited from April 2016 to August 2021, and the director of Able Contracting Limited and Able Maintenance Company Limited from July 2016 to August 2021.

Mr. Ip has been an executive director of Seven Elements Investment Holdings Limited (stock code: 1660), the shares of which are listed on Main Board of the Stock Exchange, since June 2026. He has also been an independent non-executive director of Thelloy Development Group Limited (stock code: 1546), the shares of which are listed on Main Board of the Stock Exchange, since April 2026.

Mr. Ip graduated from Hong Kong Baptist University with a bachelor of business administration degree in human resources management in December 2002. He then obtained a master of business administration degree from Long Island University of the United States in May 2004 and further obtained a bachelor of laws degree from University of London through distance learning in August 2011.

Mr. Ip has been appointed as the Justice of the Peace under section 3(1)(b) of the Justices of the Peace Ordinance (Chapter 510 of the Laws of Hong Kong) since 1 July 2021.

Mr. Ip currently holds the following major appointments:

Name of board, committee and council	Position	Period
Central & Western District Council	District council member	From 1 January 2024 to 31 December 2027
Fight Crime Committee	Member	From 15 July 2025 to 14 July 2027
Security and Guarding Services Industry Authority of the Security Bureau	Member	From 1 June 2026 to 31 May 2028
Action Committee Against Narcotics of the Narcotics Division, Security Bureau	Member	From 1 January 2025 to 31 December 2026
Central and Western District Fire Safety Committee of the Home Affairs Department	Member	From 1 April 2026 to 31 March 2028
Correctional Services Department Complaints Appeal Board	Non-official member	From 1 July 2026 to 30 June 2028

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ip was a director of the following company prior to its dissolution:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
METTLE CONCEPT (HK) LIMITED	Hong Kong	No business operation	10 February 2017	Strike off	No business operation

Mr. Ip confirmed that such company was solvent at the time of its dissolution and had no business operations at the relevant time and did not raise any objection to the notice issued by the Registrar of Companies and published in the Gazette on 7 October 2016 in relation to the proposed strike-off of its name from the Companies Register. As a result, METTLE CONCEPT (HK) LIMITED was subsequently struck off in February 2017.

As at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such company.

Non-executive Director

Ms. Lam Wing Yu (林永瑜), aged 51, was appointed as our Director on 25 February 2025 and designated as our non-executive Director on 15 May 2025. Ms. Lam is one of the founders of our Group and one of our Controlling Shareholders. She is responsible for providing guidance on the overall corporate governance, strategic planning and business development of our Group. Ms. Lam is also a director of each of Arrano Group, Arrano Security, Arrano Technology and Arrano Cleaning.

Ms. Lam has been a director of Well Smart since March 2013, which is an investment holding company holding interests in various private companies. For further details of the companies, please refer to the paragraph headed “Relationship with our Controlling Shareholders – Excluded business” in this document.

Ms. Lam completed form five education in The Hong Kong S.Y.C. & I.A. Chan Nam Chong Memorial College in July 1992 and an ordinary commercial diploma course in Chinese Young Men’s Christian Association Hong Kong in May 1993.

Ms. Lam is the spouse of Mr. Wong, our executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Yau How Boa (邱浩波), *G.B.S., M.H., J.P.*, aged 74, was appointed as our independent non-executive Director on [•] 2026. He is primarily responsible for providing independent advice to our Board.

Mr. Yau has more than 40 years of management experience, in particular, in the social service field. He has been serving as the chief executive of International Social Service Hong Kong Branch since February 1986. Since April 2023, he has been an independent non-executive director of China Boton Group Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 3318). From October 1978 to January 1986, he was employed by Hong Kong Christian Service, mainly responsible for supervising the regional divisions of the organisation in providing social service.

Mr. Yau was awarded the Gold Bauhinia Star Award in July 2021, Silver Bauhinia Star Award in July 2013, Bronze Bauhinia Star Award in July 2006 and Medal of Honour in July 2001, and was appointed as Justice of the Peace in June 1997.

He was presented the Distinguished Alumni Award by Hong Kong Baptist University in June 2024 and was conferred the Honorary University Fellowship of Hong Kong Baptist University in September 2008.

Over the years, Mr. Yau was devoted to public services, and served on various committees and boards in the past, including the Liquor Licensing Board, Central Policy Unit, Elderly Commission, Betting and Lotteries Commission, Town Planning Board, Legal Aid Services Council, Council on Human Reproductive Technology, Post-Release Supervision Board, Energy Advisory Committee, Social Welfare Advisory Committee. He was also a District Councillor of Wanchai District from 2004 to 2011.

Mr. Yau obtained a master’s degree in social work from California State University, Sacramento, in the United States in June 1978. He also obtained a bachelor’s degree in law from Peking University in July 1997 and a master’s degree in law from City University of Hong Kong in November 2003.

Mr. Yau was a director of the following company prior to its dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
BIG FORTUNE CONSULTANTS LIMITED	Hong Kong	No business operation	12 April 2024	Deregistration	No business operation

Mr. Yau confirmed that such company was solvent at the time of its dissolution, and as at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Au Ka Wang (區嘉宏), *S.B.S., I.D.S.M., J.P.*, aged 59, was appointed as our independent non-executive Director on [•] 2026. He is primarily responsible for providing independent advice to our Board.

Mr. Au joined the Immigration Department in 1988. He was appointed Director of Immigration in January 2021 and retired in July 2024. He was awarded the Hong Kong Immigration Service Medal for Distinguished Service in 2020 and the Silver Bauhinia Star in 2023, and was appointed as Justice of the Peace in July 2024.

Mr. Au was awarded a higher diploma in marketing by Lingnan College Hong Kong in November 1988 and a diploma in personnel management by the Hong Kong Polytechnic in November 1993. He also obtained the Professional Diploma Programme in Disciplinary Forces Administration – Human Resources from the School of Continuing Studies of The Chinese University of Hong Kong through distance education in June 2005.

Ms. Leung Yuen Shan Maisy (梁婉珊), aged 55, was appointed as our independent non-executive Director on [•] 2026. She is primarily responsible for providing independent advice to our Board.

Ms. Leung has over 18 years of experience in accounting and finance and substantial experience in managerial roles. From January 1998 to April 2009, she worked at Deloitte Touche Tohmatsu with extensive experience in auditing, corporate finance and corporate reorganisation. From April 2009 to May 2011, she was the vice president of finance of Asia Television Limited. From June 2011 to February 2012, she was the general manager of Gold Typhoon Entertainment Limited responsible for the strategic development of the company. From January 2017 to August 2021, Ms. Leung was the independent non-executive director of Able Engineering Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1627).

Ms. Leung obtained a bachelor of business administration degree from Simon Fraser University, Canada in May 1995 and a master of business administration degree in international management from University of London in the United Kingdom in November 1997.

Ms. Leung was a director of the following company prior to its dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
VAST SEA INNOTECH INTERNATIONAL LIMITED	Hong Kong	No business operation	13 February 2026	Deregistration	No business operation

Ms. Leung confirmed that such company was solvent at the time of its dissolution, and as at the Latest Practicable Date, no claim had been made against her and she was not aware of any threatened or potential claims made against her and there were no outstanding claims and/or liabilities as a result of the dissolution of such company.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATIONS FROM OUR DIRECTORS

Save as disclosed in this document, each of our Directors confirms with respect to him/her that: (a) he/she did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he/she did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company as at the Latest Practicable Date; (c) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed “Statutory and General Information – C. Further information about our Directors and substantial shareholders – 1. Disclosure of interests” in Appendix IV to this document; (d) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under GEM Listing Rules; and (e) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

Each of our Directors confirmed that he/she (i) has obtained legal advice referred to under Rule 5.02D of the GEM Listing Rules in March or April 2025; and (ii) understood his/her obligations as a director of a listed issuer under the GEM Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 5.09(1) to (8) of the GEM Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the GEM Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

SENIOR MANAGEMENT

Ms. Chan Ngar Man Carmen (陳雅文), aged 37, was appointed as the chief financial officer of our Company on 15 May 2025. She is primarily responsible for overseeing the accounting and finance function of our Group.

Ms. Chan joined our Group in August 2021 as a finance manager of Arrano Group, and has been the financial controller of Arrano Group since January 2024. She was responsible for supervising finance team members on the day-to-day financial operations and reviewing the financials, budget and forecast.

Ms. Chan has more than 13 years of experience in accounting and finance. From July 2016 to September 2021, she was a financial analyst of Seazen Resources Capital Group Limited and its affiliates. Seazen Resources Capital Group Limited is a subsidiary of Seazen Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 1030). From November 2014 to June 2016, she worked at Hysan Development Company Limited as an accountant. From January 2014 to November 2014, she worked at BDO Limited as Associate 2 responsible for auditing. From January 2012 to January 2014, she worked at HLB Hodgson Impey Cheng Limited, responsible for auditing, with her last position being Accountant II.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan obtained a degree of Bachelor of Commerce (Accounting) from The University of Sydney in Australia in June 2012. She was admitted to full membership of CPA Australia in February 2016. From June 2019 to September 2021, she was licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Mr. Liu Shing Bun Ricky (廖勝斌), aged 63, was appointed as the project director of our Group on 1 June 2026. He is primarily responsible for overseeing the day-to-day operation of the Group’s projects and staff training.

Mr. Liu has over 30 years of experience in public safety including strategic and security management. He served in the Hong Kong Police Force from December 1985 to June 2018. His last position was Senior Superintendent of Police. He was awarded the Hong Kong Police Long Service Medal – 3rd Clasp in 2019 in recognition of his long and distinguished service. From September 2020 to February 2021, he served as the Head of the Training and Quality Assurance Department of The Kowloon Motor Bus Co. (1933) Ltd. He also served as a part-time senior lecturer at Hong Kong Chu Hai College from September 2025 to May 2026.

Since February 2019, he has also served as a director of CSWCSS All-round Education Foundation Limited, a charitable institution recognised under section 88 of the Inland Revenue Ordinance. Since June 2021, he has been an appointed Specialist of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). He obtained a Bachelor of Science (Honours) in Police Studies from the University of Portsmouth by distance learning in 1998 and a Master of Public Administration from The University of Hong Kong in 2002.

Mr. Cheung Wing Ho (張永豪), aged 63, was appointed as the technical director of our Group on 1 June 2026. He is primarily responsible for overseeing the installation, maintenance and technical support of the Group’s security systems.

Mr. Cheung has over 20 years’ experience in power engineering. He was a director of Kam Ho Electrical & Works Company Limited from 2005 to 2018, a company principally engaged in electrical works. He has also served as a fire system and electrical consultant of Ming Kee Company since 2010 and as a consultant for Arrano Security from June 2025 to May 2026.

Mr. Cheung has served on various government and industry advisory committees in Hong Kong. He was a member of the Electrical Safety Advisory Committee, an advisory body on electrical safety matters under the Electrical and Mechanical Services Department, from 2018 to 2024. He is currently a member of the Committee on Repair, Maintenance, Alteration and Addition of the Construction Industry Council, and the Chairman of The Federation of Hong Kong Electrical & Mechanical Industries Trade Unions.

He obtained a Bachelor of Engineering with Honours in Electrical And Electronics Engineering from University of Sunderland by distance learning in 2009, a Master of Engineering Management from University of Technology Sydney by distance learning in 2015, and a Master of Science in Safety, Occupational Health and Environmental Management from Open University of Hong Kong in 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung was a director of the following companies prior to their respective dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
TIME RICH CONSTRUCTION ENGINEERING LIMITED	Hong Kong	No business operation	3 December 2004	Deregistration	No business operation
KAM HO ELECTRICAL & WORKS COMPANY LIMITED	Hong Kong	No business operation	3 August 2018	Deregistration	No business operation

Mr. Cheung confirmed that such companies were solvent at the time of their respective dissolution, and as at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such companies.

Save as disclosed above, each of the senior management of our Group had not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Mr. Yuen Sing Wai Lester (袁陸瑋) (“Mr. Yuen”), aged 38, was appointed as the company secretary of our company on [•] 2026. He has over 10 years of experience in the fields of legal, accounting, and compliance.

Mr. Yuen obtained a Bachelor of Commerce and a Bachelor of Laws from The University of New South Wales in August 2012. Mr. Yuen is a fellow member of Hong Kong Institute of Certified Public Accountants. He previously held senior and managerial positions at two major accounting firms and at the regional compliance office of a dual-listed European multinational healthcare company, where he gained experience in audit, accounting and corporate governance matters. From 1 February 2024 to 1 May 2025, he served as an independent non-executive Director of Century Entertainment International Holdings Limited (stock code: 959), a company whose shares are listed on Main Board of the Stock Exchange. Mr. Yuen has also been a company secretary and/or authorised representative of several companies whose shares are listed on Main Board or GEM of the Stock Exchange. He has been the company secretary of Comtec Solar Systems Group Limited (stock code: 712) since 23 August 2023, the company secretary and authorised representative of Natural Food International Holding Limited (stock code: 1837), Guoen Holdings Limited (stock code: 8121), FEG Holdings Corporation Limited (stock code 1413) and Xinhua News Media Holdings Limited (stock code: 309) since 30 October 2023, 30 May 2025, 11 July 2025 and 31 March 2026, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuen was a director of the following companies prior to their respective dissolution:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reasons for dissolution
Green Energy Developments Limited	Hong Kong	No business operation	13 June 2025	Deregistration	No business operation
Twenty-two Investments Limited	Hong Kong	No business operation	13 June 2025	Deregistration	No business operation

Mr. Yuen confirmed that such companies were solvent at the time of their respective dissolution, and as at the Latest Practicable Date, no claim had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of the dissolution of such companies.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph D.3.3 and D.3.7 of the Corporate Governance Code pursuant to a resolution of our Directors passed on [•] 2026. The primary duties of our Audit Committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by our Board.

At present, our Audit Committee comprises Ms. Leung Yuen Shan Maisy, Mr. Yau How Boa and Mr. Au Ka Wang, all being independent non-executive Directors. The chairman of our Audit Committee is Ms. Leung Yuen Shan Maisy, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

Remuneration committee

We established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph E.1.2 of the Corporate Governance Code pursuant to a resolution of our Directors passed on [•]. The primary duties of our Remuneration Committee are to review and approve the management’s remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determines his own remuneration.

DIRECTORS AND SENIOR MANAGEMENT

At present, our Remuneration Committee comprises Mr. Au Ka Wang (our independent non-executive Director), Mr. Fong Chun Kit (our executive Director and chairman of the Board), Mr. Wong Chun Hung Hanson (our executive Director), Mr. Yau How Boa (our independent non-executive Director) and Ms. Leung Yuen Shan Maisy (our independent non-executive Director). Mr. Au Ka Wang is the chairman of our Remuneration Committee.

Nomination committee

We established a nomination committee with written terms of reference in compliance with Rule 5.36A of the GEM Listing Rules and paragraph B.3.1 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 29 March 2019. The primary duties of our Nomination Committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our Nomination Committee comprises Mr. Fong Chun Kit (our executive Director and chairman of the Board), Mr. Wong Chun Hung Hanson (our executive Director), Mr. Yau How Boa (our independent non-executive Director), Mr. Au Ka Wang (our independent non-executive Director) and Ms. Leung Yuen Shan Maisy (our independent non-executive Director). Mr. Fong Chun Kit is the chairman of our Nomination Committee.

BOARD DIVERSITY POLICY

Our Company [has adopted] a board diversity policy which sets out the approach of which our Board could achieve a higher level of diversity. It is the duty of our Nomination Committee to review our board diversity policy, as appropriate, and review the measurable objectives that our Board has set for implementing our board diversity policy for nomination of Directors. When considering the nomination of a director, our Nomination Committee would consider the benefits of all aspects of diversity including the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that our Board may consider relevant and applicable from time to time. We place emphasis on ensuring a balanced composition of skills and experience at our Board level in order to provide a range of perspectives, insights and challenge that enable our Board to discharge its duties and responsibilities effectively and support good decision making in view of the core businesses and strategy of our Group.

Our Board comprises eight members, including four executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors have a balanced mix of knowledge, skills and experiences, including experiences in the provision of security-related services, overall business management, finance and accounting.

We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including without limitation at our Board and senior management levels. We currently have three female Directors out of a total of eight Board members, we consider that the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness. Our Nomination Committee will make disclosure of

DIRECTORS AND SENIOR MANAGEMENT

its review results and our board diversity policy or a summary of it in our corporate governance report on an annual basis.

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the term commencing on the [REDACTED] and ending on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED].

Pursuant to Rule 6A.23 of the GEM Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company is committed to the view that the Board should include a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from provision C.2.1 of the Corporate Governance Code, our Company's corporate governance practices have complied with the Corporate Governance Code. Provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fong is the chief executive officer of our Group and the chairman of our Board. The Board believes that vesting the roles of both the chairman and the chief executive officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing more effective planning, management and implementation of overall strategy of the Group. Accordingly, our Company has not segregated the roles of our chief executive officer and chairman as required by paragraph C.2.1 of the Corporate Governance Code.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to our performance. We also reimburse them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

After the [REDACTED], our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026, the aggregate emoluments paid and benefits in kind granted by us to our Directors were approximately HK\$2.4 million, HK\$4.4 million and HK\$0.7 million, respectively.

For the years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026, the aggregate remuneration including basic salaries, allowances, other benefits and contributions to retirement benefit schemes, paid to the five highest paid individuals (including our Directors) by our Group was approximately HK\$3.9 million, HK\$6.0 million and HK\$1.0 million, respectively.

Save as disclosed in this document, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 December 2026 will be approximately HK\$1.3 million. Following the [REDACTED], our Remuneration Committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period.

For additional information on our Directors’ remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the Accountants’ Report in Appendix I to this document.

SHARE OPTION SCHEME

Our Company [has conditionally adopted] the Share Option Scheme. Further information on the Share Option Scheme is set forth in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document.

SHARE CAPITAL

SHARE CAPITAL

Assuming the [REDACTED] is not exercised at all and without taking into account the options that may be granted under the Share Option Scheme, the share capital of our Company immediately following completion of the [REDACTED] and the [REDACTED] will be as follows:

HK\$

Authorised:

[10,000,000,000] Shares of HK\$0.01 each [100,000,000.00]

Issued or to be issued, fully paid or credited as fully paid:

2	Shares in issue as at the Latest Practicable Date	0.02
[98]	Shares to be issued on [•] 2026 pursuant to the Reorganisation	[0.98]
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
<u>[REDACTED]</u>	Shares	<u>[REDACTED]</u>

Assuming the [REDACTED] is exercised in full, and without taking into account any options that may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the [REDACTED] and the [REDACTED] will be as follows:

HK\$

Authorised:

[10,000,000,000] Shares of HK\$0.01 each [100,000,000.00]

Issued or to be issued, fully paid or credited as fully paid:

2	Shares in issue as at the Latest Practicable Date	0.02
[98]	Shares to be issued on [•] 2026 pursuant to the Reorganisation	[0.98]
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares to be issued pursuant to the exercise of the [REDACTED]	[REDACTED]
<u>[REDACTED]</u>	Shares	<u>[REDACTED]</u>

SHARE CAPITAL

MINIMUM PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the [REDACTED] and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

To the best knowledge of our Directors, our Company will comply with the free float requirement under Rule 11.23A of the GEM Listing Rules at the time of [REDACTED].

RANKING

The [REDACTED] will rank *pari passu* in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this document save for the entitlements under the [REDACTED].

SHARE OPTION SCHEME

Our Company [has conditionally adopted] the Share Option Scheme. A summary of its principal terms is set out in the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document.

GENERAL MANDATE GRANTED TO THE DIRECTORS

Subject to the [REDACTED] becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, please refer to the paragraph headed “Statutory and General Information – A. Further information about our Company – 5. Written resolutions of our Shareholders passed on [•] 2026” in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Companies Act” in Appendix III to this document.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date and immediately after the completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Capacity/nature of interest	Number of Shares held in our Company as at the Latest Practicable Date (Note 1)	Percentage of shareholding in our Company as at the Latest Practicable Date	Number of Shares held in our Company immediately after completion of the [REDACTED] and the [REDACTED] (Note 1)	Percentage of shareholding in our Company immediately after completion of the [REDACTED] and the [REDACTED]
Fong 1119 (Note 2)	Beneficial owner	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
Mr. Fong (Notes 2 and 3)	Interest in a controlled corporation	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
Ms. Yip (Note 3)	Interest of spouse	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
HFTT (Note 4)	Beneficial owner	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
Well Smart (Notes 4 and 5)	Interest in a controlled corporation	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
Ms. Lam (Notes 4 and 5)	Interest in a controlled corporation	1 (L)	50%	[REDACTED] (L)	[REDACTED]%
Mr. Wong (Note 5)	Interest of spouse	1 (L)	50%	[REDACTED] (L)	[REDACTED]%

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company will be owned as to [REDACTED]% by Fong 1119 immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). Fong 1119 is wholly-owned by Mr. Fong. Under the SFO, Mr. Fong is deemed to be interested in the same number of Shares held by Fong 1119.
3. Mr. Fong and Ms. Yip are spouses. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares which Mr. Fong is interested.

SUBSTANTIAL SHAREHOLDERS

4. Our Company will be owned as to [REDACTED]% by HFTT immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). HFTT is wholly-owned by Well Smart, which is wholly-owned by Ms. Lam. Under the SFO, Well Smart and Ms. Lam are deemed to be interested in the same number of Shares held by HFTT.
5. Ms. Lam and Mr. Wong are spouses. Under the SFO, Mr. Wong is deemed to be interested in the same number of Shares which Ms. Lam is interested.

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), have interests or short positions in the Shares or the underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial information, including the notes thereto, as set forth in the Accountants’ Report in Appendix I to this document. Our combined financial information has been prepared in accordance with accounting policies which conform with the Hong Kong Financial Reporting Standards. You should read the entire Accountants’ Report and not rely merely on the information in this section.

The following discussion and analysis contains certain forward-looking statements that reflect our current views regarding future events and financial performance. These statements are based on assumptions and analyses made by us, considering our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. However, actual outcomes and developments may differ from expectations due to various risks and uncertainties beyond our control, including those described under the sections headed “Risk Factors”, “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a security services provider in Hong Kong principally engaged in the provision of (i) Security Guarding Services; and (ii) Electronic Security Solutions Services. During the Track Record Period, our revenue was mainly derived from security guarding services, while we have continued to broaden our service capabilities and revenue base by expanding into electronic security solutions services, including CCTV-related installation and maintenance works and other technology-enabled security solution.

We generated revenue of approximately HK\$138.7 million, HK\$187.7 million and HK\$31.9 million from providing security services in Hong Kong for FY2024, FY2025 and 3M2026, respectively. Our net profit was approximately HK\$17.4 million, HK\$22.6 million and HK\$4.3 million during the same periods. Our project portfolio included projects with customers in the public infrastructure, air cargo, telecommunications, property management, construction and commercial sectors. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any loss-making projects. As at the Latest Practicable Date, we had 28 projects on hand, which included projects that had commenced but not yet completed and projects that had been awarded but not yet commenced.

For further information about our business and operations, please refer to the section headed “Business” in this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our results of operations and financial conditions have been, and will continue to be affected by various factors as mentioned in the section headed “Risk Factors” in this document, and in particular, the following:

Demand for Security Guarding Services and Electronic Security Solution Services in Hong Kong

Our business, financial condition and results of operations are affected by the demand for Security Guarding Services and Electronic Security Solution Services in Hong Kong.

FINANCIAL INFORMATION

During the Track Record Period, our Security Guarding Services were mainly provided at infrastructure, aviation, logistics, construction, property management and commercial sites, including projects at or relating to the HKIA and other sizeable operating premises. Demand for such services is affected by the development, operation, completion, downsizing or changes in manpower requirements of the relevant projects or sites. In particular, where a major infrastructure or construction project progresses to a stage requiring fewer security personnel, or where customers reduce their on-site security, access control, patrolling or manpower support requirements, the number and scale of projects, work orders or manpower deployment available to us may decrease.

Demand for our Electronic Security Solutions Services is affected by customers' adoption of CCTV systems, access control systems, surveillance infrastructure and other security device systems. During the Track Record Period, we expanded this segment mainly through CCTV-related installation, testing, commissioning, warranty and maintenance works. However, such projects are generally subject to customers' project budgets, procurement decisions, implementation timetable, site readiness and order placement schedule. For open contract or unit-price based arrangements, the actual revenue to be recognised by us depends on the type and quantity of equipment or services ordered and the timing of work instructions issued by the relevant customer.

There is no assurance that the demand for security services or electronic security solutions in Hong Kong will continue to grow or remain at the current level, or that our customers will continue to proceed with, maintain or expand their security-related projects as planned. If our customers delay, reduce or cancel their security-related projects, tenders, quotations or work orders, or if the required manpower deployment or order volume decreases, our revenue, profitability, financial condition and results of operations may be materially and adversely affected.

Project-based nature of our revenue and termination or non-renewal of our security service contracts may materially and adversely affect our business, financial condition and results of operations

Our revenue is generally derived from security service projects awarded by our customers from time to time. Our security service contracts typically have a term ranging from 2 months to 3 years, although certain one-off engagements may be as short as one day. Our contracts are generally either (a) one-off event/project-based which are not renewable due to their non-recurring nature; or (b) contracts for customers or sites with continued security needs where the decision to renew ultimately depends on commercial considerations made by the relevant customers.

Given the project-based nature of our business, our revenue and results of operations may fluctuate depending on the number and scale of projects awarded to us, the service period of such projects, the level of manpower required by customers, and whether our existing contracts can be continued or replaced upon expiry or completion. During the Track Record Period, our renewal rate for contracts with continuing security or operating needs was approximately 52.4%. Such historical renewal rate may not be indicative of our future renewal rate.

Given the competitive nature of the security services industry and the background of most of our top five clients during the Track Record Period, these clients tend to hold relatively stronger bargaining power. If other security services providers offer lower prices

FINANCIAL INFORMATION

to our existing customers, these customers may choose to engage such competitors. Additionally, security service contracts usually contain termination clause and may be terminated early. In such situations, our business and results of operations could be adversely affected.

We cannot assure you that our customers will refrain from terminating security service contracts with us prior to their expiration dates or opt to renew them upon expiration. The termination or non-renewal of a significant number of security service contracts could have a substantial adverse impact on our revenue. If we are unable to retain or renew these contracts and fail to secure comparable replacements from other customers, our business, financial condition and operating results could be materially and negatively affected.

Ability to procure new security service contracts as planned

We believe that expanding our customer base for security service contracts is a key factor in sustaining our business growth. A portion of our revenue during the Track Record Period was generated from contracts awarded through tendering. Specifically, revenue generated from tendering and quotation accounted for approximately 23.0%, 54.5% and 68.0% of our total revenue, respectively, during the each of the Track Record Period. During the Track Record Period, our tender success rate was approximately 12.5%, 55.6% and 60.0%, respectively.

The engagement of security service providers is often influenced by factors such as operating history, service quality, service fees and the reputation of the security service provider. However, we cannot assure you that we will meet the tendering requirements or maintain our overall score under the evaluation systems used by some of our existing major clients. Even if we meet the tendering requirements, there is no assurance that: (i) we would be invited or be made aware of the tender; (ii) the terms and conditions of the new contracts would be as favourable as those of our existing contracts; (iii) the terms and conditions of the potential contracts, if secured, would be commercially acceptable to us; or (iv) our tenders would ultimately be selected by the prospective clients. In the competitive tendering process, we may need to lower our service fees or offer more favourable terms to increase our competitiveness. However, we may not be able to reduce our costs to match these terms, which could negatively impact our profitability. If we fail to secure new contracts, or if the terms of the new contracts are less favourable than those of our existing contracts, our business, financial condition and results of operations may be adversely affected. As a result, our growth prospects could be materially and negatively impacted.

Price fluctuations of labour and subcontracting costs

In FY2024, FY2025 and 3M2026, our direct labour costs amounted to approximately HK\$78.6 million, HK\$108.1 million and HK\$21.6 million, respectively, representing approximately 77.0%, 77.5% and 90.5% of our total cost of services, respectively. As at the Latest Practicable Date, we employed 446 employees deployed to different projects under our management. Additionally, we engaged subcontractors for manpower provision, incurring subcontracting fees of approximately HK\$11.0 million, HK\$18.9 million and HK\$0.1 million, representing 10.8%, 13.6% and 0.3% of our total cost of services, respectively. For details of subcontractors, please refer to the paragraph headed “Business – Our suppliers and subcontractors – Our subcontractors” in this document.

FINANCIAL INFORMATION

Our business relies heavily on a stable labour supply, as the security services industry is highly labour intensive. Labour shortages, particularly among personnel with specialised skills, pose significant challenges to our operations. Additionally, rising labour costs, driven by minimum wage increases and industry trends, place additional pressure on our profitability. According to the Frost & Sullivan Report, average wages in the security services in Hong Kong market grew at a CAGR of 3.3% between 2021 and 2025, from HK\$14,396 to HK\$16,418, respectively, and are expected to continue increasing, reaching HK\$18,959.1 by 2030. These rising labour costs make it critical to effectively control staff costs and subcontracting fees to maintain our profit margins. Any changes to the Enhanced Supplementary Labour Scheme (ESLS) implemented by the Hong Kong Government may affect the supply of imported workers. If the availability of imported workers is restricted or if we are unable to recruit sufficient workers through the ESLS or other channels, we may face challenges in maintaining adequate manpower to support our operations.

Failure to retain employees or recruit sufficient manpower may force us to offer higher wages, increasing our operating costs. Certain contracts also impose penalties for manpower shortages, which may arise if we cannot meet contractual staffing requirements. Such labour shortages could result in poor service delivery, failure to meet contractual obligations, reputational damage and penalties, all of which could negatively impact our business, financial condition and results of operations.

For illustrative purposes, the following table presents a sensitivity analysis showing the impact of fluctuations in our direct labour costs on our profit before taxation for the Track Record Period. Fluctuations are assumed to be 5.0% and 10.0% for the corresponding periods, respectively.

Hypothetical fluctuations in our direct labour costs	Increase/(decrease) in profit before income tax		Three months ended 31 March	
	FY2024	FY2025	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Increase by 5.0%	(3,928)	(5,405)	(1,575)	(1,081)
Increase by 10.0%	(7,856)	(10,811)	(3,150)	(2,162)
Decrease by 5.0%	3,928	5,405	1,575	1,081
Decrease by 10.0%	7,856	10,811	3,150	2,162

BASIS OF PREPARATION AND PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 February 2025. In preparation for the [REDACTED], we underwent the Reorganisation, as detailed in the section headed “History, Corporate Structure and Reorganisation” in this document. Upon completion of the Reorganisation, our Company [became] the holding company of all subsidiaries currently comprising our Group.

The Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the combined financial statements have been prepared as if the Company had always been the holding company of the Group.

FINANCIAL INFORMATION

Our historical financial information has been prepared in accordance with accounting policies which conform with the HKFRS Accounting Standards. Details regarding the basis of preparation and presentation of our historical financial information are set out in note 2 to the Accountants’ Report in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our management is required to make judgements, estimates and assumptions that affect our application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on our historical experience and other factors that are believed to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by our management on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of our material accounting policy information and key sources of estimation uncertainty are set out in notes 4 and 5 to the Accountants’ Report in Appendix I to this document.

We set forth below those accounting policies that we believe are most significant to us or involve the most significant estimates and judgements in the preparation of our combined financial statements:

Revenue recognition

Revenue from the provision of security services is recognised over time in accordance with HKFRS 15 “Revenue from Contracts with Customers.” This standard is consistently applied to ensure compliance with the relevant accounting principles.

Revenue from the provision of security guarding services is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group’s performance as the Group performs, and is measured based on the output method. The Group bills a fixed amount for each hour or month of services provided, which serves as a direct measurement of the value of the services transferred to the customer.

Revenue from the provision of electronic security solution services is recognised at a point in time when customer acceptance is acquired, and payment is generally due in 30 days from the final acceptance.

The Group elects to apply the practical expedient by recognising revenue from provision of security guarding services and electronic security solution services in the amount to which the Group has a right to invoice and as for the periods of one year or less, respectively.

Interests in joint operations

The Group has the right to share 100% of the revenue, expenses, assets and liabilities of a joint operation, namely, the Arrano JV.

FINANCIAL INFORMATION

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

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

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

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the combined financial statements only to the extent of other parties’ interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

FINANCIAL INFORMATION

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually. The provision of ECL is sensitive to changes in estimated loss rates, which are based on internal credit ratings, ageing, repayment history and/or past due status of the respective customers.

SUMMARY OF RESULTS OF OPERATIONS

The following table sets out the combined statements of profit or loss and other comprehensive income for the Track Record Period, as extracted from the Accountants’ Report in Appendix I to this document:

	FY2024 (HK\$’000)	FY2025 (HK\$’000)	3M2025 (HK\$’000) (unaudited)	3M2026 (HK\$’000)
Revenue	138,663	187,708	48,655	31,918
Cost of services	(101,988)	(139,536)	(36,280)	(23,904)
Gross profit	36,675	48,172	12,375	8,014
Other income	575	492	159	264
Other expense	(2,300)	(260)	(260)	–
Impairment losses under expected credit loss model, net	(1,000)	–	–	–
Administrative and selling expenses	(11,336)	(14,171)	(2,361)	(2,685)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(334)	(277)	(79)	(78)
Profit before taxation	21,883	27,806	7,394	5,005
Income tax expense	(4,478)	(5,239)	(1,582)	(751)
Profit and total comprehensive income for the year	17,405	22,567	5,812	4,254

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS FROM THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

The table below provides a breakdown of our revenue generated from the segments of (1) Security Guarding Services and (2) Electronic Security Solutions Services during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
		% of		% of		% of		% of
	Revenue	total	Revenue	total	Revenue	total	Revenue	total
	(HK\$'000)	revenue	(HK\$'000)	revenue	(HK\$'000)	revenue	(HK\$'000)	revenue
					(unaudited)			
Security Guarding Services	138,663	100.0	167,702	89.3	48,655	100.0	30,868	96.7
Electronic Security Solutions Services	–	–	20,006	10.7	–	–	1,050	3.3
Total	138,663	100.0	187,708	100.0	48,655	100.0	31,918	100.0

For our Security Guarding Services segment, we recognise revenue over time mainly upon the delivery of Security Guarding Services based on the contract with our customers. Our Group bills a fixed amount for each hour or month of services provided, which is the direct measurement of the value of the services transferred to the customer from our Group’s performance. For our Electronic Security Solutions Service segment, we recognise revenue over time mainly upon the installation of electronic security systems and provision of maintenance services based on the progress towards completion of the contracts by reference to the relevant acceptance certificate issued by customers.

During the Track Record Period, our revenue was mainly derived from Security Guarding Services, which amounted to approximately HK\$138.7 million, HK\$167.7 million and HK\$30.9 million for FY2024, FY2025 and 3M2026, respectively, representing approximately 100.0%, 89.3% and 96.7% of our total revenue for the respective periods.

Revenue from Electronic Security Solutions Services amounted to nil, approximately HK\$20.0 million and HK\$1.1 million for FY2024, FY2025 and 3M2026, respectively, representing nil, 10.7% and 3.3% of our total revenue for the respective periods. The increase in revenue contribution from Electronic Security Solutions Services in FY2025 was mainly attributable to CCTV-related installation, testing, commissioning, warranty and maintenance works.

FINANCIAL INFORMATION

Our revenue and segment mix during the Track Record Period reflected our project portfolio and the timing of commencement, completion and work orders of our projects. For more details about the reasons for the period-to-period changes in our revenue, please refer to the paragraph headed “Period-to-period Comparison of Results of Operations” in this section.

Cost of services

The table below provides a breakdown of our cost of services during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
	% of		% of		% of		% of	
	total cost		total cost		total cost		total cost	
	Cost of	of	Cost of	of	Cost of	of	Cost of	of
	services	services	services	services	services	services	services	services
	(HK\$'000)		(HK\$'000)		(HK\$'000)		(HK\$'000)	
					(unaudited)			
Direct labour costs	78,558	77.0	108,109	77.5	31,498	86.8	21,622	90.5
Subcontracting fees	11,028	10.8	18,946	13.6	2,165	6.0	72	0.3
Costs of operations								
equipment	2,760	2.7	3,566	2.5	441	1.2	565	2.4
Costs of site office								
equipment	2,196	2.2	1,666	1.2	511	1.4	345	1.4
Transportation	1,131	1.1	1,343	0.9	229	0.6	235	1.0
Patrol vehicle								
expenses	1,105	1.1	926	0.7	237	0.6	215	0.9
Amortisation of								
contract costs	4,287	4.2	1,805	1.3	714	2.0	263	1.1
Insurance expenses	–	–	931	0.7	201	0.6	249	1.0
Depreciation	–	–	20	0.0	–	–	19	0.1
Others	923	0.9	2,224	1.6	284	0.8	319	1.3
Total	101,988	100.0	139,536	100.0	36,280	100.0	23,904	100.0

During the Track Record Period, our total cost of services was approximately HK\$102.0 million, HK\$139.5 million and HK\$23.9 million for FY2024, FY2025 and 3M2026, respectively. Our cost structure was mainly driven by the labour-intensive nature of our Security Guarding Services and the manpower deployment requirements of our projects. In particular, direct labour costs and subcontracting fees were the principal components of our cost of services, which in aggregate accounted for approximately 87.8%, 91.1% and 90.8% of our total cost of services for the respective periods. The amount and mix of our cost of services may vary depending on the number, scale and nature of projects undertaken, the level of manpower required by customers, the extent of our use of subcontractors, and the equipment and site support required for the relevant projects.

FINANCIAL INFORMATION

Our direct costs for the CCTV Contract mainly comprise subcontracting fees for installation works, material costs, direct labour costs, consultancy fees and other project implementation costs. In FY2025, direct costs for the CCTV Contract represented approximately 70.4% of the relevant revenue, and the gross profit margin was approximately 29.6%. In terms of cost structure, subcontracting fees for installation works represented the majority of direct costs, accounting for approximately 79.1% of the total direct costs of the CCTV Contract in FY2025. Material costs, consultancy fees, direct labour and other project implementation costs accounted for approximately 7.0%, 9.1% and 3.0% of such direct costs, respectively.

During the Track Record Period, our administrative expenses and selling comprised the following key components:

(a) *Direct labour costs*

It represents the salaries, wages and benefits for security personnel, supervisors and other staff of our Group directly providing security services;

(b) *Subcontracting fees*

It represents the costs incurred for engaging third-party security service providers or subcontractors to perform part of services required for our Security Guarding Services and Electronic Security Solution projects. For details of subcontractors, please refer to the paragraph headed “Business – Our suppliers and subcontractors – Our subcontractors” in this document;

(c) *Costs of operations equipment*

It represents the costs of equipment which supports our operations such as access control system, electronic systems, communication devices, and other tools used in delivering security services;

(d) *Costs of site office equipment*

It represents the set up and maintenance costs of equipment at our site office at the Three-runway System Project Site and other project sites, such as mobile toilets, generator and general site office equipment expenses;

(e) *Transportation*

It represents the costs incurred for procuring shuttle bus services to deploy our security services personnel to and from project sites;

(f) *Patrol vehicle expenses*

It represents the costs incurred for the rental and repair of patrol vehicles to support our provision of security services;

FINANCIAL INFORMATION

(g) *Amortisation of contract costs*

It represents the amortisation on our intangible assets arising from long-term investment, being the consideration paid for the novation to us of all rights, benefits, interests, obligations and liabilities under the Three-runway Contract. For details of the acquisition of the Three-runway Contract, please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document;

(h) *Insurance expenses*

It represents insurance premiums incurred in relation to our project operations, including employees’ compensation insurance and public liability insurance;

(i) *Depreciation*

It represents depreciation of patrol vehicles used for our service operations; and

(j) *Others*

It represents the referral fees incurred in relation to security manpower and project management service fees.

Gross profit and gross profit margin

The table below provides a breakdown of our gross profit and gross profit margin for provision of security services by customer type during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%
					(unaudited)			
Security Guarding Services	36,675	26.4	42,260	25.2	12,375	25.4	7,641	24.8
Electronic Security Solutions Services	–	–	5,912	29.6	–	–	373	35.5
Total	36,675	26.4	48,172	25.7	12,375	25.4	8,014	25.1

Our gross profit increased from approximately HK\$36.7 million for FY2024 to approximately HK\$48.2 million for FY2025, primarily due to the increase in revenue generated from our Security Guarding Services and the revenue contribution from Electronic Security Solutions Services during FY2025. Our overall gross profit margin remained relatively stable at approximately 26.4% and 25.7% for FY2024 and FY2025, respectively, as the increase in revenue was generally accompanied by a corresponding increase in direct labour costs, subcontracting fees and other direct project costs.

FINANCIAL INFORMATION

For 3M2025 and 3M2026, our gross profit was approximately HK\$12.4 million and HK\$8.0 million, respectively, while our overall gross profit margin was approximately 25.4% and 25.1%, respectively. The decrease in gross profit was mainly attributable to the decrease in revenue from Security Guarding Services, in particular the reduction in manpower deployment requirements for certain sizeable projects. Our overall gross profit margin remained broadly stable, as the reduction in revenue was generally matched by a reduction in manpower-related and other direct project costs.

Our Directors consider that the CCTV Contract is expected to contribute positively to our Group’s overall gross margin, as its gross profit margin in FY2025 was higher than the Group’s overall gross profit margin. However, as the CCTV Contract is order-based and does not contain any minimum purchase commitment, the actual revenue and margin contribution will depend on the timing, quantity and mix of orders issued by Customer D, the type of implementation works required, subcontracting costs, material costs and project execution efficiency.

Other income

The table below provides a breakdown of our other income during the Track Record Period:

	FY2024	FY2025	3M2025	3M2026
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Other income				
Bank interest income	4	1	–	14
Loan interest income	297	63	63	–
Management fee income	180	–	96	–
Sundry income	94	128	–	39
Consultancy income	–	300	–	211
	<u>575</u>	<u>492</u>	<u>159</u>	<u>264</u>

Our other income amounted to approximately HK\$0.6 million, HK\$0.5 million, and HK\$0.3 million for FY2024, FY2025 and 3M2026, respectively. During the Track Record Period, our other income mainly comprised bank interest income, loan interest income, management fee income, sundry income and consultancy income. The decrease in other income from FY2024 to FY2025 was mainly due to the decrease in loan interest income and management fee income, which was partially offset by the consultancy income. The increase in other income from 3M2025 to 3M2026 was mainly attributable to the consultancy income in 3M2026. The consultancy income represented income generated from the provision of consultancy services to a customer in relation to the procurement of security service system license.

FINANCIAL INFORMATION

Administrative and selling expenses

The table below provides a breakdown of our administrative and selling expenses during the Track Record Period:

	FY2024		FY2025		3M2025		3M2026	
	(HK\$'000)	% (HK\$'000)	(HK\$'000)	% (HK\$'000)	(HK\$'000)	% (HK\$'000)	(HK\$'000)	%
				(unaudited)				
Staff costs, including directors' emoluments	4,931	43.5	7,218	50.9	958	40.6	1,292	48.1
Legal and professional fees	1,884	16.6	2,825	20.0	453	19.1	531	19.8
Employee support and training expenses	1,533	13.5	568	4.0	50	2.1	64	2.4
Auditors' remuneration	700	6.2	200	1.4	–	–	–	–
Rent, rates and property management fees	609	5.4	620	4.4	154	6.5	156	5.8
Depreciation	516	4.5	1,097	7.7	360	15.3	246	9.1
Entertainment expenses	353	3.1	698	4.9	147	6.2	93	3.5
Insurance expenses	200	1.8	126	0.9	14	0.6	53	2.0
Others	610	5.4	819	5.8	225	9.6	250	9.3
Total	11,336	100.0	14,171	100.0	2,361	100.0	2,685	100.0

During the Track Record Period, the total administrative and selling expenses for our Group were approximately HK\$11.3 million, HK\$14.2 million and HK\$2.7 million, respectively. Our administrative expenses and selling comprised the following key components:

(a) Staff costs including directors' emoluments

It represents the fees, salaries, wages and contributions to retirement benefit scheme provided to our Directors, finance, accounting and administrative staff;

(b) Entertainment expenses

It represents business meals and hospitality expenses incurred for maintaining relationships with existing customers, developing relationships with potential customers and business partners, and supporting business development activities;

FINANCIAL INFORMATION

(c) Legal and professional fees

It represents the fees provided to our team of consultants and other legal and professional fees. For further details of our team of consultants, please refer to the paragraph headed “Business – Competitive strengths – Solid management team and consultancy team” in this document;

(d) Auditors’ remuneration

It represents the fees paid to auditors for provision of audit services;

(e) Depreciation

It represents mainly the depreciation expenses of the leased properties used as staff quarters for imported labour;

(f) Employee support and training expenses

It represents mainly the costs incurred for recruitment, staff training and uniform as well as staff welfare expenses;

(g) Rent, rates and property management fees

It represents mainly the rent, rates and property management fees paid in relation to leasing of our head office;

(h) Insurance expenses

It represents the insurance premiums for insurance policies maintained by our Group including public liability insurance, employees’ compensation insurance, and group medical insurance; and

(i) Others

It represents miscellaneous expenses which mainly include sundry expenses, license fees, computer expenses and yacht-related expenses.

Other expense

During the Track Period, the other expense of our Group was approximately HK\$2.3 million, HK\$0.3 million and nil for FY2024, FY2025 and 3M2026, respectively. The other expense of our Group primarily represents our donation to Future Hong Kong Football Development Charity Limited, a charitable institution in Hong Kong under Section 88 of the Inland Revenue Ordinance, which promotes the local development of football. Such donation was one-off and non-recurring nature.

FINANCIAL INFORMATION

Impairment losses under expected credit loss model, net

Our impairment loss under expected credit loss (“ECL”) model, net primarily represented the net impairment losses/net reversal of impairment losses on financial assets (including trade and other receivables and deposits, amounts due from a joint operator shareholders, loan to a related company and bank balances) and contract assets in respect of our impairment assessment in accordance with HKFRS 9 as at 31 December 2024 and 2025 and as at 31 March 2026. The net impairment losses under ECL model for our Group was approximately HK\$1.0 million for FY2024, nil for FY2025 and nil for 3M2026. The amount as at 31 December 2024 mainly represented the impairment of losses for our bond security sum.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. During the Track Record Period, our impairment losses comprised the following classifications:

(a) Lifetime ECL

Represents the ECL that will result from all possible default events over the expected life of the relevant financial instrument. The Group always recognises lifetime ECL for trade receivables and contract assets.

(b) 12-month ECL

Represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

Bond security sum

The bond security sum represented a cash deposit of HK\$3.5 million contributed by our Group in connection with the JV Partner’s arrangement of the performance bond as a security measure to guarantee due performance under the Three-runway Contract. For details, please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document.

During FY2024, having regard to the financial difficulties encountered by the JV Partner and the increased uncertainty over the recoverability of the bond security sum, our Directors considered that there had been a significant increase in credit risk and recognised an additional impairment allowance of HK\$1.0 million in respect of the bond security sum. No further impairment allowance was recognised during FY2025 and 3M2026.

For details of the impairment assessment and credit risk of our trade receivables, contract assets and financial assets, please refer to the paragraphs headed “Notes to the historical financial information – 17. Trade receivables” and “Notes to the historical financial information – 29. Financial instruments – Financial risk management objectives and policies – Credit risk and impairment assessment” in Appendix I to this document.

FINANCIAL INFORMATION

Finance costs

During the Track Record Period, our finance costs represented interest in bank borrowings and lease liabilities, amounted to approximately HK\$0.3 million, HK\$0.3 million and HK\$0.1 million, respectively.

Income tax expense

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As such, we are not subject to any Cayman Islands income tax. However, during the Track Record Period, our operating subsidiaries, namely Arrano Group and Arrano Security are subject to income tax on profits arising from Hong Kong.

Hong Kong profits tax during the Track Record Period was calculated at 16.5% of the estimated assessable profits for the year, except for two subsidiaries of our Group, namely Arrano Group (after consolidating the accounts of the Arrano JV) and Arrano Security, that qualified under the two-tiered profits tax rates regime for FY2024, FY2025 and 3M2026 respectively. Under this regime, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and the assessable profits above HK\$2 million will be taxed at 16.5%.

Our income tax expense for the Track Record Period can be reconciled with the profit before taxation as per the combined statements of profit or loss and other comprehensive income as follows:

	FY2024 (HK\$'000)	FY2025 (HK\$'000)	3M2025 (HK\$'000) (Unaudited)	3M2026 (HK\$'000)
Profit before taxation	<u>21,883</u>	<u>27,806</u>	<u>7,394</u>	<u>5,005</u>
Tax calculated at applicable tax rates at 16.5%	3,611	4,588	1,220	826
Income tax at concessionary rate	(165)	(165)	(165)	(165)
Tax effect of:				
Non-taxable income	–	(21)	–	–
Non-deductible expense	1,036	1,302	527	90
Tax reduction	(4)	(12)	–	–
Over-provision in prior year	<u>–</u>	<u>(453)</u>	<u>–</u>	<u>–</u>
	<u><u>4,478</u></u>	<u><u>5,239</u></u>	<u><u>1,582</u></u>	<u><u>751</u></u>

Our income tax expense during the Track Record Period was approximately HK\$4.5 million, HK\$5.2 million and HK\$0.8 million, respectively. The effective tax rates during the Track Record Period were approximately 20.5%, 18.8% and 15.0%, respectively.

FINANCIAL INFORMATION

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax disputes with the relevant tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Comparison of FY2024 and FY2025 results

Revenue

Our revenue increased from approximately HK\$138.7 million for FY2024 to approximately HK\$187.7 million for FY2025, representing an increase of approximately 35.4%. Such increase was mainly attributable to revenue generated from new and expanded sizeable projects during FY2025, including the scale-up of projects with the Air Cargo Terminal Operator, newly commenced security guarding projects such as the KT project, and the commencement of CCTV-related installation and related works.

Revenue from Security Guarding Services increased from approximately HK\$138.7 million for FY2024 to approximately HK\$167.7 million for FY2025, mainly due to the scale-up of projects with the Air Cargo Terminal Operator, as we undertook an expanded scope of security guarding services at the relevant air cargo terminal during FY2025. Revenue from such projects increased from approximately HK\$3.5 million for FY2024 to approximately HK\$42.5 million for FY2025. Further, we recorded revenue from newly commenced security guarding projects, including the KT project, which contributed approximately HK\$5.8 million for FY2025. Revenue from Project 3408 also increased from approximately HK\$15.7 million for FY2024 to approximately HK\$20.9 million for FY2025, mainly reflecting the higher amount of services performed under the relevant open contract during FY2025 and the upward adjustment in the unit service rate during the year. Such increase was partially offset by the decrease in revenue from Project 3910 due to the lower level of manpower deployment required as the relevant Three-runway System Project progressed, and the decrease in revenue from the Tai Wo project following the expiry of the relevant contract in May 2025.

During FY2025, we recorded revenue of approximately HK\$20.0 million from Electronic Security Solutions Services, as compared with nil for FY2024. Such revenue was mainly derived from CCTV-related installation and related works undertaken during FY2025.

Cost of services

Our cost of services increased by approximately HK\$37.5 million or 36.8%, from approximately HK\$102.0 million for FY2024 to approximately HK\$139.5 million for FY2025. Such increase was mainly driven by our enlarged project portfolio during FY2025, in particular the scale-up of the Air Cargo Terminal Project and the commencement of the CCTV Contract and the KT project, resulting in higher staff deployment and subcontracting costs. The increase was partially offset by lower costs incurred for the Three-runway Contract and the Tai Wo project.

FINANCIAL INFORMATION

The following is a discussion of the changes in the key components of our cost of services during FY2024 as compared to FY2025:

- (a) Our direct labour costs increased by approximately HK\$29.6 million or 37.6%, from approximately HK\$78.6 million for FY2024 to approximately HK\$108.1 million for FY2025. Such increase was mainly attributable to the increased deployment of our own security personnel for new and expanded security guarding projects during FY2025, in particular the scale-up of the Air Cargo Terminal Project, the commencement of the KT project and the increased manpower deployment for Project 3408. Such increase was partially offset by the decrease in direct labour costs for the Three-runway Contract and the Tai Wo project, following the decrease in service scale of these projects during FY2025. In relation to the Three-runway Contract, although the Group deployed more of its own security personnel for certain frontline roles and adjusted the manpower support arrangement with Subcontractor A, its direct labour costs decreased as the overall activity level of the project decreased during FY2025.
- (b) Our subcontracting fees increased by approximately HK\$8.0 million or 72.0%, from approximately HK\$11.0 million for FY2024 to approximately HK\$19.0 million for FY2025. Such increase was mainly attributable to the increased engagement of third-party subcontractors and service providers for project-specific works and support services during FY2025, particularly in relation to the CCTV Contract and cleaning-related services. Such increase was partially offset by the decrease in subcontracting fees for the Three-runway Contract, as the Group adjusted the manpower support arrangement with Subcontractor A and deployed more of its own security personnel for certain frontline roles during FY2025.
- (c) Our costs of operations equipment increased by approximately HK\$0.8 million or 29.2%, from approximately HK\$2.8 million for FY2024 to approximately HK\$3.6 million for FY2025. Such increase was mainly attributable to equipment and materials costs incurred for the CCTV Contract in FY2025, including equipment and tools required for CCTV installation and related works.
- (d) Our costs of site office equipment decreased by approximately HK\$0.5 million or 24.1%, from approximately HK\$2.2 million for FY2024 to approximately HK\$1.7 million for FY2025. Such decrease was mainly due to lower site office and site support expenses, including mobile toilets, generator and general site office expenses during FY2025.
- (e) Our transportation costs increased by approximately HK\$0.2 million or 18.7%, from approximately HK\$1.1 million for FY2024 to approximately HK\$1.3 million for FY2025. Such increase was mainly attributable to transportation costs incurred for the Air Cargo Terminal Project in FY2025, as additional shuttle bus and staff transportation arrangements were required for security personnel deployed to the air cargo terminal, partially offset by the decrease in transportation costs for the Three-runway Contract.

FINANCIAL INFORMATION

- (f) Our patrol vehicle expenses decreased by approximately HK\$0.2 million or 16.2%, from approximately HK\$1.1 million for FY2024 to approximately HK\$0.9 million for FY2025. Such decrease was mainly due to lower repair and maintenance expenses for patrol vehicles used for the Three-runway Contract, partially offset by vehicle expenses incurred for the CCTV Contract during FY2025.
- (g) Our amortisation of contract costs decreased by approximately HK\$2.5 million or 57.9%, from approximately HK\$4.3 million for FY2024 to approximately HK\$1.8 million for FY2025. Such decrease was mainly due to the extension of the service period of the Three-runway Contract, as the relevant capitalised contract costs were amortised over the extended service period, resulting in a lower amortisation charge recognised for FY2025.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$11.5 million or 31.3%, from approximately HK\$36.7 million for FY2024 to approximately HK\$48.2 million for FY2025. Such increase was mainly attributable to the increase in our revenue during FY2025, driven by the scale-up of the Air Cargo Terminal Project, the commencement of the CCTV Contract and the KT project, and the increased revenue contribution from Project 3408. In particular, the commencement of the CCTV Contract under our Electronic Security Solutions segment contributed to our revenue and gross profit in FY2025 and diversified our service mix as compared to FY2024, when our revenue was substantially derived from security guarding services.

Our overall gross profit margin remained relatively stable at approximately 26.4% for FY2024 and approximately 25.7% for FY2025, as the increase in revenue was generally accompanied by a corresponding increase in direct labour costs, subcontracting fees and other direct project costs.

Other income

Our other income decreased by approximately HK\$0.1 million or 14.4%, from approximately HK\$0.6 million for FY2024 to approximately HK\$0.5 million for FY2025. Such decrease was mainly attributable to the decrease in loan interest income following the reduction in the outstanding interest-bearing loan to a related company, and the absence of management fee income from Perfect Nations Limited in FY2025. Such decrease was partially offset by the increase in consultancy income.

Administrative and selling expenses

Our administrative and selling expenses increased by approximately HK\$2.8 million or 25.0%, from approximately HK\$11.3 million for FY2024 to approximately HK\$14.2 million for FY2025. Such increase was mainly attributable to (i) an increase in staff costs, including Directors' emoluments, as we incurred higher salaries, wages and other staff benefits for our management, finance, accounting and administrative staff to support our expanded business scale; and (ii) an increase in legal and professional fees, mainly due to consultancy fees incurred for engaging external consultants to support our business operations, including security

FINANCIAL INFORMATION

operations and electronic security systems. Such increase was partially offset by the decrease in employee support and training expenses and auditors’ remuneration during FY2025.

Other expense

Our other expense decreased by approximately HK\$2.0 million or 88.7%, from approximately HK\$2.3 million for FY2024 to approximately HK\$0.3 million for FY2025. This decrease was mainly attributable to the decrease in donations made to charitable organisations.

Impairment losses under expected credit loss model, net

Our impairment losses under expected credit loss model, net decreased by approximately HK\$1.0 million or 100%, from approximately HK\$1.0 million for FY2024 to nil for FY2025. Such decrease was mainly because the relevant bond security sum in relation to the Three-runway Contract had been fully impaired in FY2024, and no further net impairment loss was recognised for FY2025. For further details, please refer to the paragraph headed “Description of selected items from the combined statements of profit or loss and other comprehensive income – Impairment losses under expected credit loss model, net – Bond security sum” above in this section.

Finance costs

Our finance costs remained relatively stable at approximately HK\$0.3 million for each of FY2024 and FY2025. Such finance costs mainly represented interest on bank borrowings and lease liabilities.

Income tax expense

Our income tax expense increased by approximately HK\$0.8 million or 17.0%, from approximately HK\$4.5 million for FY2024 to approximately HK\$5.2 million for FY2025. The increase was mainly due to the increase in profit before taxation during FY2025. Meanwhile, our effective tax rate decreased from approximately 20.5% for FY2024 to approximately 18.8% for FY2025, mainly due to the lower tax effect of non-deductible expenses in FY2025.

Profit and total comprehensive income for the year

As a result of the foregoing, we recorded a profit and total comprehensive income for the year increased by approximately HK\$5.2 million or 29.7%, from approximately HK\$17.4 million for FY2024 to approximately HK\$22.6 million for FY2025.

Our net profit margin slightly decreased from approximately 12.6% for FY2024 to approximately 12.0% for FY2025.

FINANCIAL INFORMATION

Comparison of 3M2025 and 3M2026 results

Revenue

Our revenue decreased by approximately HK\$16.8 million or 34.4%, from approximately HK\$48.7 million for 3M2025 to approximately HK\$31.9 million for 3M2026. Such decrease was mainly attributable to the decrease in revenue from our Security Guarding Services segment, primarily due to the lower revenue contribution from the Three-runway Contract as the activity level and manpower requirements at the Three-runway System Project Site decreased during 3M2026. Such decrease was partially offset by revenue contribution from new and expanded security guarding projects, including the KT project, and the continued revenue contribution from the Air Cargo Terminal Project. During 3M2026, we also recorded revenue from our Electronic Security Solutions segment following the commencement of the CCTV Contract, whereas no such revenue was recorded for 3M2025.

Cost of services

Our cost of services decreased by approximately HK\$12.4 million or 34.1%, from approximately HK\$36.3 million for 3M2025 to approximately HK\$23.9 million for 3M2026. Such decrease was generally in line with the decrease in our revenue during 3M2026 and was mainly attributable to the lower service scale of certain security guarding projects, particularly the Three-runway Contract, partially offset by costs incurred for new and expanded projects during 3M2026.

The following is a discussion of the changes in the key components of our cost of services during 3M2026 as compared to 3M2025:

- (a) Our direct labour costs decreased by approximately HK\$9.9 million or 31.4%, from approximately HK\$31.5 million for 3M2025 to approximately HK\$21.6 million for 3M2026. Such decrease was mainly attributable to the lower service scale and manpower deployment for certain security guarding projects during 3M2026, particularly the Three-runway Contract and the Tai Wo project. Such decrease was partially offset by direct labour costs incurred for new and expanded projects during 3M2026, including the KT project and other project-based security guarding services.
- (b) Our subcontracting fees decreased by approximately HK\$2.1 million or 96.7%, from approximately HK\$2.2 million for 3M2025 to approximately HK\$0.1 million for 3M2026. Such decrease was mainly attributable to the lower use of subcontracted manpower support for certain security guarding projects during 3M2026, following the decrease in service scale of the relevant projects and the Group’s adjustment of manpower support arrangements with Subcontractor A.
- (c) Our costs of operations equipment increased by approximately HK\$0.1 million or 28.1%, from approximately HK\$0.4 million for 3M2025 to approximately HK\$0.6 million for 3M2026. Such increase was mainly attributable to equipment and materials costs incurred for the CCTV Contract during 3M2026, including equipment and tools required for CCTV installation and related works, partially offset by lower operations equipment costs for certain security guarding projects.

FINANCIAL INFORMATION

- (d) Our costs of site office equipment decreased by approximately HK\$0.2 million or 32.5%, from approximately HK\$0.5 million for 3M2025 to approximately HK\$0.3 million for 3M2026. Such decrease was mainly attributable to lower site office and site support expenses for the Three-runway Contract during 3M2026.
- (e) Our transportation costs remained relatively stable at approximately HK\$0.2 million for each of 3M2025 and 3M2026.
- (f) Our patrol vehicle expenses remained relatively stable at approximately HK\$0.2 million for each of 3M2025 and 3M2026.
- (g) Our amortisation of contract costs decreased by approximately HK\$0.5 million or 63.2%, from approximately HK\$0.7 million for 3M2025 to approximately HK\$0.3 million for 3M2026. Such decrease was mainly due to the extension of the service period of the Three-runway Contract, following which the remaining capitalised contract costs were amortised over the revised remaining service period, resulting in a lower amortisation charge recognised for 3M2026.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$4.4 million or 35.2%, from approximately HK\$12.4 million for 3M2025 to approximately HK\$8.0 million for 3M2026. Such decrease was mainly attributable to the decrease in revenue from our Security Guarding Services segment during 3M2026, primarily due to the lower revenue contribution from the Three-runway Contract. The decrease was partially offset by gross profit contribution from new and expanded projects during 3M2026, including the KT project under our Security Guarding Services segment and the CCTV Contract under our Electronic Security Solutions segment.

Our overall gross profit margin remained relatively stable at approximately 25.4% for 3M2025 and 25.1% for 3M2026. The gross profit margin of our Electronic Security Solutions segment was approximately 35.5% for 3M2026, which was higher than our overall gross profit margin. However, as revenue from this segment only accounted for a small portion of our total revenue during 3M2026, its impact on our overall gross profit margin was limited. Accordingly, our overall gross profit margin remained stable, notwithstanding the commencement of revenue contribution from the Electronic Security Solutions segment since the second half of FY2025.

Other income

Our other income increased by approximately HK\$0.1 million or 66.0%, from approximately HK\$0.2 million for 3M2025 to approximately HK\$0.3 million for 3M2026. Such increase was mainly attributable to consultancy income and sundry income recognised during 3M2026, partially offset by the absence of management fee income and the decrease in bank interest income during 3M2026.

FINANCIAL INFORMATION

Administrative and selling expenses

Our administrative and selling expenses increased by approximately HK\$0.3 million or 13.7%, from approximately HK\$2.4 million for 3M2025 to approximately HK\$2.7 million for 3M2026. Such increase was mainly attributable to the increase in staff costs, including Directors’ emoluments, and consultancy fees incurred for engaging external consultants to support our business operations. Such increase was partially offset by the decrease in depreciation and entertainment expenses during 3M2026.

Other expense

Our other expense decreased by approximately HK\$0.3 million or 100%, from approximately HK\$0.3 million for 3M2025 to nil for 3M2026. This decrease was mainly attributable to the absence of donation expenses during 3M2026.

Impairment losses under expected credit loss model, net

There were no impairment losses during 3M2025 and 3M2026.

Finance costs

Our finance costs remained relatively stable at approximately HK\$0.1 million for each of 3M2025 and 3M2026. Such finance costs mainly represented interest on bank borrowings and lease liabilities.

Income tax expense

Our income tax expense decreased by approximately HK\$0.8 million or 52.5%, from approximately HK\$1.6 million for 3M2025 to approximately HK\$0.8 million for 3M2026. The decrease was mainly due to the decrease in profit before taxation during 3M2026.

Profit and total comprehensive income for the period

As a result of the foregoing, we recorded a profit and total comprehensive income for the period decreased by approximately HK\$1.6 million or 26.8%, from approximately HK\$5.8 million for 3M2025 to approximately HK\$4.3 million for 3M2026.

Our net profit margin slightly increased from approximately 11.9% for 3M2025 to approximately 13.3% for 3M2026.

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets out our combined statements of financial position as at the dates indicated:

	As at 31 December		As at
	2024	2025	31 March
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Non-current assets			
Plant and equipment	3,148	215	495
Right-of-use assets	1,651	798	565
Intangible assets	2,858	1,053	790
Loan to a related company	4,494	–	–
Prepayments	–	520	390
Total non-current assets	12,151	2,586	2,240
Current assets			
Trade receivables	15,900	26,248	12,763
Contract assets	23,158	11,455	6,765
Prepayments, deposits and other receivables	1,685	16,038	17,467
Amounts due from shareholders	11,790	12,758	10,788
Loan to a related company	1,605	–	–
Pledged bank deposit	–	–	5,000
Bank balances and cash	638	13,371	11,765
Total current assets	54,776	79,870	64,548
Current liabilities			
Trade payables, other payables and accruals	32,198	39,066	21,661
Contract liabilities	–	–	243
Lease liabilities	881	813	582
Income tax payable	4,018	2,510	2,209
Bank borrowing	6,052	4,493	8,269
Total current liabilities	43,149	44,882	32,964
Net current assets	11,627	32,988	31,584
Total assets less current liabilities	23,778	35,574	33,824

FINANCIAL INFORMATION

	As at 31 December		As at 31 March
	2024	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Non-current liabilities			
Lease liabilities	775	4	–
Net assets	<u>23,003</u>	<u>35,570</u>	<u>33,824</u>
Capital and reserves			
Share capital	–*	–*	–*
Retained profits	<u>23,003</u>	<u>35,570</u>	<u>33,824</u>
Total equity	<u>23,003</u>	<u>35,570</u>	<u>33,824</u>

* Amount less than HK\$500

Intangible assets

During the Track Record Period, our intangible assets represented the capitalised consideration paid to the joint venture partners for the Three-runway Contract, resulting from the acquisition of our interests and entitlements relating to the Three-runway Contract. For details of the Three-runway Contract, please refer to the paragraph headed “Business – Our projects – The Three-runway Contract” in this document. As at 31 December 2024 and 2025 and as at 31 March 2026, the carrying amounts of our intangible assets were approximately HK\$2.9 million, HK\$1.1 million and HK\$0.8 million, respectively. This decrease was primarily attributable to the amortisation recognised during FY2025 and 3M2026.

During the Track Record Period, our amortisation expenses on intangible assets amounted to approximately HK\$4.3 million, HK\$1.8 million and HK\$0.3 million, respectively.

Plant and equipment

During the Track Record Period, our plant and equipment consisted of motor vehicles and a yacht. As at 31 December 2024 and 2025 and 31 March 2026, the carrying amounts of our plant and equipment were approximately HK\$3.1 million, HK\$0.2 million and HK\$0.5 million, respectively. The decrease as at 31 December 2025 was mainly due to the disposal of the yacht during FY2025. The subsequent increase as at 31 March 2026 was mainly attributable to the addition of patrol vehicle during 3M2026, partially offset by depreciation charged during the period.

Right-of-use assets

During the Track Record Period, our right-of-use assets consisted of the staff quarters for our imported labour. As at 31 December 2024 and 2025 and 31 March 2026, the carrying amounts of our right-of-use assets were approximately HK\$1.7 million, HK\$0.8 million and

FINANCIAL INFORMATION

HK\$0.6 million, respectively. The decrease was mainly attributable to depreciation charged during FY2025 and 3M2026.

Trade receivables

Trade receivables are amounts due from customers for our provision of security services in the ordinary course of business. Our trade receivables are generally due for settlement within 14–60 days of the invoice date and therefore are all classified as current. On a case-by-case basis, and after evaluating the business relationship and creditworthiness of our customers, we may extend the credit period upon their request. Our Group does not hold any collateral over these trade receivables.

The following table sets out the breakdown of our trade receivables as at the dates indicated:

	As at 31 December		As at
	2024	2025	31 March
	(HK\$'000)	(HK\$'000)	2026
			(HK\$'000)
Trade receivables	15,900	26,248	12,763
	<u>15,900</u>	<u>26,248</u>	<u>12,763</u>

As at 31 December 2024, our trade receivables amounted to approximately HK\$15.9 million. Such balance included an invoice in the amount of approximately HK\$9.1 million issued to the HKIA Operator. Pursuant to the interim payment certificate issued by the HKIA Operator dated 3 December 2024, the HKIA Operator was required to pay such amount by 24 December 2024. The payment was delayed due to the Christmas and New Year holidays from late December 2024 to early January 2025, during which longer processing time was expected. The full amount of approximately HK\$9.1 million was subsequently received by 3 January 2025.

Our trade receivables increased by approximately HK\$10.3 million, from approximately HK\$15.9 million as at 31 December 2024 to approximately HK\$26.2 million as at 31 December 2025. Such increase was mainly attributable to the increase in our business scale and revenue during FY2025, together with the timing of billing and settlement of certain invoices issued before year end.

Our trade receivables decreased by approximately HK\$13.5 million, from approximately HK\$26.2 million as at 31 December 2025 to approximately HK\$12.8 million as at 31 March 2026. Such decrease was mainly attributable to the subsequent settlement of outstanding trade receivables after 31 December 2025.

FINANCIAL INFORMATION

Ageing analysis and subsequent settlement

The following table sets out the ageing analysis of trade receivables, based on invoice date as at the dates indicated:

	As at 31 December		As at 31 March
	2024	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Less than 30 days	12,129	11,888	9,324
31–60 days	2,339	4,969	1,293
61–90 days	–	9,182	809
Over 90 days	1,432	209	1,337
	<u>15,900</u>	<u>26,248</u>	<u>12,763</u>

We have a policy for determining the allowance for impairment based on the evaluation of collectability and ageing analysis of trade receivables and on management’s judgement, including the change in credit quality, collateral value and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and diversified.

Trade receivables and contract assets are assessed for expected credit losses (“ECL”) individually. The provision of ECL is sensitive to changes in estimated loss rates, which are based on internal credit ratings, ageing, repayment history and/or past due status of the respective customers.

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade receivables, deposits and other receivable, amounts due from shareholders, loan to a related company, bank balances and contract assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For details, please refer to note 4 and note 29 in the Accountants’ Report in Appendix I to this document.

The table below presents a summary of the average trade receivables turnover days for the periods indicated:

	FY2024	FY2025	3M2026
Average trade receivables turnover days <i>(Note)</i>	23.7 days	41.0 days	55.0 days

Note: Average trade receivables turnover days are calculated by dividing the average balances of trade receivables by revenue for the year/period and multiplying the result by the number of days in the year (365 days) or period (90 days). The average balance of trade receivables is calculated as the sum of the opening and the closing balances for the relevant period, divided by two.

FINANCIAL INFORMATION

Our average trade receivables turnover days increased from approximately 23.7 days for FY2024 to approximately 41.0 days for FY2025, mainly due to the higher average balance of trade receivables during FY2025, which was attributable to the increase in our business scale and the timing of billing and settlement of certain sizeable invoices before year end.

Our average trade receivables turnover days further increased to approximately 55.0 days for 3M2026, mainly due to the relatively high opening balance of trade receivables as at 1 January 2026 and the lower revenue recorded during 3M2026. Notwithstanding the increase, our trade receivables decreased from approximately HK\$26.2 million as at 31 December 2025 to approximately HK\$12.8 million as at 31 March 2026, reflecting subsequent settlement of outstanding balances.

As at 30 June 2026, approximately HK\$11.8 million or 92.2% of our trade receivables as at 31 March 2026, were settled.

Contract assets

Contract assets represent uncertified revenue which the Group's right to receive consideration for security services rendered pending verification of attendance records by customers as at the end of the reporting period. Uncertified revenue is transferred to trade receivables when the Group obtains the certification issued by the customers and is to be settled within 14–60 days from the invoice date. For security guarding services, our revenue is generally supported by attendance records or service records of security personnel. For certain customers, such as the HKIA Operator, the attendance records and supporting documents are subject to the customer's review, confirmation and/or certification as part of the billing and payment process. For electronic security solutions projects, including CCTV installation works, the relevant customer will generally inspect and test the completed installation works and certify the works before billing is finalised.

As at 31 December 2024 and 2025 and 31 March 2026, our contract assets amounted to approximately HK\$23.2 million, HK\$11.5 million and HK\$6.8 million, respectively.

Our contract assets decreased from approximately HK\$23.2 million as at 31 December 2024 to approximately HK\$11.5 million as at 31 December 2025. Such decrease was mainly attributable to the timing of certification and billing by customers, as a larger portion of services rendered before year end had been certified and transferred to trade receivables as at 31 December 2025, as compared to 31 December 2024. The decrease was also attributable to the lower uncertified revenue from the Three-runway Contract as at 31 December 2025, following the decrease in its activity level during FY2025, partially offset by contract asset arising from CCTV Project during FY2025.

Our contract assets further decreased to approximately HK\$6.8 million as at 31 March 2026, mainly due to the lower revenue and service scale during 3M2026 and the continued certification and billing of services rendered before the period end.

FINANCIAL INFORMATION

The following table sets out our contract assets for the periods indicated:

	As at 31 December		As at
	2024	2025	31 March
	(HK\$'000)	(HK\$'000)	2026
			(HK\$'000)
Contract assets	23,158	11,455	6,765

As at 30 June 2026, approximately HK\$6.5 million or 96.6% of our contract assets as at 31 March 2026 had been subsequently billed, certified and/or transferred to trade receivables.

Prepayments, deposits and other receivables

The following table sets out the breakdown of prepayments, deposits and other receivables as at the dates indicated:

	As at 31 December		As at
	2024	2025	31 March
	(HK\$'000)	(HK\$'000)	2026
			(HK\$'000)
Current			
Other receivables	925	5,476	4,474
Deposits	545	674	522
Prepayments	83	7,706	9,894
Prepaid [REDACTED] expenses	–	–	[REDACTED]
Prepaid issue costs	–	–	56
Deferred issue costs	132	2,182	2,352
Non-current			
Prepayment	–	520	390
	1,685	16,558	17,857

During the Track Record Period, our prepayments, deposits and other receivables mainly comprised other receivables, deposits, prepayments and deferred issue costs. Other receivables mainly represented receivables arising from ancillary support provided to a third party for specified third-party system products, and other sundry receivables. Deposits mainly represented rental and utility deposits for staff quarters, project-related deposits and deposits paid in relation to our security operations. Prepayments mainly represented prepaid insurance premiums and prepaid third-party system licence and service renewal fees. Deferred issue costs represented professional fees and other costs incurred in connection with the [REDACTED] which were capitalised.

As at 31 December 2024 and 2025 and 31 March 2026, our prepayments, deposits and other receivables amounted to approximately HK\$1.7 million, HK\$16.6 million and HK\$17.9 million, respectively.

FINANCIAL INFORMATION

Our prepayments, deposits and other receivables increased from approximately HK\$1.7 million as at 31 December 2024 to approximately HK\$16.6 million as at 31 December 2025. Such increase was mainly attributable to (i) prepaid third-party licence and service renewal fees in relation to electronic security solutions projects; (ii) an increase in other receivables, mainly representing from providing ancillary support to a third party for specified third-party system products; (iii) an increase in deferred issue costs incurred in connection with the [REDACTED]; and (iv) an increase in prepaid insurance premiums.

Our prepayments, deposits and other receivables further increased to approximately HK\$17.9 million as at 31 March 2026. Such increase was mainly attributable to additional prepaid OEM licence and service renewal fees and deferred issue costs incurred during 3M2026, partially offset by the decrease in other receivables and deposits. As at 30 June 2026, approximately HK\$4.3 million or 24.4% of our prepayments, deposits and other receivables as at 31 March 2026 had been subsequently utilised.

Amounts due from shareholders

During the Track Record Period, our amounts due from shareholders primarily represented advances provided to our Controlling Shareholders, Mr. Fong and Well Smart, for non-trade nature purposes. As at 31 December 2024, 2025 and 31 March 2026, our balances of the amount due from shareholders were approximately HK\$11.8 million, HK\$12.8 million and HK\$10.8 million, respectively. The amount is unsecured, interest-free and have no fixed terms of repayment. Our amounts due from shareholders increased slightly from approximately HK\$11.8 million as at 31 December 2024 to approximately HK\$12.8 million as at 31 December 2025. Such increase was mainly due to further non-trade advances to our shareholders during FY2025, partially offset by settlements and dividends declared and set off against the outstanding balances. Our amounts due from shareholders decreased to approximately HK\$10.8 million as at 31 March 2026, mainly due to dividends declared and set off against the outstanding balances during 3M2026.

The outstanding amounts due from shareholders will be fully settled before the [REDACTED]. Our Directors confirm that our Group will not provide further non-trade advances to shareholders after [REDACTED] unless in compliance with the applicable GEM Listing Rules.

Loan to a related company

In FY2024, our loan to a related company represented a non-trade loan to Arrano Capital Limited, a company owned as to 50% by Mr. Fong and 50% by Ms. Lam. The loan was unsecured, interest-bearing at 1% below HKD prime rate per annum and repayable under an agreed repayment schedule. As at 31 December 2024, the outstanding balance of the loan was approximately HK\$6.1 million. The loan was fully settled during FY2025 by dividend set-off and there was no outstanding balance as at 31 December 2025.

Our Directors confirm that, after [REDACTED], our Group will not provide further non-trade loans or advances to related companies unless in compliance with the applicable GEM Listing Rules.

FINANCIAL INFORMATION

Trade payables, other payables, and accruals

During the Track Record Period, our trade payables, other payables and accruals primarily represented trade payables to our subcontractor and suppliers of materials and services, staff costs payable, other payables and accruals.

The following table sets out the breakdown of our trade payables, other payables and accruals as at the dates indicated:

	As at 31 December		As at 31 March
	2024	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Trade payables	20,515	21,144	6,642
Other payables	1,039	1,484	1,274
Accruals	1,684	5,595	3,507
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Accrued issue costs	132	722	783
Staff costs payable	8,431	7,954	7,106
	<u>32,198</u>	<u>39,066</u>	<u>21,661</u>

As at 31 December 2024 and 2025 and 31 March 2026, our trade payables, other payables and accruals amounted to approximately HK\$32.2 million, HK\$39.1 million and HK\$21.7 million, respectively.

Our trade payables, other payables and accruals increased by approximately HK\$6.9 million, from approximately HK\$32.2 million as at 31 December 2024 to approximately HK\$39.1 million as at 31 December 2025. Such increase was mainly attributable to the increase in accruals for professional fees and other accrued expenses, and the increase in staff costs payable. Our trade payables remained broadly stable as the settlement of historical amounts payable to Subcontractor A was offset by trade payables arising from the CCTV Contract and other project-related subcontracting services during FY2025.

Our trade payables, other payables and accruals decreased to approximately HK\$21.7 million as at 31 March 2026. Such decrease was mainly attributable to the settlement of outstanding trade payables and accruals after year end, including amounts payable to Subcontractor A and other project-related suppliers and subcontractors.

A substantial portion of our trade payables aged over 90 days as at 31 December 2024 and 2025 related to historical amounts payable to Subcontractor A under the service agreement in respect of the Three-runway Contract and another security services project at the Three-runway Project site. As at 30 April 2025, being the date of the settlement deeds entered into between our Group and Subcontractor A, the aggregate outstanding amount payable to Subcontractor A was approximately HK\$15.0 million. Such amount represented subcontracting service fees incurred in the ordinary course of our operations under the Three-runway Contract and another security

FINANCIAL INFORMATION

services project at the Three-runaway Project Site and was not subject to any dispute, set-off, waiver or compromise.

The outstanding amount arose primarily because our Group retained working capital to support its ongoing operations and new projects during its growth stage. In connection with the novation arrangement relating to the Three-runway Contract completed on 30 April 2025 and to formalise the repayment timetable for the historical outstanding amount, our Group and Subcontractor A entered into the settlement deeds on 30 April 2025. Pursuant to the settlement deeds, the outstanding amount was payable by instalments according to the payment schedule set out therein. As at the Latest Practicable Date, the outstanding amount under the settlement deeds had been fully settled.

As at 31 March 2026, the trade payables due to Subcontractor A amounted to approximately HK\$4.4 million. As at 30 June 2026, approximately HK\$3.5 million or 80.0% of such balance had been subsequently settled.

Ageing analysis and subsequent settlement

The following tables set out the ageing analysis of our trade payables based on invoice dates as at the dates indicated and our average trade payables turnover days for the periods indicated:

	As at 31 December		As at
	2024	2025	31 March
	(HK\$'000)	(HK\$'000)	2026
			(HK\$'000)
Less than 30 days	1,597	1,976	303
31–60 days	1,137	2,975	315
61–90 days	53	293	346
Over 90 days	17,728	15,900	5,678
	<u>20,515</u>	<u>21,144</u>	<u>6,642</u>
	FY2024	FY2025	3M2026
Average trade payables turnover days ^(Note)	407.7 days	256.8 days	625.2 days

Note: Average trade payables turnover days are calculated by dividing the average balances of trade payables by the cost of services exclude direct labour costs, amortisation of contract costs and depreciation for the year/period and multiplying the result by the number of days in the year (365 days) or period (90 days). The average balance of trade payables is calculated as the sum of the opening and the closing balances for the relevant period, divided by two.

Our average trade payables turnover days decreased from approximately 407.7 days for FY2024 to approximately 256.8 days for FY2025. The relatively high turnover days for FY2024 were primarily attributable to the historical outstanding amounts payable to Subcontractor A under the service agreement in respect of the Three-runway Contract. The decrease in FY2025

FINANCIAL INFORMATION

was mainly attributable to the increase in our adjusted cost base as a result of our enlarged project portfolio and the partial settlement of historical trade payables during FY2025.

Our average trade payables turnover days further increased to approximately 625.2 days for 3M2026. Such increase was mainly due to the relatively high opening balance of trade payables as at 1 January 2026 and the lower adjusted cost base during 3M2026. Notwithstanding the increase in average trade payables turnover days, our trade payables decreased from approximately HK\$21.1 million as at 31 December 2025 to approximately HK\$6.6 million as at 31 March 2026, mainly due to the settlement of outstanding trade payables after year end, including amounts payable to Subcontractor A and other project-related suppliers and subcontractors.

As at 30 June 2026, all of our trade payables as at 31 March 2026, were settled.

Income tax payable

During the Track Record Period, our income tax payable primarily represented income tax liabilities accrued based on our taxable profits for the relevant periods. As at 31 December 2024 and 2025 and 31 March 2026, our balances of income tax payable were approximately HK\$4.0 million, HK\$2.5 million and HK\$2.2 million, respectively. The balance decreased during the Track Record Period was primarily due to payment of tax.

INDEBTEDNESS

The following table sets out the breakdown of our indebtedness as at the dates indicated:

	As at 31 December		As at 31 March	As at 31 May
	2024	2025	2026	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
				(unaudited)
Current				
Bank borrowings	6,052	4,493	8,269	7,174
Lease liabilities	881	813	582	423
Non-current				
Lease liabilities	775	4	–	–
	<u>7,708</u>	<u>5,310</u>	<u>8,851</u>	<u>7,597</u>

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants. Except as disclosed herein, we did not have any other banking facilities (utilised or unutilised), outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar

FINANCIAL INFORMATION

indebtedness, debentures, mortgages, charges, loans, or acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

Our Directors confirm that there has been no material change in the Group’s indebtedness since the Latest Practicable Date up to the date of this document.

Bank borrowings

The following table sets out our bank borrowing as at the dates indicated:

	As at 31 December		As at 31 March 2026	As at 31 May 2026
	2024	2025		
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
				(unaudited)
The carrying amounts of borrowings that contains a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	1,558	1,629	5,823	5,008
Within a period of more than one year but not exceeding two years	1,626	1,695	1,712	1,724
Within a period of more than two years but not exceeding five years	2,868	1,169	734	442
	<u>6,052</u>	<u>4,493</u>	<u>8,269</u>	<u>7,174</u>

During the Track Record Period, our bank borrowings and banking facilities were supported by personal guarantees, corporate guarantees, cash deposit security and/or guarantee under the SME Financing Guarantee Scheme. For further details of our bank borrowings during the Track Record Period, please refer to note 26 to the Accountants’ Report in Appendix I to this document.

As at 31 May 2026, our Group had total banking facilities of up to HK\$19.0 million, comprising (i) a term loan facility of up to HK\$8.0 million under the SME Financing Guarantee Scheme for general working capital and business operation purposes; (ii) tax loan facilities of up to HK\$5.0 million in aggregate for tax payment purposes; and (iii) a letter of guarantee facility of up to HK\$6.0 million, including the HK\$5.0 million security bond issued in respect of the Three-runway Contract.

FINANCIAL INFORMATION

The term loan facility was interest-bearing at Prime Rate minus 1% per annum and was guaranteed by HKMC Insurance Limited and personal guarantees provided by Mr. Fong and Ms. Lam. The tax loan facilities were supported by personal guarantees provided by Mr. Fong, Mr. Wong and Ms. Lam and corporate guarantees provided by members of our Group. The letter of guarantee facility was supported by cash deposit security, personal guarantees and corporate guarantee provided by members of our Group, and did not represent a cash borrowing unless the guarantee was called upon.

Our Directors confirm that the relevant bank borrowings will be fully repaid before [REDACTED] and the relevant personal guarantees will be released accordingly before [REDACTED]. During the Track Record Period and up to the Latest Practicable Date, our Group had not defaulted in the repayment of principal or interest of its bank borrowings and had not breached any material covenants under its banking facilities.

Lease liabilities

Our current and non-current lease liabilities represent the present value of lease payments that have not yet been paid under our lease agreements, which amounted to approximately HK\$1.7 million, approximately HK\$0.8 million, approximately HK\$0.6 million and approximately HK\$0.4 million as at 31 December 2024, 31 December 2025, 31 March 2026 and 31 May 2026, respectively.

Contingent liabilities or guarantees

As at 31 March 2026 and 31 May 2026, performance guarantees of HK\$5,000,000 were given by a bank in favour of a customer of the Group as security for the due performance and observance of the Group’s obligations under the contracts entered into between the Group and its customer.

Except as disclosed in the document, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, debentures, mortgages, charges, other recognised lease liabilities, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities as of the Latest Practicable Date.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations mainly through a combination of equity capital, bank borrowing and cash generated from our operations. Our primary liquidity requirements are to finance our working capital needs and support the growth of our operations. Going forward, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the [REDACTED] from the [REDACTED] to finance some of our capital requirements.

FINANCIAL INFORMATION

The following table summarises our selected combined cash flow items for the periods indicated:

	FY2024 <i>HK\$'000</i>	FY2025 <i>HK\$'000</i>	3M2025 <i>HK\$'000</i> (unaudited)	3M2026 <i>HK\$'000</i>
Operating cash flows before working capital changes	27,719	30,940	8,484	5,597
Changes in working capital	(17,016)	(5,190)	7,881	(121)
Income tax paid	(6,280)	(6,747)	(711)	(1,052)
Net cash generated from operating activities	4,423	19,003	15,654	4,424
Net cash used in investing activities	(12,226)	(2,058)	(1,891)	(5,298)
Net cash used in financing activities	(1,940)	(4,212)	(1,417)	(732)
Net (decrease) increase in cash and cash equivalents	(9,743)	12,733	12,346	(1,606)
Cash and cash equivalents at beginning of the year/period	10,381	638	638	13,371
Cash and cash equivalents at end of the year/period	638	13,371	12,984	11,765

Cash flows generated from operating activities

During the Track Record Period, our cash inflows from operating activities were primarily derived from revenue generated from the provision of security guarding services and electronic security solution in Hong Kong, whereas our cash outflows for operating activities mainly consisted of direct labour costs, subcontracting fees, equipment purchase costs and other working capital requirements.

Our net cash generated from operating activities reflected our (a) profit before income tax, adjusted for certain non-cash or non-operating activities related items, such as amortisation of intangible assets, depreciation of plant and equipment, bank interest income and finance costs, and (b) changes in working capital, including movements in trade receivables, prepayments, deposits and other receivables, trade payables, other payables and accruals.

For FY2024, our net cash generated from operating activities was approximately HK\$4.4 million. This was primarily attributable to: (a) a profit before tax of approximately HK\$21.9 million, adjusted for certain non-cash and non-operating items, including (i) amortisation of

FINANCIAL INFORMATION

intangible assets of approximately HK\$4.3 million, (ii) depreciation of plant and equipment of approximately HK\$0.4 million, (iii) finance costs of approximately HK\$0.3 million, (iv) loan interest income of approximately HK\$0.3 million, and (v) impairment losses of approximately HK\$1.0 million; (b) changes in working capital, which included (i) an increase in trade receivables of approximately HK\$13.8 million given the delayed payment by a customer which has subsequently been duly paid, (ii) an increase in contract assets of approximately HK\$5.2 million, (iii) an increase in prepayments, deposits and other receivables of approximately HK\$1.1 million, and (iv) an increase in trade payables and accruals of approximately HK\$3.1 million attributable to accrued [REDACTED] expenses and auditors’ remuneration; and (c) income tax paid of approximately HK\$6.3 million.

Our Group continued to obtain new projects through ordinary commercial channels (i.e. open tender and quotation). In particular, our Group’s tender success rate (calculated based on the number of tenders) improved from approximately 12.5% in FY2024 to approximately 55.6% in FY2025 and further to 60.0% in 3M2026. Our Group’s backlog also increased to 28 projects as at the Latest Practicable Date, with expected revenue to be recognised of approximately HK\$220 million.

For FY2025, our net cash generated from operating activities was approximately HK\$19.0 million. This was primarily attributable to: (a) a profit before tax of approximately HK\$27.8 million, adjusted for certain non-cash and non-operating items, including (i) amortisation of intangible assets of approximately HK\$1.8 million, (ii) depreciation of right-of-use of assets of approximately HK\$0.9 million; and (iii) finance costs of approximately HK\$0.3 million; (b) changes in working capital, which included (i) an increase in prepayments, deposits and other receivables of approximately HK\$12.7 million, (ii) a decrease in contract assets of approximately HK\$11.7 million, (iii) an increase in trade receivables of approximately HK\$10.3 million, and (iv) an increase in trade payables and accruals of approximately HK\$6.1 million; and (c) income tax paid of approximately HK\$6.7 million.

For 3M2026, our net cash generated from operating activities was approximately HK\$4.4 million. This was primarily attributable to: (a) a profit before tax of approximately HK\$5.0 million, adjusted for certain non-cash and non-operating items, including (i) amortisation of intangible assets of approximately HK\$0.3 million; and (ii) depreciation of right-of-use assets of approximately HK\$0.2 million; (b) changes in working capital, which included (i) an increase in prepayments, deposits and other receivables of approximately HK\$1.1 million, (ii) a decrease in contract assets of approximately HK\$4.7 million, (iii) a decrease in trade receivables of approximately HK\$13.5 million, and (iv) a decrease in trade payables and accruals of approximately HK\$17.5 million; and (c) income tax paid of approximately HK\$1.1 million.

Cash flows used in investing activities

For FY2024, we had net cash used in investing activities of approximately HK\$12.2 million, which was mainly the combined effect of the following: (i) purchases of plant and equipment of approximately HK\$3.3 million; (ii) loans advanced to a related company of approximately HK\$8.9 million; (iii) repayment received from a related company of approximately HK\$9.9 million; (iv) advances to shareholders of approximately HK\$23.5 million; and (v) repayment received from shareholders of approximately HK\$13.1 million.

FINANCIAL INFORMATION

During the preparations for the [REDACTED], the Group reviewed and further formalised its treasury and working capital management framework. Certain cash outflows during FY2024, including (i) purchases of plant and equipment; (ii) loans advanced to a related company; and (iii) advances to shareholders, were made under such historical treasury practice. During the Track Record Period, these non-core capital expenditure, shareholder advances and related party funding arrangements have ceased: (a) the yacht purchased at the amount of approximately HK\$3.3 million for the potential business development and networking purposes as well as internal team building and occasional rental to related parties to improve asset utilisation when the yacht was not required for business development was disposed of at the same cost in FY2025; (b) the amounts due from shareholders of approximately HK\$10.8 million as at 31 March 2026 represented historical advances under our Group’s previous treasury practice and will be fully settled before [REDACTED]; and (c) the loan to a related company of approximately HK\$6.1 million as at 31 December 2024 was fully repaid by dividend offset in FY2025.

For FY2025, we had net cash used in investing activities of approximately HK\$2.1 million, which was mainly the combined effect of: advances to shareholders of HK\$3.1 million and repayment from shareholders of approximately HK\$0.9 million.

For 3M2026, we had net cash used in investing activities of approximately HK\$5.3 million, primarily attributable to purchases of plant and equipment of approximately HK\$0.3 million and placement of pledged bank deposit of HK\$5.0 million.

Cash flows used in financing activities

For FY2024, we had net cash used in financing activities of approximately HK\$1.9 million, which was mainly the combined effect of the following: (i) repayment of bank borrowings of approximately HK\$1.5 million; (ii) repayment of principal of lease liabilities of approximately HK\$0.1 million; and (iii) payment of interest of bank borrowings of approximately HK\$0.3 million.

For FY2025, we had net cash used in financing activities of approximately HK\$4.2 million, which was mainly the combined effect of the following: (i) repayment of bank borrowings of approximately HK\$1.6 million; (ii) repayment of principal of lease liabilities of approximately HK\$0.9 million; (iii) payment of interest of bank borrowings of approximately HK\$0.2 million; and (iv) payment of issuance cost HK\$1.5 million.

For 3M2026, we had net cash used in financing activities of approximately HK\$0.7 million, which was mainly due to repayment of bank borrowings, dividend paid and payment of issuance cost, partially offset by a new bank borrowing.

FINANCIAL INFORMATION

NET CURRENT ASSETS

The following table sets out our current assets, current liabilities and net current assets as at the dates indicated:

	As at 31 December		As at 31 March	As at 31 May
	2024	2025	2026	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
				(unaudited)
Current assets				
Trade receivables	15,900	26,248	12,763	14,761
Contract assets	23,158	11,455	6,765	7,524
Prepayments, deposits and other receivables	1,685	16,038	17,467	18,278
Amounts due from shareholders	11,790	12,758	10,788	9,208
Loan to a related company	1,605	–	–	–
Pledged bank deposit	–	–	5,000	5,000
Bank balances and cash	638	13,371	11,765	7,927
Total current assets	<u>54,776</u>	<u>79,870</u>	<u>64,548</u>	<u>62,698</u>
Current liabilities				
Trade payables, other payables and accruals	32,198	39,066	21,661	18,490
Contract liabilities	–	–	243	–
Lease liabilities	881	813	582	422
Income tax payable	4,018	2,510	2,209	2,534
Bank borrowings	6,052	4,493	8,269	7,172
Total current liabilities	<u>43,149</u>	<u>46,882</u>	<u>32,964</u>	<u>28,618</u>
Net current assets	<u>11,627</u>	<u>32,988</u>	<u>31,584</u>	<u>34,080</u>

Our net current assets represent the difference between our total current assets and total current liabilities. Based on our unaudited consolidated financial information as of 31 May 2026, our net current assets increased to HK\$34.1 million, representing an increase of HK\$2.5 million or 7.9% from the amount of HK\$31.6 million as of 31 March 2026. Such increase was primarily due to increase in trade receivables, prepayments, deposits and other receivables, decrease in trade payables, other payables and accruals.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into consideration our internal resources, cash generated from our operations, banking facility available to our Group as well as our existing cash and cash equivalents and the estimated net [REDACTED] from the [REDACTED], our Group has sufficient working capital for our present requirements for at least 12 months from the date of this document.

WORKING CAPITAL MANAGEMENT

Our Group’s working capital management policies and cash control procedures include: (i) rolling cash flow forecast and regular monitoring of cash balance, receivables and payables; (ii) assessment of contract size, payment cycle, manpower requirement, upfront costs and expected margin before tendering for or accepting new projects; (iii) approval controls over capital expenditure, donations, related party balances and fund transfers; and (iv) prohibition of advances or loans to shareholders, directors or related parties unless properly approved and compliant with applicable requirements.

Our internal control consultant has performed follow-up review on our Group’s enhanced internal control measures, including treasury management, approval authority, donations, related party balances and cash management and did not identify any unresolved material internal control deficiency in this regard.

Our Directors consider that our Group’s working capital is sufficient to support its ordinary business operations and the new/planned projects without relying on the [REDACTED] from the [REDACTED], having considered the following:

- (a) our Group’s cash and bank balances improved from approximately HK\$0.6 million as at 31 December 2024 to approximately HK\$13.4 million as at 31 December 2025 and HK\$11.8 million as at the 31 March 2026;
- (b) our Group has obtained external banking facilities, including a HK\$8.0 million working capital term loan, a HK\$5.0 million tax loan facilities and HK\$6.0 million letter of guarantee facility for performance guarantee purposes, including the HK\$5.0 million security bond in respect of the Three-runway Contract;
- (c) during the Track Record Period, our Group has been awarded new projects and the number of backlog projects has increased; and
- (d) our Group has enhanced its project assessment and working capital controls before tendering for or accepting new projects, including assessment of expected margin, payment terms, manpower requirements, upfront costs, performance guarantee needs and cash flow impact.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures for the purchases of plant and equipment, amounting to approximately HK\$3.3 million, HK\$0.2 million and HK\$0.3 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

CAPITAL COMMITMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material capital commitments.

RELATED PARTY TRANSACTIONS AND BALANCES

1. Related party transactions

During the Track Record Period, our related party transactions mainly comprised loan interest income, service income and expenses, and yacht charter income.

(i) Loan interest income from Arrano Capital Limited

In FY2024 and FY2025, we recognised loan interest income of approximately HK\$0.3 million and HK\$0.1 million, respectively, from Arrano Capital Limited, a company owned as to 50% by Mr. Fong and 50% by Ms. Lam. Such income arose from a historical non-trade loan advanced to Arrano Capital Limited. The loan was fully settled by dividend offset during FY2025 and there was no outstanding balance as at 31 December 2025 and 31 March 2026. Our Directors confirm that, the Group will not provide further non-trade loans or advances to related companies unless in compliance with the applicable GEM Listing Rules.

(ii) Service income and expenses with related parties

In FY2024, we recorded management fee income of approximately HK\$0.2 million from Perfect Nations Limited and security service revenue of approximately HK\$27,000 from Great Hint Limited. During the same year, we incurred expenses of approximately HK\$1.3 million in aggregate to Perfect Nations Limited and Great Hint Limited, mainly comprising shuttle bus service expenses, consultancy service expenses and costs of operations equipment. These transactions were entered into in the ordinary course of business or for business support purposes, and the relevant amounts were not material to our Group’s revenue or expenses. Such transactions had ceased and there were no such transactions in FY2025 and 3M2026.

(iii) Yacht charter income from related parties

In FY2024, we generated yacht charter income of approximately HK\$13,000 from Mr. Wong, approximately HK\$27,000 from Great Hint Limited and approximately HK\$17,000 from

FINANCIAL INFORMATION

Globalpass International Holdings Limited, representing an aggregate amount of approximately HK\$57,000. The yacht was originally acquired with an expectation that it may be used for business development and networking purposes. During the Track Record Period, its actual use for such purposes was relatively limited. When the yacht was not required for business development, the Group used it for internal team building and occasional rental to related parties to improve asset utilisation. The yacht was disposed of during FY2025.

2. Balances with related parties

During the Track Record Period, our balances with related parties mainly comprised (i) other receivables from and trade payables to related parties arising from the related party transactions disclosed above; (ii) amounts due from shareholders; (iii) loan to a related company; and (iv) amount due from a joint operator.

As at 31 December 2024, we had other receivables from related parties of approximately HK\$132,000, comprising approximately HK\$75,000 due from Perfect Nations Limited, approximately HK\$13,000 due from Mr. Wong, approximately HK\$27,000 due from Great Hint Limited and approximately HK\$17,000 due from Globalpass International Holdings Limited. As at 31 December 2024, we also had trade payables to related parties of approximately HK\$396,000, comprising approximately HK\$240,000 due to Perfect Nations Limited and approximately HK\$156,000 due to Great Hint Limited. All such balances had been fully settled during FY2025, and there were no outstanding balances with such related parties as at 31 December 2025 and 31 March 2026. For details, please refer to note 31(b) to the accountants’ report in this document.

Our amounts due from shareholders were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 March 2026, our amounts due from shareholders amounted to approximately HK\$10.8 million, comprising approximately HK\$6.0 million due from Well Smart and approximately HK\$4.8 million due from Mr. Fong. Such balances will be fully settled before [REDACTED]. For details, please refer to note 21 to the accountants’ report in this document.

Our loan to a related company represented a non-trade loan to Arrano Capital Limited, a company owned as to 50% by Mr. Fong and 50% by Ms. Lam. Such loan was unsecured, interest-bearing and repayable in accordance with the agreed repayment terms. The loan had been fully settled as at 31 December 2025. For details, please refer to note 22 to the accountants’ report in this document.

Our amount due from a joint operator was non-trade in nature. As at 31 December 2024, the balance of amount due from a joint operator was nil. For details, please refer to note 20 to the accountants’ report in this document.

3. Guarantees and financial assistance provided to our Group

During the Track Record Period, certain of our bank borrowings and banking facilities were supported by personal guarantees provided by Mr. Fong, Ms. Lam and/or Mr. Wong, corporate guarantees provided by members of our Group. Such banking facilities included a term loan facility of up to HK\$8.0 million, tax loan facilities of up to HK\$5.0 million in aggregate, and a letter of guarantee facility of up to HK\$6.0 million for performance guarantee purposes,

FINANCIAL INFORMATION

including the issuance of the HK\$5.0 million security bond in respect of the Three-runway Contract. The relevant bank borrowings will be fully repaid before [REDACTED] and the relevant personal guarantees will be released accordingly before [REDACTED].

Separately, Mr. Fong and Mr. Wong provided personal guarantee and indemnity in connection with the Entitlement Deed and the Parent Company Guarantee relating to the Three-runway Contract. Such arrangements related to historical arrangements in respect of the Three-runway Contract prior to the novation completed on 30 April 2025, had not been enforced during the Track Record Period and up to the Latest Practicable Date, and are not required for the Group’s ongoing performance under the Three-runway Contract following the novation.

KEY FINANCIAL RATIOS

The following tables set out our key financial ratios for the periods and as at the dates indicated:

		Year ended 31 December		Three months ended 31 March	
	Notes	2024	2025	2025	2026
				(unaudited)	
Gross profit margin (%)	(1)	26.4	25.7	25.4	25.1
Net profit margin (%)	(2)	12.6	12.0	11.9	13.3
Return on equity (%)	(3)	75.7	63.4	N/A	N/A
Return on assets (%)	(4)	26.0	27.4	N/A	N/A
Interest coverage (times)	(5)	83.0	111.7	107.4	71.8

		As at 31 December		As at 31 March
	Notes	2024	2025	2026
Current ratio (times)	(6)	1.3	1.7	2.0
Quick ratio (times)	(7)	1.3	1.7	2.0
Gearing ratio (%)	(8)	26.3	12.6	24.4

Notes:

- (1) Gross profit margin is calculated by dividing gross profit of the relevant year/period by revenue for the relevant year/period and multiplying by 100%. For further details, please refer to paragraph headed “Description of selected items from the combined statements of profit or loss and other comprehensive income” above in this section.
- (2) Net profit margin is calculated by dividing profit for the relevant year/period by revenue for the relevant year/period and multiplying by 100%. For further details, please refer to paragraph headed “Description of selected items from the combined statements of profit or loss and other comprehensive income” above in this section.

FINANCIAL INFORMATION

- (3) Return on equity is calculated by dividing profit attributable to owners of the Company for the relevant year/period by total equity attributable to owners of the Company as at the end of the relevant year/period and multiplying by 100%. During the three months ended 31 March 2025 and 2026, the calculation of such return is not applicable since the calculation is on a full-year basis.
- (4) Return on total assets is calculated by dividing profit for the relevant year/period by total assets as at the end of the relevant year/period and multiplying by 100%. During the three months ended 31 March 2025 and 2026, the calculation of such return is not applicable since the calculation is on a full-year basis.
- (5) Interest coverage equals profit before interest, tax, depreciation, amortisation, and impairment losses under expected credit loss (“ECL”) model divided by interest expenses for the relevant year/period.
- (6) Current ratio is calculated by dividing total current assets by total current liabilities as at the dates indicated.
- (7) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the dates indicated.
- (8) Gearing ratio is calculated by dividing total bank borrowings by total equity as at the dates indicated and multiplying by 100%.

Current ratio and quick ratio

Our current ratio increased from approximately 1.3 times as at 31 December 2024 to approximately 1.7 times as at 31 December 2025, mainly due to the increase in cash and cash equivalents and trade receivables as at 31 December 2025. Our current ratio further increased to approximately 2.0 times as at 31 March 2026, mainly due to the settlement of trade payables, other payables and accruals after year end, partially offset by decrease in trade receivables. As our Group did not have any inventories during the Track Record Period, our quick ratio was the same as our current ratio.

Return on equity

Our return on equity decreased from approximately 75.7% for FY2024 to approximately 63.4% for FY2025, mainly because the increase in our total equity attributable to owners of the Company outweighed the increase in profit attributable to owners of the Company during FY2025.

Return on total assets

Our return on total assets increased from approximately 26.0% for FY2024 to approximately 27.4% for FY2025, mainly because the increase in profit for the year outpaced the increase in total assets as our business expanded.

Interest coverage

Our interest coverage increased from approximately 83.0 times for FY2024 to approximately 111.7 times for FY2025, mainly due to the increase in profit before taxation and the decrease in finance costs during FY2025. Our interest coverage decreased from approximately 107.4 times for 3M2025 to approximately 71.8 times for 3M2026, mainly due to the decrease in profit before taxation during 3M2026.

FINANCIAL INFORMATION

Gearing ratio

Our gearing ratio decreased from approximately 26.3% as at 31 December 2024 to approximately 12.6% as at 31 December 2025, mainly due to the decrease in bank borrowings and the increase in total equity. Our gearing ratio increased to approximately 24.4% as at 31 March 2026, mainly due to the drawdown of new bank borrowings during 3M2026, partially offset by the increase in total equity.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As at the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. Please refer to note 29 to the Accountants’ Report in Appendix I to this document for more information.

DIVIDENDS

During the Track Record Period, Arrano Group declared dividends of HK\$15.0 million, HK\$10.0 million and HK\$6.0 million in respect of the years ended 31 December 2023, 2024 and 2025, respectively. As at the Latest Practicable Date, all dividends declared had been fully settled. We have established a dividend policy that considers various factors, including our actual and expected financial performance, retained earnings, distributable reserves, general economic conditions and the business cycle of our core business. No dividend has been declared or paid by the Company subsequent to 31 March 2026 and up to the Latest Practicable Date, and our Directors currently have no intention to declare or pay any dividend prior to the [REDACTED]. Accordingly, no adjustment has been made to the adjusted pro forma net tangible assets of our Group in this respect. Our Directors will continue to review the dividend policy and reserve the right in their sole and absolute discretion to update, modify or cancel the policy at any time. It is important to note that our historical dividend distribution record should not be used as a reference or basis for determining the level of dividends that may be declared or paid in the future.

We do not have any fixed or pre-determined dividend payout ratio. The recommendation and payment of dividends are subject to the absolute discretion of our Board, and any declaration of final dividends for a financial year will also be subject to the approval of our Shareholders. Any declaration, payment and the amount of the dividends will be subject to our constitutional documents and the Companies Act.

Any distributable profits not distributed in a given year will be retained and made available for distribution in subsequent years. However, to the extent that profits are distributed as dividends, those profits will no longer be available for reinvestment in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company has no reserve available for distribution to the Shareholders as of 31 March 2026.

FINANCIAL INFORMATION

[REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and that the [REDACTED] is not exercised, the total estimated [REDACTED] expenses in relation to the [REDACTED] (including [REDACTED] commission), which are payable by us are estimated to be approximately HK\$[REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. Of such amount, approximately HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] were charged to profit or loss for FY2024, FY2025 and 3M2026, respectively, approximately HK\$[REDACTED] is expected to be charged to profit or loss for FY2026, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon [REDACTED].

Our estimated [REDACTED] expenses mainly comprise (i) [REDACTED]-related expenses of approximately HK\$[REDACTED]; and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of the Sole Sponsor, legal advisers and accountants of approximately HK\$[REDACTED]; and (b) other fees and expenses of approximately HK\$[REDACTED].

Our Directors would like to emphasise that the amount of the [REDACTED] expenses stated above is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2026 is subject to adjustment based on audit and possible changes in variables and assumptions.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF OUR GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

For details, please refer to Appendix II to this document.

MATERIAL ADVERSE CHANGE

For details of the impact of recent developments on our business, operations and financial position, please refer to the paragraph headed “Summary – Recent developments and no material adverse change” in this document.

Save as disclosed in the paragraph headed “[REDACTED] expenses” above in this section, our Directors confirm that, up to the date of this document, there has been no material adverse change to our financial, operational and/or trading position since 31 March 2026, being the date to which our most recent audited combined financial statements were prepared, and there has been no event since 31 March 2026 and up to the date of this document that would materially affect the information shown in our audited combined financial information included in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to any disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

The principal business objectives of our Group are to further strengthen our market position, increase our market share and capitalise on the growth opportunities in the security services and integrated security service solution industries in Hong Kong. Please refer to the paragraph headed “Business – Business strategies and future plans” in this document for a detailed description of our business strategies.

REASONS FOR THE [REDACTED]

To achieve our business objectives, we intend to expand the scale of our operations by actively pursuing additional and/or sizeable security projects from both existing and potential new customers, in addition to maintaining our current scale of operations and the projects we currently have on hand. Our Directors believe that the [REDACTED] will be beneficial to our Group and our Shareholders as a whole for the following reasons:

Growing demand for security services in the market

According to the Frost & Sullivan Report, the security services market in Hong Kong remains heavily dominated by Type I licence work, which accounted for approximately 81.9% of the total market size in 2025. From 2021 to 2025, the market size for Type I services increased from HK\$24.6 billion to HK\$28.5 billion, registering a steady CAGR of 3.7%. The growth reflects the market’s successful transition from pandemic-era disruptions into a phase of economic normalization, which stabilized and renewed the demand for manned guarding services across the retail, hospitality, and commercial sectors. In comparison, Type III license services experienced even stronger growth during the same historical period, recording a CAGR of 5.6%. This outperformance was primarily driven by the increasing adoption of advanced security technologies, such as CCTV, access control systems, and integrated security solutions, as businesses continuously sought more efficient and scalable technological enhancements. Importantly, the accelerated adoption of Type III technologies does not cannibalize or replace the demand for Type I manned guarding, with Type I expected to grow at a steady CAGR of 5.5% during the forecast period. Rather than acting as a substitute, electronic solutions are increasingly integrated with physical personnel to create comprehensive, dual-layered security ecosystems. While Type III systems provide advanced monitoring and early threat detection, the indispensable need for on-site human judgment, immediate physical intervention, and customer-facing interactions ensures that Type I services remain a fundamental and irreplaceable baseline requirement. Further, the Frost & Sullivan Report highlights several major infrastructure projects, including the Northern Metropolis, the San Tin Technopole, and the Hung Shui Kiu/Ha Tsuen New Development Area, which are expected to create additional business opportunities for our Group.

With our reputation and track record in both Type I and Type III services, our Directors believe we are well-positioned to capitalise on new opportunities driven by the Hong Kong Government’s planned public investments and the growing demand for security services in Hong Kong.

FUTURE PLANS AND USE OF [REDACTED]

Funding needs for implementing our business strategies

Our Directors believe that relying solely on working capital recycling is insufficient to support our business plans, and therefore, additional external funding is necessary for the following reasons:

- (a) The substantial time gap between project commencement and the receipt of customer payments requires us to allocate significant upfront capital to sustain operations and manage cash flow effectively.
- (b) It is financially prudent to reserve our existing working capital for current operations, but additional funding through the [REDACTED] is necessary to support future business expansion.
- (c) During the Track Record Period, we experienced growth in securing new projects, as evidenced by the increase in the number of our backlog project from 11 as at 31 December 2024 to 21 as at 31 December 2025 and further to 27 as at 31 March 2026. As at Latest Practicable Date, our Group had 28 projects in our backlog with revenue of approximately HK\$220 million expected to be recognised after the Latest Practicable Date. Our largest project, the Three-runway Contract, had an original contract sum of approximately HK\$295.5 million. For details of our projects, please refer to the paragraph headed “Business – Our projects” in this document. Despite our proven ability to capitalise on business opportunities and secure sizeable projects, our Directors believe that our lack of sufficient capital has compelled us to adopt a more conservative approach to tendering for new projects. This conservative stance limits our ability to take on additional or larger-scale projects, thereby constraining our growth potential. Therefore, external funding is essential to provide the financial buffer needed to support our continued growth and seize market opportunities.
- (d) Our future growth would be constrained if we solely rely on working capital recycling without access to additional capital. We believe that the resources available to us at the relevant time may affect the competitiveness of our tender proposals. We recorded a tender success rate of approximately 12.5%, 55.6% and 60.0%, respectively, during the Track Record Period. By solely relying on working capital recycling, our Group is limiting its ability to grow, despite our demonstrated capacity to seize business opportunities in the market.
- (e) Although we have considered our Group’s general level of funds, estimated the amount of financing required for projects before tendering and, where necessary, made other necessary arrangements to ensure adequate funding, our estimations on the required financing remain subject to uncertainty and may still be insufficient in certain circumstances, such as the provision of performance bonds. Some customers may require us to provide performance bonds as a security measure to guarantee our due performance under the relevant contracts. These performance bonds typically do not exceed 5% of the contract sum, and according to the Frost & Sullivan Report, is consistent with industry practices.

FUTURE PLANS AND USE OF [REDACTED]

Other benefits of the [REDACTED]

Other than the net [REDACTED] from the [REDACTED], which will strengthen our capital base and provide funding to achieve our business growth and future plans, our Directors also believe that the [REDACTED] will allow us to:

- (a) enlarge and diversify the Group’s shareholder base – our Directors believe that the [REDACTED] will allow the public and our Shareholders to better assess the value of our Company, which in turn is expected to enhance the liquidity of our Shares after they become freely tradeable on the Stock Exchange, compared to the limited liquidity of the shares privately held before the [REDACTED]. The real value of our Group could also be better reflected through a market-driven mechanism after the [REDACTED]. Moreover, our Directors believe that the [REDACTED] represents a natural evolution of our business structure, facilitating our Group’s transition from self-owned to more widely-held company, while attracting more talents to join as management team. Accordingly, our Directors consider that the [REDACTED] will enlarge and diversify our Shareholder’s base and potentially lead to a more liquid market for the trading of our Shares. The [REDACTED] platform on the Stock Exchange would enhance transparency in our internal control, financial disclosure, corporate governance practices and regulatory oversight. This will enable us to pursue more focused development, sustainable growth and strategic planning reducing over-reliance on our Controlling Shareholders. As such, our Directors believe that the [REDACTED] could enhance our long-term continuity;
- (b) generate employee incentive and commitment – employing, motivating and retaining qualified personnel has always been critical to our success as a security services provider, as we operate in a labour-intensive industry that requires experienced and qualified personnel to deliver quality services. The [REDACTED] is considered to be one of the channels through which our Group will find it easier to retain talent and to incentivise our employees. Through the [REDACTED], our employees will be able to share in our success and achievements, fostering greater commitment to the performance and ongoing success of our Group. We [have also conditionally adopted] the Share Option Scheme for our employees, which is designed to attract and retain talents. This Share Option Scheme allows employees to be rewarded in accordance with the performance of our Group, as the Shares will be publicly traded, with their prices driven by market performance and directly influenced by the success of our Group. For further details of the Share Option Scheme, please refer to the paragraph headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this document for a summary of principal terms of the scheme; and
- (c) gain higher profile and visibility and strengthen our competitiveness – the [REDACTED] status is expected to enhance our competitiveness among our peers, which may in turn lead to the establishment and strengthening of our business relationships with new and existing customers, as well as the expansion of our market share. Our Directors believe that the [REDACTED] will elevate our corporate image, enabling us to capture new business opportunities from other industry players with fewer obstacles.

Therefore, our Directors consider that raising additional funding through the [REDACTED] is essential to implementing our future plans.

FUTURE PLANS AND USE OF [REDACTED]

USE OF [REDACTED]

Assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED] from HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), the total net [REDACTED] from the [REDACTED] (after deducting [REDACTED] fees and related expenses in connection with the [REDACTED]) are estimated to be approximately HK\$[REDACTED]. Our Directors presently intend that the net [REDACTED] from the [REDACTED] will be applied as follows:

- (a) approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for expanding our security services delivery capacity by:
 - (i) recruiting security service personnel with approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to increase our manpower to fulfill newly awarded contracts, ongoing tender submissions and/or anticipated contracts. According to the Frost & Sullivan Report, the average monthly salary of a security guard in the security service industry in Hong Kong is expected to attain HK\$18,959.1 in 2030, representing a CAGR of approximately 2.9%. The growth is mainly attributed to the rising demand for professional security services and the increase in the cost of living, which has prompted companies to raise salaries to attract and retain talents. The following table sets out the number, qualification and years of experience required for the positions we intend to recruit with respect to security personnels for new projects:

Position	Number of position	Major qualification or other requirements	Approximate years of experience
Security guard	75	Security Personnel Permit holder, basic Putonghua, English and Cantonese communication skills and basic computer skills	One
Security supervisor	9	Security Personnel Permit holder disciplined, preferably be holders of driving licence (classification codes 1 and 2) & first aid certificates	Three

FUTURE PLANS AND USE OF [REDACTED]

- (ii) recruiting technical personnel for our Electronic Security Solutions Services business with approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to strengthen our manpower for the CCTV Contract and other existing and potential electronic security projects. According to the Frost & Sullivan Report, the average monthly salary of an electronic security technician in Hong Kong is expected to increase to HK\$24,434.1 in 2030, representing a CAGR of approximately 3.2%. We intend to recruit up to 11 additional technical personnel. The following table sets out the relevant positions, qualifications and experience requirements:

Position	Number of position	Major qualification or other requirements	Approximate years of experience
Installation engineer	1	Higher diploma in electrical engineering	Five
Electrician	8	Registered electrical worker (Grade A), Experience in handling extra-low voltage system (ELV)	Four
Safety officer	1	Attended OSHC courses, registration in the Labour Department for carrying out safety work	Two
Foreman	1	Experience in ELV system handling	Three

- (iii) acquiring vans, trucks, shuttle buses and passenger vehicles with approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to enhance our ability to mobilise manpower and equipment, and support our Group in undertaking more projects;
- (b) enhancing sales and marketing capabilities for business development with approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], to participate in exhibitions in Hong Kong, Mainland China and overseas to promote our security robot solutions; and
- (c) approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for the enhancement of our security services infrastructure, by establishing a centralised intelligent security monitoring platform and control room in Hong Kong and recruiting additional staff, and improving our operational efficiency by establishing reception, transmission and communication of signals to and from the sites we manage; and

Position	Number of position	Major qualification or other requirement	Approximate years of experience
Controller	9	Security Personnel Permit holder with basic Putonghua, English and Cantonese communication skills	Three

FUTURE PLANS AND USE OF [REDACTED]

- (d) approximately HK\$[REDACTED], or [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used for optimising and advancing core technology and establishment of demonstration and support centre for security robot. For a detailed description of the security robots, please refer to the paragraph headed “Business – Business strategies and future plans – Develop advanced information technologies and robots to optimise our business model” in this document.

The following table sets out the number, qualification and years of experience required for the positions we intend to recruit:

Position	Number of position	Major qualification or other requirements	Approximate years of experience
Electronics Engineer	2	Degree in Electronic Engineering or Electrical Engineering	Three
AI Application Engineer	1	Degree in Artificial Intelligence or Computer Science	Four
Mechanical Engineer	1	Degree in Mechanical Engineering	Three
Motor Control Engineer	2	Degree in Control Engineering or Automation	Five

- approximately HK\$[REDACTED], representing [REDACTED]% of the net [REDACTED] from the [REDACTED], will be used as our general working capital and general corporate purposes.

FUTURE PLANS AND USE OF [REDACTED]

In summary, the implementation of our business strategies from the [REDACTED] up to the six months ending 31 December 2028 will be funded by the net [REDACTED] of the [REDACTED] as follows:

	From the [REDACTED] to 31 December 2026 HK\$'000	For the six months ending 30 June 2027 HK\$'000	For the six months ending 31 December 2027 HK\$'000	For the six months ending 30 June 2028 HK\$'000	For the six months ending 31 December 2028 HK\$'000	Total HK\$'000	Approximate percentage of net [REDACTED] %
(a) Expansion of our security services delivery capacity							
(i) Recruitment for security personnels for new projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Recruitment for electronic security technicians for CCTV Projects	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) Acquiring vans, trucks, shuttle bus and passenger vehicles	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) Enhancing sales and marketing capabilities for business development of our own-branded security robot solutions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) Enhancement of our security services infrastructure – establishment of a centralised intelligent security monitoring platform and control room	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(d) Optimising and advancing core technology and establishment of a demonstration and support centre for security robot	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(e) General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the net [REDACTED] from the [REDACTED] are not immediately required for the purposes outlined above, and to the extent permitted by applicable laws and regulations, if we are unable to implement any part of our future plans as intended, it is the present intention of our Directors that such net [REDACTED] will be placed in short-term interest bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In the event that additional financing is required beyond the net [REDACTED] from the [REDACTED] to execute our future plans, any shortfall will be financed through our internal resources and, where appropriate, bank financing.

In the event that the [REDACTED] is fixed at HK\$[REDACTED] or HK\$[REDACTED] (being the respective low end and high end of the indicative range of the [REDACTED]), the net [REDACTED] of the [REDACTED] to be received by our Company are estimated to be approximately HK\$[REDACTED] and HK\$[REDACTED], respectively, after deducting all [REDACTED] fees and expenses paid and payable by us. We currently intend to apply the aforesaid net [REDACTED] in the same manner and in the same proportion as described above.

If the [REDACTED] is exercised in full, the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED], assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range). In such case, we intend to adjust the allocation of the net [REDACTED] to the aforementioned uses on a pro rata basis.

IMPLEMENTATION PLANS

In pursuance of the business objective and strategies set out above, our implementation plans are set out below from the [REDACTED] to 31 December 2026 and then for each of the six-month periods until 31 December 2028. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and key assumptions” below in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this document. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated timeframe or at all.

FUTURE PLANS AND USE OF [REDACTED]

For the period from the [REDACTED] to 31 December 2026

Business Strategies	Implementation plans	Use of [REDACTED] HK'000
(a) Expansion of our security services delivery capacity		
(i) Recruitment of security personnel for new projects	– 50 security guards	[REDACTED]
(ii) Recruitment of electronic security technicians for CCTV Projects	– 7 security supervisors – 1 installation engineer – 8 electrician – 1 safety officer – 1 foreman	[REDACTED]
(iii) Acquiring vans, trucks, shuttle bus and passenger vehicles	– 2 vans, 3 trucks, 1 shuttle bus and 3 passenger vehicles	[REDACTED]
(b) Enhancing sales and marketing capabilities for business development of our own-branded security robot solutions	– Participation in industry exhibitions and trade shows, organising and attending seminars and forums, as well as related promotional and marketing activities in Hong Kong	[REDACTED]
(c) Enhancement of our security services infrastructure	– Establishment of centralised intelligent security monitoring platform and control room	[REDACTED]
(d) Optimising and advancing core technology and establishment of a demonstration and support centre for security robot	– Establish 2 robotic maintenance shelters – Recruit 1 electronic engineer – Recruit 1 mechanical engineer – Rental of premises – Purchase of computer equipment and development cost for intelligence operations center (IOC) platform system	[REDACTED]
(e) Working capital		[REDACTED]
Total		[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

For the period from 1 January 2027 to 30 June 2027

Business Strategies	Implementation plans	Use of [REDACTED] <i>HK'000</i>
(a) Expansion of our security services delivery capacity		
(i) Recruitment of security personnel for new projects	– 75 security guards – 9 security supervisors	[REDACTED]
(ii) Recruitment of electronic security technicians for CCTV Projects	– 1 installation engineer – 1 safety officer – 1 foreman – 8 electricians	[REDACTED]
(b) Enhancing sales and marketing capabilities for business development of our own-branded security robot solutions	– Participation in industry exhibitions and trade shows, organising and attending seminars and forums, as well as related promotional and marketing activities in Hong Kong and Mainland China	[REDACTED]
(c) Enhancement of our security services infrastructure – establishment of a centralised intelligent security monitoring platform and control room	– Rental of premises, renovation, furniture and equipment – Employment of 9 controllers	[REDACTED]
(d) Optimising and advancing core technology and establishment of a demonstration and support centre for security robot	– Establish 2 robotic maintenance shelters – Recruit 1 electronics engineer – Recruit 1 mechanical engineer – Recruit 1 AI application engineer – Recruit 2 motor control engineers – Rental of premises – Purchase of computer equipment and development cost for IOC platform system	[REDACTED]
(e) Working capital		[REDACTED]
Total		[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

For the period from 1 July 2027 to 31 December 2027

Business Strategies	Implementation plans	Use of [REDACTED] <i>HK'000</i>
(a) Enhancing sales and marketing capabilities for business development of our own-branded security robot solutions	– Participation in industry exhibitions and trade shows, organising and attending seminars and forums, as well as related promotional and marketing activities in Hong Kong and Mainland China	[REDACTED]
(b) Enhancement of our security services infrastructure – establishment of a centralised intelligent security monitoring platform and control room	– Rental of premises and employment of 9 controllers	[REDACTED]
(c) Optimising and advancing core technology and establishment of a demonstration and support centre for security robot	– Recruit 2 electronics engineers – Recruit 1 mechanical engineer – Recruit 1 AI application engineer – Recruit 2 motor control engineers – Rental of premises – Maintenance costs for IOC platform system	[REDACTED]
(d) Working capital		<u>[REDACTED]</u>
Total		<u><u>[REDACTED]</u></u>

FUTURE PLANS AND USE OF [REDACTED]

For the period from 1 January 2028 to 30 June 2028

Business Strategies	Implementation plans	Use of [REDACTED] <i>HK'000</i>
(a) Enhancing sales and marketing capabilities for business development of our security robot solutions	– Participation in industry exhibitions and trade shows, organising and attending seminars and forums, as well as related promotional and marketing activities in Hong Kong, Mainland China and overseas	[REDACTED]
(b) Enhancement of our security services infrastructure – establishment of a centralized monitoring and control room	– Rental of premises and employment of 9 controllers	[REDACTED]
(c) Working capital		<u>[REDACTED]</u>
Total		<u><u>[REDACTED]</u></u>

For the period from 1 July 2028 to 31 December 2028

Business Strategies	Implementation plans	Use of [REDACTED] <i>HK'000 –</i>
(a) Enhancing sales and marketing capabilities for business development of our own-branded security robot solutions	– Participation in industry exhibitions and trade shows, organising and attending seminars and forums, as well as related promotional and marketing activities in Hong Kong, Mainland China and overseas	[REDACTED]
(b) Enhancement of our security services infrastructure – establishment of a centralised intelligent security monitoring platform and control room	– Rental of premises and employment of 9 controllers	[REDACTED]
(c) Working capital		<u>[REDACTED]</u>
Total		<u><u>[REDACTED]</u></u>

FUTURE PLANS AND USE OF [REDACTED]

BASES AND KEY ASSUMPTIONS

Potential investors should note that the attainability of our business objective and strategies depend on a number of bases and assumptions, in particular:

- (a) there will be no material change in the existing political, legal, fiscal or economic conditions in Hong Kong or in any other places in which any member of our Group carries on or will carry on business;
- (b) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Hong Kong or any other places in which any member of our Group operates or will operate or is incorporated, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- (c) there will be no material change in the existing laws, regulations, policies or industry standards in Hong Kong or any part of the world relating or applicable to us;
- (d) there will be no material change in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (e) the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [REDACTED]” in this document;
- (f) our Group is able to retain our key management personnel, employees, customers and suppliers;
- (g) our Group will not be materially affected by any risk factors set out in the section headed “Risk Factors” in this document;
- (h) there will be no change in the effectiveness of any licences and permits obtained by us;
- (i) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate; and
- (j) our Group will be able to continue its operations in substantially the same manner as our Group had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[52], received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ARRANO INTERNATIONAL HOLDINGS LIMITED AND INNOVAX CAPITAL LIMITED

Introduction

We report on the historical financial information of Arrano International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[4] to I-[52], which comprises the combined statements of financial position of the Group as at 31 December 2024, 2025 and 31 March 2026, the statements of financial position of the Company as at 31 December 2025 and 31 March 2026, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the two years ended 31 December 2025 and the three months ended 31 March 2026 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[4] to I-[52] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 December 2024 and 2025 and 31 March 2026, of the Company’s financial position as at 31 December 2025 and 31 March 2026 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2025 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company’s subsidiaries in respect of the Track Record Period and states that no dividend was declared and paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in HK dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Three months ended 31 March	
		2024	2025	2025	2026
	NOTES	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	6	138,663	187,708	48,655	31,918
Cost of services		<u>(101,988)</u>	<u>(139,536)</u>	<u>(36,280)</u>	<u>(23,904)</u>
Gross profit		36,675	48,172	12,375	8,014
Other income	7	575	492	159	264
Other expense		(2,300)	(260)	(260)	–
Impairment losses under expected credit loss (“ECL”) model, net		(1,000)	–	–	–
Administrative and selling expenses		(11,336)	(14,171)	(2,361)	(2,685)
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	8	<u>(334)</u>	<u>(277)</u>	<u>(79)</u>	<u>(78)</u>
Profit before taxation		21,883	27,806	7,394	5,005
Income tax expense	9	<u>(4,478)</u>	<u>(5,239)</u>	<u>(1,582)</u>	<u>(751)</u>
Profit and total comprehensive income for the year/period	10	<u>17,405</u>	<u>22,567</u>	<u>5,812</u>	<u>4,254</u>

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December		At
		2024	2025	31 March
	NOTES	HK\$'000	HK\$'000	2026
				HK\$'000
NON-CURRENT ASSETS				
Plant and equipment	14	3,148	215	495
Right-of-use assets	15	1,651	798	565
Intangible assets	16	2,858	1,053	790
Loan to a related company	22	4,494	–	–
Prepayments	19	–	520	390
		<u>12,151</u>	<u>2,586</u>	<u>2,240</u>
CURRENT ASSETS				
Trade receivables	17	15,900	26,248	12,763
Contract assets	18	23,158	11,455	6,765
Prepayments, deposits and other receivables	19	1,685	16,038	17,467
Amounts due from shareholders	21	11,790	12,758	10,788
Loan to a related company	22	1,605	–	–
Pledged bank deposit	23	–	–	5,000
Bank balances and cash	23	638	13,371	11,765
		<u>54,776</u>	<u>79,870</u>	<u>64,548</u>
CURRENT LIABILITIES				
Trade payables, other payables and accruals	24	32,198	39,066	21,661
Contract liabilities		–	–	243
Lease liabilities	25	881	813	582
Income tax payable		4,018	2,510	2,209
Bank borrowings	26	6,052	4,493	8,269
		<u>43,149</u>	<u>46,882</u>	<u>32,964</u>
NET CURRENT ASSETS		<u>11,627</u>	<u>32,988</u>	<u>31,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,778</u>	<u>35,574</u>	<u>33,824</u>
NON-CURRENT LIABILITY				
Lease liabilities	25	775	4	–
NET ASSETS		<u>23,003</u>	<u>35,570</u>	<u>33,824</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		At 31 December		At
		2024	2025	31 March
	NOTES	HK\$'000	HK\$'000	2026
				HK\$'000
CAPITAL AND RESERVE				
Share capital	27	—*	—*	—*
Retained profits		23,003	35,570	33,824
TOTAL EQUITY		<u>23,003</u>	<u>35,570</u>	<u>33,824</u>

* Amount less than HK\$500.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December 2025 <i>HK\$'000</i>	At 31 March 2026 <i>HK\$'000</i>
	<i>NOTES</i>		
NON-CURRENT ASSET			
Investment in a subsidiary	33	—*	—*
CURRENT ASSET			
Prepayments and deferred issue costs	19	2,182	2,577
CURRENT LIABILITIES			
Amount due to a subsidiary	24	5,840	6,502
Accruals	24	<u>2,889</u>	<u>3,132</u>
		<u>8,729</u>	<u>9,634</u>
NET CURRENT LIABILITIES AND NET LIABILITIES		<u>(6,547)</u>	<u>(7,057)</u>
CAPITAL AND RESERVE			
Share capital	27	—*	—*
Accumulated losses	36	<u>(6,547)</u>	<u>(7,057)</u>
TOTAL EQUITY		<u>(6,547)</u>	<u>(7,057)</u>

* Amount less than HK\$500.

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	—*	20,598	20,598
Profit and total comprehensive income for the year	—	17,405	17,405
Dividend declared	—	(15,000)	(15,000)
At 31 December 2024	—	23,003	23,003
Profit and total comprehensive income for the year	—	22,567	22,567
Dividend declared	—	(10,000)	(10,000)
At 31 December 2025	—	35,570	35,570
Profit and total comprehensive income for the period	—	4,254	4,254
Dividend declared	—	(6,000)	(6,000)
At 31 March 2026	—	33,824	33,824
For the three months ended 31 March 2025 (unaudited)			
At 1 January 2025 (audited)	—	23,003	23,003
Profit and total comprehensive income for the period (unaudited)	—	5,812	5,812
Dividend declared	—	(10,000)	(10,000)
At 31 March 2025 (unaudited)	—	18,815	18,815

* Amount less than HK\$500.

APPENDIX I

ACCOUNTANTS’ REPORT

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
OPERATING ACTIVITIES				
Profit before taxation	21,883	27,806	7,394	5,005
Adjustments for:				
Amortisation of intangible assets	4,287	1,805	714	263
Depreciation of plant and equipment	378	186	127	32
Depreciation of right-of-use assets	138	930	233	233
Impairment losses under ECL model, net	1,000	–	–	–
Bank interest income	(4)	(1)	–	(14)
Loan interest income	(297)	(63)	(63)	–
Finance costs	334	277	79	78
Operating cash flows before movements in working capital	27,719	30,940	8,484	5,597
(Increase) decrease in trade receivables	(13,828)	(10,348)	(2,236)	13,485
(Increase) decrease in contract assets	(5,209)	11,703	10,220	4,690
Increase in prepayments, deposits and other receivables	(1,089)	(12,691)	(902)	(1,073)
Increase (decrease) in trade payables, other payables and accruals	3,110	6,146	799	(17,466)
Increase in contract liabilities	–	–	–	243
Net cash generated from operations	10,703	25,750	16,365	5,476
Income taxes paid	(6,280)	(6,747)	(711)	(1,052)
NET CASH FROM OPERATING ACTIVITIES	4,423	19,003	15,654	4,424

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
INVESTING ACTIVITIES				
Bank interest received	4	1	–	14
Loan interest received	367	63	63	–
Purchases of plant and equipment	(3,300)	(168)	–	(312)
Loans to a related company	(8,890)	–	–	–
Repayment from a related company	9,943	267	267	–
Advances to shareholders	(23,486)	(3,121)	(2,221)	–
Repayment from shareholders	13,136	900	–	–
Placement of pledged bank deposit	–	–	–	(5,000)
NET CASH USED IN INVESTING ACTIVITIES	(12,226)	(2,058)	(1,891)	(5,298)
FINANCING ACTIVITIES				
New bank borrowings	–	–	–	5,000
Repayment of bank borrowings	(1,473)	(1,559)	(384)	(1,224)
Dividend paid	–	–	–	(4,030)
Repayment of principal of lease liabilities	(133)	(916)	(224)	(235)
Interest paid on bank borrowings	(323)	(221)	(61)	(70)
Interest paid on lease liabilities	(11)	(56)	(18)	(8)
Payment of issue costs	–	(1,460)	(730)	(165)
NET CASH USED IN FINANCING ACTIVITIES	(1,940)	(4,212)	(1,417)	(732)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,743)	12,733	12,346	(1,606)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	10,381	638	638	13,371
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD represented by bank balances and cash	638	13,371	12,984	11,765

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 February 2025.

As at the date of this report, the Company is owned as to 50% by Fong 1119 Limited and 50% by HFTT Limited. Fong 1119 Limited was incorporated in the British Virgin Islands (“BVI”) and is owned as to 100% by Mr. Fong Chun Kit (“Mr. Fong”). HFTT Limited was incorporated in the BVI and is owned as to 100% by Well Smart Asia Investment Limited (“Well Smart”), which was incorporated in Hong Kong and is owned as to 100% by Ms. Lam Wing Yu (“Ms. Lam”).

The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the document.

The Company acts as an investment holding company of the Group and its subsidiaries are principally engaged in provision of security services. The principal activities of the companies comprising the Group are set out in note 33.

No statutory financial statements of the Company have been prepared for the years ended 31 December 2024 and 2025 as it is incorporated in the jurisdiction when there are no statutory audit requirements.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRS Accounting Standards as issued by the HKICPA and the conventions applicable for group reorganisation as detailed below.

Before the completion of the reorganisation, Arrano Group Holdings Limited (“Arrano Group”), a limited company incorporated in Hong Kong that holds 100% equity interest of Arrano Security Company Limited, Arrano Cleaning Services Limited and Arrano Technology Management Limited, is owned by Mr. Fong and Well Smart amounting to 50% and 50% respectively. The Group has the right to share 100% of the revenue, expenses, assets and liabilities of a joint operation. Arrano Group, the forementioned subsidiaries and joint operation carried out the main operation of the Group.

In the preparation of the [REDACTED] of the Company’s shares on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “[REDACTED]”), the companies comprising the Group underwent a group reorganisation (the “Reorganisation”) as described below.

- (i) On 6 February 2025, Fong 1119 Limited was incorporated in BVI with limited liability. Fong 1119 Limited is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of United States dollar (“US\$”) 1.00 each. On 6 February 2025, one share with a par value of US\$1.00 of Fong 1119 Limited was allotted and issued, fully paid, to Mr. Fong, and Fong 1119 Limited became wholly-owned by Mr. Fong.
- (ii) On 6 February 2025, HFTT Limited was incorporated in BVI with limited liability. HFTT Limited is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. On 6 February 2025, one share with a par value of US\$1.00 of HFTT Limited was allotted and issued, fully paid, to Well Smart, and HFTT Limited became wholly-owned by Well Smart.
- (iii) On 25 February 2025, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each. On 25 February 2025, one subscriber share with a par value of HK\$0.01 was allotted and issued, fully paid, to [REDACTED], an independent third party, as the initial subscriber. On the same day, (i) the said one share was transferred to Fong 1119 Limited at par value of HK\$0.01, and (ii) one share with a par value of HK\$0.01 was allotted and issued, fully paid, to HFTT Limited. As a result, upon completion of the above transfer and allotment and issue of shares, as at the date of incorporation of the Company, the Company was owned as to 50% by Fong 1119 Limited and as to 50% by HFTT Limited.

APPENDIX I

ACCOUNTANTS’ REPORT

- (iv) On 10 March 2025, Aegiswing Limited was incorporated in BVI with limited liability. Aegiswing Limited is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. On the same day, one share of Aegiswing Limited with a par value of US\$1.00 was allotted and issued, fully paid, to the Company, and Aegiswing Limited became wholly-owned by the Company.
- (v) On [•] 2026, Mr. Fong and Well Smart, Aegiswing Limited, Fong 1119 Limited, HFTT Limited, the Company and Arrano Group entered into a reorganisation agreement. Pursuant to the reorganisation agreement, Aegiswing Limited acquired (i) one ordinary share in Arrano Group from Mr. Fong; and (ii) one ordinary share in Arrano Group from Well Smart, representing, in aggregate, the entire issued share capital of Arrano Group. In consideration of the acquisition, the Company allotted and issued 49 Shares and 49 Shares, fully paid, to Fong 1119 Limited and HFTT Limited, respectively.

Upon completion of the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group since [•] by interspersing the Company and Aegiswing Limited between Arrano Group and its then shareholders. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2024 and 2025 and 31 March 2026 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the group entities, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the Group’s accounting period beginning on 1 January 2026 throughout the Track Record Period.

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 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²

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 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of other amendments to HKFRS Accounting Standards will have no material impact on the Group’s financial position and financial performance in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

APPENDIX I

ACCOUNTANTS’ REPORT

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in term of recognition and measurements. However, it is expected to affect the structure and presentation of the combined statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRS Accounting Standards as issued by HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Investment in a subsidiary

Investment in a subsidiary is included in the Company’s statement of financial position at cost less any identified impairment losses.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the combined financial statements only to the extent of other parties’ interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in note 6.

Taxation

Income tax expense represents the current income tax expense.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Current tax is recognised in profit or loss.

Employee benefits

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (“MPF Scheme”) as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

For Long Service Payment (“LSP”) obligation, the Group accounts for the employer Mandatory Provident Fund (“MPF”) contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of paragraph 19(a) of HKAS 19 “Employee Benefits” and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group’s MPF contributions that have been vested with employees and would be used to offset the employee’s LSP benefits, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

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

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

Plant and equipment

Plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purpose. Plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

APPENDIX I

ACCOUNTANTS’ REPORT

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Leases

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the combined statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the combined statements of financial position.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets under HKFRS 9 “Financial Instruments” (“HKFRS 9”)

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables and deposits, amounts due from a joint operator/shareholders, loan to a related company, pledged bank deposit and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the ability of the debtor to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group has rebutted the presumption that the credit risk has increased significantly since initial recognition when contractual payments are 30 days past due as the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group has rebutted the presumption that default has occurred when a financial asset is more than 90 days past due as the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event; or
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the companies now comprising the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a subsidiary and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the obligation specified in the relevant contract is discharged, cancelled or has expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

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

APPENDIX I

ACCOUNTANTS’ REPORT

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually. The provision of ECL is sensitive to changes in estimated loss rates, which are based on internal credit ratings, ageing, repayment history and/or past due status of the respective customers. The information about the ECL and the Group’s trade receivables is disclosed in note 29.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December		Three months ended 31 March	
	2024 HK\$’000	2025 HK\$’000	2025 HK\$’000 (unaudited)	2026 HK\$’000
Security guarding services recognised over time	138,663	167,702	48,655	30,868
Electronic security solution services recognised at a point in time	–	20,006	–	1,050
	<u>138,663</u>	<u>187,708</u>	<u>48,655</u>	<u>31,918</u>

The Group’s revenue is all derived from Hong Kong.

(ii) Performance obligations for contracts with customers

Revenue from the provision of security guarding services is recognised over time because the customers simultaneously receive and consume the benefits provided by the Group’s performance as the Group performs, and is measured based on the output method. The Group bills a fixed amount for each hour or month of services provided, which is the direct measurement of the value of the services transferred to the customer from the Group’s performance.

Revenue from the provision of electronic security solution services is recognised at a point in time when customer acceptance is acquired, and payment is generally due in 30 days from the final acceptance.

The Group elects to apply the practical expedient by recognising revenue from provision of security guarding services in the amount to which the Group has a right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. All electronic security solution services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

When the Group receives a deposit before service is provided, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

APPENDIX I

ACCOUNTANTS’ REPORT

(iii) Segment information

During the year ended 31 December 2025, the Group started to provide electronic security solution services, which mainly involved CCTV-related design and installation works.

Information is reported to the chief executive officer, Mr. Fong, of the Group, who is also the chief operating decision maker (“CODM”) of the Group, for the purposes of resources allocation and assessment of performance. The CODM focuses on types of services provided. The Group’s reportable and operating segments are therefore as follows:

- (1) Security guarding services: security guarding and other services, including cleaning services
- (2) Electronic security solution services: CCTV-related design and installation works

	Security guarding services <i>HK\$’000</i>	Electronic security solution services <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the year ended 2024			
Segment revenue	138,663	–	138,663
Segment results	<u>35,675</u>	<u>–</u>	<u>35,675</u>
Other income			575
Other expenses			(2,300)
Administrative and selling expenses			(11,336)
[REDACTED] expenses			[REDACTED]
Finance costs			<u>(334)</u>
Profit before taxation			<u><u>21,883</u></u>
	Security guarding services <i>HK\$’000</i>	Electronic security solution services <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the year ended 2025			
Segment revenue	167,702	20,006	187,708
Segment results	<u>42,261</u>	<u>5,911</u>	<u>48,172</u>
Other income			492
Other expenses			(260)
Administrative and selling expenses			(14,171)
[REDACTED] expenses			[REDACTED]
Finance costs			<u>(277)</u>
Profit before taxation			<u><u>27,806</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Security guarding services HK\$’000	Electronic security solution services HK\$’000	Total HK\$’000
For the three months ended			
31 March 2025 (unaudited)			
Segment revenue	48,655	–	48,655
Segment results	12,375	–	12,375
Other income			159
Other expenses			(260)
Administrative and selling expenses			(2,361)
[REDACTED] expenses			[REDACTED]
Finance costs			(79)
Profit before taxation			7,394
	Security guarding services HK\$’000	Electronic security solution services HK\$’000	Total HK\$’000
For the three months ended			
31 March 2026			
Segment revenue	30,868	1,050	31,918
Segment results	7,641	373	8,014
Other income			264
Other expenses			–
Administrative and selling expenses			(2,685)
[REDACTED] expenses			[REDACTED]
Finance costs			(78)
Profit before taxation			5,005

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 4. Segment results represent the profit earned by each segment without allocation of other income, other expenses, administrative and selling expenses, [REDACTED] expenses, finance costs and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(iv) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

APPENDIX I

ACCOUNTANTS’ REPORT

(v) Other segment information

For the year ended 31 December 2024

	Security guarding services <i>HK\$'000</i>	Electronic security solution services <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:					
Amortisation of intangible assets	4,287	–	4,287	–	4,287
Depreciation	–	–	–	516	516
Impairment losses under ECL model, net	1,000	–	1,000	–	1,000

For the year ended 31 December 2025

	Security guarding services <i>HK\$'000</i>	Electronic security solution services <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:					
Amortisation of intangible assets	1,805	–	1,805	–	1,805
Depreciation	–	20	20	1,096	1,116

For the three months ended 31 March 2025 (unaudited)

	Security guarding services <i>HK\$'000</i>	Electronic security solution services <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss:					
Amortisation of intangible assets	714	–	714	–	714
Depreciation	–	–	–	360	360

APPENDIX I

ACCOUNTANTS’ REPORT

For the three months ended 31 March 2026

	Security guarding services <i>HK\$’000</i>	Electronic security solution services <i>HK\$’000</i>	Total reportable segments <i>HK\$’000</i>	Unallocated <i>HK\$’000</i>	Total <i>HK\$’000</i>
Amounts included in the measure of segment profit or loss:					
Amortisation of intangible assets	263	–	263	–	263
Depreciation	10	9	19	246	265

Note: Amounts included additions to plant and equipment.

(vi) Geographical information

The Group’s operations are located in Hong Kong. All of the Group’s non-current assets are located in Hong Kong. Information about the Group’s revenue from external customers by geographical location of operation is set out in note 6(i) above.

(vii) Information about major customers

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

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i> (unaudited)	<i>HK\$’000</i>
Customer A ¹	106,777	85,359	28,766	10,205
Customer B ¹ (<i>note</i>)	15,694	20,921	5,176	N/A
Customer C ¹ (<i>note</i>)	N/A	42,514	10,467	10,943
Customer D ² (<i>note</i>)	N/A	20,006	N/A	N/A

¹ Revenue derived from security guarding services

² Revenue derived from electronic security solution services

Note: Those marked with “N/A” indicate that the revenue derived for the relevant period/year did not contribute over 10% of the total revenue of the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

7. OTHER INCOME

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Other income				
Bank interest income	4	1	–	14
Loan interest income	297	63	63	–
Management fee income	180	–	96	–
Sundry income	94	128	–	39
Consultancy Income	–	300	–	211
	<u>575</u>	<u>492</u>	<u>159</u>	<u>264</u>

8. FINANCE COSTS

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Interest on bank borrowing	323	221	61	70
Interest on lease liabilities	11	56	18	8
	<u>334</u>	<u>277</u>	<u>79</u>	<u>78</u>

9. INCOME TAX EXPENSE

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Income tax				
– Current	4,478	5,692	1,582	751
– Over-provision in prior years	–	(453)	–	–
	<u>4,478</u>	<u>5,239</u>	<u>1,582</u>	<u>751</u>

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%.

APPENDIX I

ACCOUNTANTS’ REPORT

The taxation for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Profit before taxation	21,883	27,806	7,394	5,005
Tax at applicable tax rate of 16.5%	3,611	4,588	1,220	826
Income tax at concessionary rate	(165)	(165)	(165)	(165)
Tax effect on income not taxable for tax purpose	–	(21)	–	–
Tax effect of expenses not deductible for tax purposes	1,036	1,302	527	90
Tax reduction	(4)	(12)	–	–
Over-provision in prior years	–	(453)	–	–
	4,478	5,239	1,582	751

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Profit for the year/period has been arrived at after charging:				
Auditor’s remuneration	700	200	–	–
Staff costs (including the directors’ remuneration in note 11)				
– Salaries, allowances and other benefits	80,045	111,262	31,261	22,083
– Contributions to retirement benefits schemes	3,444	4,064	1,195	832
	83,489	115,326	32,456	22,915
Depreciation of plant and equipment	378	186	127	32
Depreciation of right-of-use assets	138	930	233	233
Amortisation of intangible assets	4,287	1,805	714	263
Total depreciation and amortisation	4,803	2,921	1,074	528
Donation (included in other expense)	2,300	260	260	–
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

11. DIRECTORS’ EMOLUMENTS AND EMOLUMENTS OF EMPLOYEES

Directors’ emoluments

The emoluments paid or payable to the directors of the Company (including emoluments for services as employee/directors/supervisors of the Group prior to becoming the directors of the Company) during the Track Record Period disclosed pursuant to the applicable GEM Listing Rules and Hong Kong Companies Ordinance were as follows:

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefits schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2024				
Executive directors				
Mr. Fong	–	1,142	18	1,160
Mr. Ip Yik Nam, J.P. (“Mr. Ip”)	420	–	–	420
Mr. Wong Chun Hung, Hanson (“Mr. Wong”)	–	–	–	–
Ms. Yip Nga Man (“Ms. Yip”)	–	816	18	834
Non-executive director				
Ms. Lam	–	–	–	–
	<u>420</u>	<u>1,958</u>	<u>36</u>	<u>2,414</u>

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefits schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2025				
Executive directors				
Mr. Fong	–	2,849	18	2,867
Mr. Ip	540	–	–	540
Mr. Wong	–	–	–	–
Ms. Yip	–	997	18	1,015
Non-executive director				
Ms. Lam	–	–	–	–
	<u>540</u>	<u>3,846</u>	<u>36</u>	<u>4,422</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefits schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the three months ended 31 March 2025 (unaudited)				
Executive directors				
Mr. Fong	–	215	5	220
Mr. Ip	105	–	–	105
Mr. Wong	–	–	–	–
Ms. Yip	–	169	5	174
Non-executive director				
Ms. Lam	–	–	–	–
	<u>105</u>	<u>384</u>	<u>10</u>	<u>499</u>

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefits schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the three months ended 31 March 2026				
Executive directors				
Mr. Fong	–	235	5	240
Mr. Ip	150	–	–	150
Mr. Wong	60	–	–	60
Ms. Yip	–	189	5	194
Non-executive director				
Ms. Lam	20	–	–	20
	<u>230</u>	<u>424</u>	<u>10</u>	<u>664</u>

On 25 February 2025, Mr. Fong, Mr. Ip, Mr. Wong and Ms. Yip were appointed as executive directors of the Company and Ms. Lam was appointed as non-executive director. Mr. Fong is also the chief executive officer of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

The emoluments stated above were for their services in connection with the management of the affairs and services as directors of the Group.

On [•], Mr. Yau How Boa, *G.B.S., M.H., J.P.*, Mr. Au Ka Wang, *S.B.S., I.D.S.M., J.P.* and Ms. Leung Yuen Shan Maisy were appointed as independent non-executive directors of the Company.

During the Track Record Period, no emoluments were paid by the Group to directors of the Company (including those who are employees/directors/supervisors of the Group prior to becoming the directors of the Company) as an inducement to join or upon joining the Group, or as compensation for loss of office.

APPENDIX I

ACCOUNTANTS’ REPORT

Emoluments of Employees

During the years ended 31 December 2024 and 2025 and the three months ended 31 March 2025 and 2026, of the five individuals with the highest emoluments of the Group, 2, 3, 2 (unaudited) and 3 of them were directors of the Company whose emoluments are included above. The emoluments of the remaining 3, 2, 3 (unaudited) and 2 individuals for the years ended 31 December 2024 and 2025 and the three months ended 31 March 2025 and 2026, respectively, are disclosed as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Salaries and other benefits	1,814	1,539	397	398
Retirement benefits scheme contributions	47	36	14	9
	<u>1,861</u>	<u>1,575</u>	<u>411</u>	<u>407</u>
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Their emoluments were within the following bands:				
Nil to HK\$1,000,000	3	1	3	2
HK\$1,000,001 to HK\$1,500,000	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

During the year ended 31 December 2024, Arrano Group declared a dividend in respect of the year ended 31 December 2023 with aggregate amount of HK\$15,000,000 to its shareholders. During the year ended 31 December 2025 and three months ended 31 March 2025, Arrano Group declared a dividend in respect of the year ended 31 December 2024 with aggregate amount of HK\$10,000,000 to its shareholders. During the three months ended 31 March 2026, Arrano Group declared a dividend in respect of the year ended 31 December 2025 with aggregate amount of HK\$6,000,000 to its shareholders.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividends have been paid or declared by the Company since its incorporation.

13. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful as the Reorganisation of the Group was not completed as of 31 March 2026 and the results of the Group during the Track Record Period is prepared on a combined basis.

APPENDIX I

ACCOUNTANTS’ REPORT

14. PLANT AND EQUIPMENT

	Motor vehicles <i>HK\$'000</i>	Yacht <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1 January 2024	515	–	515
Additions	–	3,300	3,300
At 31 December 2024	515	3,300	3,815
Additions	168	–	168
Disposal and write-off	(250)	(3,300)	(3,550)
At 31 December 2025	433	–	433
Additions	312	–	312
At 31 March 2026	745	–	745
ACCUMULATED DEPRECIATION			
At 1 January 2024	289	–	289
Provided for the year	103	275	378
At 31 December 2024	392	275	667
Provided for the year	76	110	186
Disposal and write-off	(250)	(385)	(635)
At 31 December 2025	218	–	218
Provided for the period	32	–	32
At 31 March 2026	250	–	250
CARRYING VALUES			
At 31 December 2024	123	3,025	3,148
At 31 December 2025	215	–	215
At 31 March 2026	495	–	495

The above items of plant and equipment are depreciated so as to write off the cost of assets less their residual values over their useful lives, using the straight-line basis at the following rates per annum:

Motor vehicles	20%
Yacht	20%

APPENDIX I

ACCOUNTANTS’ REPORT

15. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000			
At 31 December 2024				
Carrying amounts				1,651
At 31 December 2025				
Carrying amounts				798
At 31 March 2026				
Carrying amounts				565
	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Depreciation charge	138	930	233	233
Expense relating to short-term leases	2,547	2,200	638	400
Total cash outflow for leases	3,531	3,332	1,349	567
Additions to right-of-use assets	1,789	77	77	–

For the year ended 31 December 2024 and 2025 and the three months ended 31 March 2025 and 2026, the Group leases staff quarters for its employees. Lease contracts are entered into for fixed term of 2 years, but may have termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has termination options in a number of leases for 6, 7 and 7 as at 31 December 2024 and 2025 and 31 March 2026, respectively. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations.

The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination options. There is no potential future lease payments not included in lease liabilities.

In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2024 and 2025 and the three months ended 31 March 2026, there is no such triggering event.

The Group entered into short-term leases for office, electric generators, vehicles and mobile toilets. As at 31 December 2024 and 2025 and 31 March 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

16. INTANGIBLE ASSETS

	Customer contract HK\$’000
AT COST	
At 1 January 2024, 31 December 2024 and 31 December 2025 and 31 March 2026	17,500
AMORTISATION	
At 1 January 2024	10,355
Provided for the year	4,287
At 31 December 2024	14,642
Provided for the year	1,805
At 31 December 2025	16,447
Provided for the period	263
At 31 March 2026	16,710
CARRYING VALUES	
At 31 December 2024	2,858
At 31 December 2025	1,053
At 31 March 2026	790

Customer contract represent a contract with a customer to provide security services acquired from independent third parties. The customer contract originally ended on 30 June 2025 and was extended to 31 December 2025 and 31 December 2026 during year ended 31 December 2024 and 2025, respectively. The management of the Group has reviewed and changed estimated useful life of customer contract on a prospective basis.

Intangible assets are amortised on a straight-line basis over 47–55 months, 59–67 months and 59–67 months for the year ended 31 December 2024, 31 December 2025 and three months ended 31 March 2026, respectively.

17. TRADE RECEIVABLES

	At 31 December 2024 HK\$’000	2025 HK\$’000	At 31 March 2026 HK\$’000
Trade receivables	15,900	26,248	12,763

As at 1 January 2024, trade receivables from contracts with customers amounted to HK\$2,072,000.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group grants credit terms to customers 14–60 days from the invoice date for trade receivables. An ageing analysis of the trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period is as follows:

	At 31 December 2024 HK\$’000	2025 HK\$’000	At 31 March 2026 HK\$’000
0–30 days	12,129	11,888	9,324
31–60 days	2,339	4,969	1,293
61–90 days	–	9,182	809
Over 90 days	1,432	209	1,337
	<u>15,900</u>	<u>26,248</u>	<u>12,763</u>

As at 31 December 2024 and 2025 and 31 March 2026, included in the Group’s trade receivables balances are debtors with aggregate carrying amount of HK\$12,008,000, HK\$14,403,000 and HK\$3,297,000, respectively, which are past due as at the reporting date. Out of the past due balances, HK\$1,432,000, HK\$44,000 and HK\$176,000 as at 31 December 2024 and 2025 and 31 March 2026 has been overdue 90 days or more and they are not considered as in default because these customers have good business relationships with the Group and satisfactory settlement history. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

18. CONTRACT ASSETS

	At 31 December 2024 HK\$’000	2025 HK\$’000	At 31 March 2026 HK\$’000
Contract assets	<u>23,158</u>	<u>11,455</u>	<u>6,765</u>

Contract assets represents uncertified revenue which the Group’s right to receive consideration for security services rendered pending verification of attendance records by customers as at the end of the reporting period.

Uncertified revenue is transferred to trade receivables when the Group obtains the certification issued by the customers and is to be settled within 14–60 days from the invoice dates.

At 1 January 2024, the net carrying amount of uncertified revenue from contracts with customer amounted to HK\$17,949,000.

Details of impairment assessment of contract assets as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

APPENDIX I

ACCOUNTANTS’ REPORT

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group			Company	
	At 31 December		At	At	At
	2024	2025	31 March	31 December	31 March
	HK\$'000	HK\$'000	2026	2025	2026
			HK\$'000	HK\$'000	HK\$'000
Current					
Other receivables	925	5,476	4,474	–	–
Deposits	545	674	522	–	–
Prepayments	83	7,706	9,894	–	–
Prepaid					
[REDACTED]					
expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid issue costs	–	–	56	–	56
Deferred issue costs	132	2,182	2,352	2,182	2,352
	1,685	16,038	17,467	2,182	2,577
Non-current					
Prepayment	–	520	390	–	–
Total prepayment, deposits and other receivables	1,685	16,558	17,857	2,182	2,577

As at 31 December 2024, included in the Group’s other receivables balance are related parties with carrying amount of HK\$132,000.

Details of impairment assessment of other receivables and deposits as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

20. AMOUNT DUE FROM A JOINT OPERATOR

The amount is due from a joint operator of a joint operation of the Group. The amount is unsecured, interest-free and repayable on demand.

Details of impairment assessment of amount due from a joint operator as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

The principal activity of the joint operation formed with this joint operator is provision of security service in Hong Kong. The Group has the right to share 100% of the revenue, expenses, assets and liabilities under the joint arrangement agreement.

21. AMOUNTS DUE FROM SHAREHOLDERS

Amounts due from shareholders

	At 31 December		At 31 March
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Mr. Fong	5,280	5,764	4,779
Well Smart	6,510	6,994	6,009
	11,790	12,758	10,788

APPENDIX I

ACCOUNTANTS’ REPORT

As at 1 January 2024, amount due from Mr. Fong was HK\$8,220,000. The maximum amount outstanding during the years ended 31 December 2024 and 2025 and the three months ended 31 March 2026 is HK\$8,220,000, HK\$5,764,000 and HK\$5,764,000 respectively.

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

Details of impairment assessment of amounts due from shareholders as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

As represented by the directors of the Company, the amounts due from shareholders will be settled before [REDACTED].

22. LOAN TO A RELATED COMPANY

The amount represents loan to Arrano Capital Limited, a company 50% owned by Mr. Fong and 50% owned by Ms. Lam. Mr. Fong and Ms. Lam are ultimate shareholders of the Group. The amount is unsecured, interest-bearing at 1% below Prime Rate (defined in note 26) per annum.

Details of impairment assessment of loan to a related company as at 31 December 2024 are set out in note 29.

During the year ended 31 December 2025, the loan to a related company has been fully settled. Details of the settlement are set out in note 34.

23. PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

As at 31 March 2026, pledged bank deposit carries fixed interest rate of 1.8% per annum and represents deposit pledged to a bank to secure banking facilities granted to the Group.

As at 31 December 2024 and 2025 and 31 March 2026, bank balances carry interest at prevailing market rates.

Details of impairment assessment of pledged bank deposit and bank balances as at 31 December 2024 and 2025 and 31 March 2026 are set out in note 29.

24. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group			Company	
	At 31 December		At 31 March	At 31 December	At 31 March
	2024	2025	2026	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	20,515	21,144	6,642	–	–
Other payables	1,039	1,484	1,274	–	–
Accruals	1,684	5,595	3,507	–	–
Accrued [REDACTED]					
expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued issue costs	132	722	783	722	783
Staff costs payable	8,431	7,954	7,106	–	–
	32,198	39,066	21,661	2,889	3,132

APPENDIX I

ACCOUNTANTS’ REPORT

The average credit period on trade payables is 0 to 90 days. The following is an ageing analysis of trade payables of the Group and presented based on the invoice date at the end of each reporting period:

	At 31 December 2024 HK\$'000	2025 HK\$'000	At 31 March 2026 HK\$'000
0–30 days	1,597	1,976	303
31–60 days	1,137	2,975	315
61–90 days	53	293	346
Over 90 days	17,728	15,900	5,678
	<u>20,515</u>	<u>21,144</u>	<u>6,642</u>

The Company’s amount due to a subsidiary was unsecured, interest-free and repayable on demand.

As at 31 December 2024, included in the Group’s trade payables are trade balances with related parties with carrying amount of HK\$396,000.

25. LEASE LIABILITIES

	At 31 December 2024 HK\$'000	2025 HK\$'000	At 31 March 2026 HK\$'000
Lease liabilities payable:			
Within one year	881	813	582
Within a period of more than one year but less than two years	<u>775</u>	<u>4</u>	<u>–</u>
	1,656	817	582
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(881)</u>	<u>(813)</u>	<u>(582)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>775</u>	<u>4</u>	<u>–</u>

The incremental borrowing rate applied to lease liabilities are 4.375%, 4.290% and 4.290% as at 31 December 2024 and 2025 and 31 March 2026, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

26. BANK BORROWINGS

	At 31 December 2024 HK\$'000	2025 HK\$'000	At 31 March 2026 HK\$'000
Bank borrowings:			
Unsecured and guaranteed	6,052	4,493	7,433
Secured and guaranteed	—	—	836
	<u>6,052</u>	<u>4,493</u>	<u>8,269</u>
The carrying amounts of borrowings that contains a repayment on demand clause (shown under current liabilities) but repayable:			
Within one year	1,558	1,629	5,823
Within a period of more than one year but not exceeding two years	1,626	1,695	1,712
Within a period of more than two years but not exceeding five years	<u>2,868</u>	<u>1,169</u>	<u>734</u>
	<u>6,052</u>	<u>4,493</u>	<u>8,269</u>

At 31 December 2024 and 2025, the bank borrowing carried interest at the Prime Rate (“Prime Rate”) as quoted by the lending banks from time to time minus 1% per annum. At 31 March 2026, the bank borrowings carried interest at Prime Rate as quoted by the lending banks from time to time minus 1% per annum or at 1% per annum over 1 month Hong Kong Interbank offered Rate (“HIBOR”).

The range of effective interest rates on the Group’s borrowings:

	At 31 December 2024	2025	At 31 March 2026
Variable-rate borrowings	<u>4.25%</u>	<u>4%</u>	<u>3.45%–4%</u>

At 31 December 2024 and 2025 and 31 March 2026, the bank borrowings are guaranteed by Mr. Fong, Ms. Lam and Mr. Wong. As at 31 March 2026, a bank borrowing of HK\$836,000 is secured by pledged bank deposit (note 23).

APPENDIX I

ACCOUNTANTS’ REPORT

27. SHARE CAPITAL

The Group

The capital of the Group as at 1 January 2024, 31 December 2024, 2025 and 31 March 2026 (represented the combined capital of the following companies) and their movements are as follows:

	<i>HK\$’000</i>
At 1 January 2024	
Arrano Group	—*
At 31 December 2024	—*
Issue of shares – Arrano International Holdings Limited	—*
At 31 December 2025 and 31 March 2026	—*

* less than HK\$500.

The Company

Ordinary shares of HK\$0.01 each:

	Number of shares	Nominal value of ordinary shares <i>HK\$’000</i>
Authorised		
At 25 February 2025 (date of incorporation), 31 December 2025 and 31 March 2026	38,000,000	380
Issued and fully paid		
At 25 February 2025 (date of incorporation), 31 December 2025 and 31 March 2026	2	—*

* less than HK\$500.

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes lease liabilities and bank borrowing, net of cash and cash equivalents and equity.

The management of the Group reviews the capital structure periodically and considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

APPENDIX I

ACCOUNTANTS’ REPORT

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At 31 December		At 31 March
	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
At amortised cost	35,130	58,527	45,312
Financial liabilities			
At amortised cost	27,606	27,121	16,185

Financial risk management objectives and policies

The Group’s financial instruments include trade receivables, deposits and other receivables, amounts due from/to a joint operator, shareholders, loan to a related company, pledged bank deposit, bank balances and cash, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities and pledged bank deposit. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate loan to a related company and variable-rate bank borrowing. The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk on variable-rate loan to a related company and bank borrowings. The sensitivity analysis is prepared assuming the variable-rate loan to a related company and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. No sensitivity analysis is provided on bank balances as the management of the Group considers that the interest rate fluctuation on bank balances is minimal.

A 100 basis point increase or decrease is used in the sensitivity analysis, which represents management’s assessment of the reasonably possible change in interest rates. If the interest rate had been 100 basis point higher/lower and all other variables were held constant, the Group’s post-tax profit for the year ended 31 December 2024 and 2025 would increase/decrease by HK\$400 and decrease/increase by HK\$38,000 respectively, and the three months ended 31 March 2026 would decrease/increase by HK\$17,000.

APPENDIX I

ACCOUNTANTS’ REPORT

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade receivables, deposits and other receivables, amounts due from a joint operator and shareholders, loan to a related company, bank balances and contract assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

The Group has concentration of credit risk on certain individual customers as at 31 December 2024 and 2025 and 31 March 2026. The five largest trade receivable balances accounted for 98.7%, 96.1% and 91.6% of the trade receivables and the largest trade receivable balance was approximately 57.4%, 56.8% and 29.8% of the Group’s total trade receivables as at 31 December 2024 and 2025 and 31 March 2026 respectively.

The five largest contract assets balances accounted for 98.8%, 95.6% and 86.8% of the contract assets and the largest contract assets balance was approximately 84.5%, 39.2% and 51.4% of the Group’s total contract assets as at 31 December 2024 and 2025 and 31 March 2026 respectively.

In order to minimise the credit risk of those receivables, the management of the Group closely monitors the recoverability of the amount due. In this regard, the management of the Group considers that the Group’s credit risk is significantly reduced.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group has applied the simplified approach of HKFRS 9 to measure the loss allowance at lifetime ECL. In additions, the Group performs impairment assessment under ECL model on trade receivables and contract assets individually.

The Group considers the credit risk of the customers of the Group is insignificant and the loss allowance for the trade receivables and contract assets arising from contracts with customers is minimal.

Deposits and other receivables, amounts due from shareholders and loan to a related company

The Group has taken into account historical settlement records, past experience, and also financial information of the related parties that is available to the Group, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on deposits and other receivables, amount due from shareholders and loan to a related company are assessed based on 12m ECL and are considered to be insignificant.

Amount due from a joint operator

The Group has taken into account the financial information of a joint operator and other information that is available to the Group, the Group concluded that there has been a significant increase in credit risk since initial recognition during the year ended 31 December 2023 and the amount is in default and transferred to credit-impaired during the year ended 31 December 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

Pledged bank deposit and bank balances

The credit risk of pledged bank deposit and bank balances was considered as not material because such amounts were placed in banks with good external and/or internal credit ratings. The Group assessed 12m ECL on these balances and concluded that the ECL would be insignificant and, therefore, no impairment loss was recognised.

For individual assessment of ECL of the Group’s financial assets, the Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full.	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	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

APPENDIX I

ACCOUNTANTS’ REPORT

The table below details the credit risk exposures of the Group’s financial assets and contract assets as at 31 December 2024 and 2025 and 31 March 2026, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
					At 31 December 2024	At 31 March 2025	At 31 March 2026
					HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost							
Trade receivables	17	N/A	Low risk	Lifetime ECL – not credit-impaired	15,900	26,248	12,763
Deposits and other receivables – related companies	19	N/A	Low risk	12m ECL	132	–	–
Deposits and other receivables – third parties	19	N/A	Low risk	12m ECL	571	6,150	4,996
Amount due from a joint operator	20	N/A	Loss	Lifetime ECL – credit-impaired	3,347	3,347	3,347
Amounts due from shareholders	21	N/A	Low risk	12m ECL	11,790	12,758	10,788
Loan to a related company	22	N/A	Low risk	12m ECL	6,099	–	–
Pledged bank deposit	23	A	N/A	12m ECL	–	–	5,000
Bank balances	23	A	N/A	12m ECL	588	13,366	11,760
Other items							
Contract assets	18	N/A	Low risk	Lifetime ECL – not credit-impaired	23,158	11,455	6,765

The following table shows the movement in lifetime ECL that has been recognised for amount due from a joint operator:

	Lifetime ECL (not credit-impaired) Amount due from a joint operator HK\$'000	Lifetime ECL (credit-impaired) HK\$'000
As at 1 January 2024	2,347	–
Net impairment losses recognised	–	1,000
Transfer to credit-impaired	(2,347)	2,347
As at 31 December 2024 and 2025 and 31 March 2026	–	3,347

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowing and ensures compliance with loan covenants, if any. Details of the borrowings and capital of the Group during the Track Record Period have been set out in notes 26 and 27, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table details the Group’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of each reporting period.

	Effective interest rate %	On demand or within 1 year HK\$’000	1–2 years HK\$’000	Total undiscounted cash flow HK\$’000	Total carrying amounts HK\$’000
As at 31 December 2024					
Trade and other payables	N/A	21,554	–	21,554	21,554
Bank borrowings	4.250	6,052	–	6,052	6,052
		<u>27,606</u>	<u>–</u>	<u>27,606</u>	<u>27,606</u>
Lease liabilities	4.375	<u>935</u>	<u>791</u>	<u>1,726</u>	<u>1,656</u>
As at 31 December 2025					
Trade and other payables	N/A	22,628	–	22,628	22,628
Bank borrowings	4.000	4,493	–	4,493	4,493
		<u>27,121</u>	<u>–</u>	<u>27,121</u>	<u>27,121</u>
Lease liabilities	4.290	<u>830</u>	<u>4</u>	<u>834</u>	<u>817</u>
As at 31 March 2026					
Trade and other payables	N/A	7,916	–	7,916	7,916
Bank borrowings	3.721	8,269	–	8,269	8,269
		<u>16,185</u>	<u>–</u>	<u>16,185</u>	<u>16,185</u>
Lease liabilities	4.290	<u>590</u>	<u>–</u>	<u>590</u>	<u>582</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Bank borrowing with a repayment on demand clause is included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2024 and 2025 and 31 March 2026, the aggregate carrying amount of bank borrowing amounted to HK\$6,052,000, HK\$4,493,000 and HK\$8,269,000 respectively. Taking into account the Group’s financial position, the management does not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loan will be repaid after the end of each reporting period in accordance with the scheduled repayment dates set out in the loan agreement, details of which are set out in the table below:

	Within 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Total undiscounted cash flow HK\$'000	Total carrying amounts HK\$'000
As at 31 December 2024	<u>1,786</u>	<u>1,786</u>	<u>2,975</u>	<u>6,547</u>	<u>6,052</u>
As at 31 December 2025	<u>1,779</u>	<u>1,779</u>	<u>1,186</u>	<u>4,744</u>	<u>4,493</u>
As at 31 March 2026	<u>6,024</u>	<u>1,779</u>	<u>741</u>	<u>8,544</u>	<u>8,269</u>

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

30. RETIREMENT BENEFITS SCHEMES

The Group contributes to a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of the independent trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The contributions paid and payable to the schemes by the Group during Track Record Period are disclosed in note 10.

For the Group’s subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period. The LSP obligation of the Group is considered to be insignificant.

APPENDIX I

ACCOUNTANTS’ REPORT

31. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed in elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties:

Name of related party	Relationship with the Group	Transactions	Year ended 31 December		Three months ended 31 March	
			2024	2025	2025	2026
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)	
Arrano Capital Limited	50% owned by Mr. Fong and 50% owned by Ms. Lam	Loan interest income	297	63	63	–
Perfect Nations Limited	50% owned by Ms. Lam and 50% owned by Ms. Yip	Management fee income	180	–	–	–
		Shuttle bus services	1,040	–	–	–
Great Hint Limited	Wholly owned by Mr. Fong	expense				
		Consultancy services	156	–	–	–
		expense				
		Security service revenue	27	–	–	–
		Costs of operations	150	–	–	–
		equipment				
Mr. Wong	Director	Yacht charter income	13	–	–	–
Great Hint Limited	Wholly owned by Mr. Fong	Yacht charter income	27	–	–	–
Globalpass International Holdings Limited	Wholly owned by Ms. Yip	Yacht charter income	17	–	–	–

- (b) Save as disclosed in elsewhere in the Historical Financial Information, the Group has following balances with related parties:

Name of related party	Relationship with the Group	Balance	At 31 December		At 31 March
			2024	2025	2026
			HK\$'000	HK\$'000	HK\$'000
Perfect Nations Limited	50% owned by Ms. Lam and 50% owned by Ms. Yip	Other receivables	75	–	–
Mr. Wong	Director	Other receivables	13	–	–
Great Hint Limited	Wholly owned by Mr. Fong	Other receivables	27	–	–
Globalpass International Holdings Limited	Wholly owned by Ms. Yip	Other receivables	17	–	–
Perfect Nations Limited	50% owned by Ms. Lam and 50% owned by Ms. Yip	Trade payables	240	–	–
Great Hint Limited	Wholly owned by Mr. Fong	Trade payables	156	–	–

- (c) **Compensation of key management personnel**

The remuneration of key management of the Group was as follows:

	Year ended 31 December		Three months ended 31 March	
	2024	2025	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Salaries and other benefits	3,194	5,383	658	823
Post-employment benefits	243	54	15	15
	<u>3,437</u>	<u>5,437</u>	<u>673</u>	<u>838</u>

APPENDIX I

ACCOUNTANTS’ REPORT

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s combined statements of cash flows as cash flows from financing activities.

	Bank Borrowings HK\$'000	Lease liabilities HK\$'000	Amount due to a director HK\$'000	Dividend payable HK\$'000	Accrued issue costs HK\$'000	Total HK\$'000
At 1 January 2024	7,525	–	3,880	–	–	11,405
Financing cash flow	(1,796)	(144)	–	–	–	(1,940)
Interest expense	323	11	–	–	–	334
Addition on lease liabilities	–	1,789	–	–	–	1,789
Settlement of amounts due from shareholders (note 34)	–	–	(3,880)	(15,000)	–	(18,880)
Dividend declared	–	–	–	15,000	–	15,000
Issue costs recognised	–	–	–	–	132	132
At 31 December 2024	6,052	1,656	–	–	132	7,840
Financing cash flow	(1,780)	(972)	–	–	(1,460)	(4,212)
Interest expense	221	56	–	–	–	277
Addition on lease liabilities	–	77	–	–	–	77
Settlement of loan to a related company (note 34)	–	–	–	(5,832)	–	(5,832)
Settlement of amounts due from shareholders (note 34)	–	–	–	(4,168)	–	(4,168)
Dividend declared	–	–	–	10,000	–	10,000
Issue costs recognised	–	–	–	–	2,050	2,050
At 31 December 2025	4,493	817	–	–	722	6,032
Financing cash flow	3,706	(243)	–	(4,030)	(165)	(732)
Interest expense	70	8	–	–	–	78
Settlement of amounts due from shareholders (note 34)	–	–	–	(1,970)	–	(1,970)
Dividend declared	–	–	–	6,000	–	6,000
Issue costs recognised	–	–	–	–	170	170
Prepaid issue costs recognised	–	–	–	–	56	56
As at 31 March 2026	8,269	582	–	–	783	9,634
For the three months ended 31 March 2025 (unaudited)						
At 1 January 2025	6,052	1,656	–	–	–	7,708
Financing cash flow	(445)	(242)	–	–	(730)	(1,417)
Interest expense	61	18	–	–	–	79
Addition on lease liabilities	–	77	–	–	–	77
Settlement of loan to a related company (note 34)	–	–	–	(5,832)	–	(5,832)
Settlement of amounts due from shareholders (note 34)	–	–	–	(4,168)	–	(4,168)
Dividend declared	–	–	–	10,000	–	10,000
Issue costs recognised	–	–	–	–	945	945
Prepaid issue costs recognised	–	–	–	–	66	66
At 31 March 2025 (unaudited)	5,668	1,509	–	–	281	7,458

APPENDIX I

ACCOUNTANTS’ REPORT

33. PARTICULARS IN SUBSIDIARIES

As at 31 December 2025 and 31 March 2026, the unlisted investment in a subsidiary represents the investment in Aegiswing Limited which is stated at cost. The Company has direct and indirect shareholdings/equity interests in the following subsidiaries:

Name of subsidiary	Place/the date of incorporation	Issued and fully paid share capital/registered capital	Proportion of ownership interest/voting rights held by the Company			Principal activities	Notes	
			31 December 2024	31 March 2025	31 March 2026			
			date of report					
<i>Directly held:</i>								
Aegiswing Limited	BVI 10 March 2025	US\$1	–	100%	100%	[100%]	Investment holding	(a)
<i>Indirectly held:</i>								
Arrano Group	Hong Kong 20 August 2020	HK\$2	–	–	–	[100%]	Provision of security services	(b)
Arrano Security Company Limited	Hong Kong 31 July 2020	HK\$1	–	–	–	[100%]	Provision of security services	(b)
Arrano Cleaning Services Limited	Hong Kong 4 May 2022	HK\$10	–	–	–	[100%]	Provision of cleaning services	(b)
Arrano Technology Management Limited	Hong Kong 4 May 2022	HK\$10	–	–	–	[100%]	Inactive	(b)

Notes:

- (a) No audited financial statements of Aegiswing Limited have been prepared since its dates of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) These companies prepare their financial statements under HKFRS Accounting Standards. Their statutory audited financial statements for the year ended 31 December 2024 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants registered in Hong Kong, [and their statutory audited financial statements for the year ended 31 December 2025 are not due to be issued.]

None of the subsidiaries had issued any debt securities at the end of each of the reporting periods.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024 and three months ended 31 March 2026, a dividend was declared by Arrano Group. The shareholders of Arrano Group assigned their dividend entitled amounting to HK\$15,000,000 and HK\$1,970,000 for partial settlement of amount due from Mr. Fong of HK\$7,500,000 and HK\$985,000 and partial settlement of amount due from Well Smart of HK\$7,500,000 and HK\$985,000, respectively.

On 31 March 2025, a dividend in respect of the year ended 31 December 2024 of HK\$10,000,000 was declared by Arrano Group. The shareholders of the subsidiary assigned their dividend entitled for full settlement of loan to a related company of HK\$5,832,000, partial settlement of amount due from Mr. Fong of HK\$2,084,000 and partial settlement of amount due from Well Smart of HK\$2,084,000.

During the year ended 31 December 2024, Ms. Lam assigned the amount due to a director of HK\$3,880,000 to amounts due from a shareholder, Well Smart.

On 21 February 2025, the Group entered into a Sales and Purchase Deed (the “Deed”) with the purchaser, Arrano Plant and Vehicle Services Limited (“Purchaser”), a company ultimately 50% owned by Ms. Yip and 50% by Ms. Lam, pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase the Vessel owned by the Group at the consideration of HK\$2,915,000. Mr. Fong and Well Smart have agreed to pay the consideration in equal parts on behalf of the Purchaser to the Group in accordance with the terms of the Deed. The disposal was completed on 21 February 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

35. PERFORMANCE GUARANTEES

As at 31 March 2026, performance guarantees of HK\$5,000,000 were given by a bank in favour of a customer of the Group as security for the due performance and observance of the Group’s obligations under the contracts entered into between the Group and its customer. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted a banking facility with details as set out in note 26.

36. RESERVES OF THE COMPANY

	Accumulated losses HK\$’000
At 25 February 2025 (date of incorporation)	–
Loss and other comprehensive expense for the period	<u>(6,547)</u>
At 31 December 2025	(6,547)
Loss and other comprehensive expense for the period	<u>(510)</u>
At 31 March 2026	<u><u>(7,057)</u></u>

37. SUBSEQUENT EVENTS

Saved as disclosed in the Historical Financial Information, subsequent to the end of the Track Record Period, the following significant events took place:

On [•] 2026, the Group has adopted a share option scheme. As of the date of this report, the maximum aggregate number of shares that may be issued under the share option scheme is [REDACTED] shares.

On [•] 2026, written resolutions of the shareholders of the Company were passed to approve the matters set out in the section headed “Statutory and General Information – 5. Written resolutions of our Shareholders passed on [•] 2026” in Appendix IV to the Document. It was resolved, among other things:

- (i) the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$[100,000,000] divided into [10,000,000,000] shares of HK\$[0.01] each by the creation of an additional [9,962,000,000] shares of HK\$[0.01] each.
- (ii) conditional upon the share premium account of the Company being credited as a result of the [REDACTED], a total of [REDACTED] shares credited as fully paid at par to Fong 1119 and HFTT will be allotted and issued in proportion to their then respective shareholdings in the Company by way of capitalisation of the sum of HK\$[REDACTED] standing to the credit of the share premium account of the Company.

38. ESTIMATED DIRECTORS’ REMUNERATION

The estimated total compensation to be accrued to our Directors for the year ending 31 December 2026 is approximately HK\$4,114,000.

39. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 March 2026].

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants’ report on the historical financial information of the Group for the Track Record Period (the “Accountants’ Report”) prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial information” of this document and the Accountants’ Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the [REDACTED] (as defined in this document) on the unaudited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026, as if the proposed [REDACTED] had taken place on that date.

The unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 or any future dates following the [REDACTED].

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to owners of the Company is based on the combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 as shown in the Accountants’ Report as set out in Appendix I to this document, and adjusted as follows:

Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 HK\$’000 (Note 1)		Estimated net [REDACTED] from the [REDACTED] HK\$’000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 HK\$’000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 per Share HK\$ (Note 3)
--	--	--	---	--

Based on

[REDACTED] of
HK\$[REDACTED]
per [REDACTED]

[33,034]	[REDACTED]	[REDACTED]	[REDACTED]
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Based on

[REDACTED] of
HK\$[REDACTED]
per [REDACTED]

[33,034]	[REDACTED]	[REDACTED]	[REDACTED]
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Notes:

- (1) The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 March 2026 is arrived at after deducting intangible assets of HK\$790,000 from the audited combined net assets attributable to owners of the Company of HK\$33,824,000 as at 31 March 2026, as shown in the Accountant’s report, the text of which is set forth in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] to be issued at [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], being the low end and high end of the indicated [REDACTED] range respectively, after deduction of the estimated [REDACTED] expenses and share issue costs (including [REDACTED] fees and other related expenses) payable by the Company (excluding the [REDACTED] expense that have been charged to profit or loss during the Track Record Period). The calculation of such estimated net [REDACTED] does not take into account of any Shares which may be allotted and issued pursuant to the exercise of [REDACTED], the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this document.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share attributable to the owners of the Company per Share is arrived at on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] and the [REDACTED] had been completed on 31 March 2026 and does not take into account of any Shares which may be allotted and issued pursuant to the exercise of [REDACTED], the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this document.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 February 2025 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [•] and will become effective on the [REDACTED]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of Shares*

The share capital of the Company consists of a single class of ordinary shares.

(b) *Variation of Rights of Existing Shares or Classes of Shares*

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class (excluding treasury shares), or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class (excluding treasury shares) present and voting in person (whether physically or by virtual attendance with the use of electronic facilities) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class (excluding treasury shares). Every holder of Shares of the class (excluding treasury shares) present in person (whether physically or by virtual attendance with the use of electronic facilities), or, in the case of the member being a corporation, by its duly authorised representative or by proxy may demand a poll, upon which every such holder shall be entitled to one vote for every such Share held by him.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith. For the avoidance of doubt, Shares do not constitute a separate class solely by virtue of being in certificated form or uncertificated form.

(c) Alteration of Capital

The Company may by ordinary resolution:

- (i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum;
- (iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled;
- (v) make provision for the allotment and issue of Shares which do not carry any voting rights;
- (vi) change the currency of denomination of its share capital; and/or

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

- (vii) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.

The Company may by special resolution reduce its share capital or any capital redemption reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the Companies Act, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time. Notwithstanding the aforesaid, for so long as the Shares are prescribed securities (as defined in the Securities and Futures Ordinance) and are not in the process of delisting and save as otherwise permitted or required under the Securities and Futures (Uncertificated Securities Market) Rules, with effect from (and including) the day on which the Shares become participating securities (as defined in the Securities and Futures (Uncertificated Securities Market) Rules), they may be transferred as follows:

- (i) if the Shares are held by the transferor in certificated form, by means of an instrument of transfer that complies with the Articles and the Securities and Futures (Uncertificated Securities Market) Rules; and
- (ii) if the Shares are held by the transferor in uncertificated form, by means of a specified request from the transferor and transferee that complies with the Securities and Futures (Uncertificated Securities Market) Rules.

Notwithstanding the above, Shares held by the transferor in uncertificated form may be transferred by means of an instrument of transfer if the Board is satisfied that it is not reasonably practicable to transfer them by means of a specified request. A reasonable fee may be charged by the Company's approved securities registrar for registering any instrument of transfer, specified request or other document relating to or affecting the title to any share.

Execution of any instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands or in electronic form as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register. Notwithstanding the aforesaid, for so long as the Shares are prescribed securities and in respect of that portion of the branch register in Hong Kong relating to such Shares, the Company shall keep a branch register in Hong Kong in accordance with the Securities and Futures (Uncertificated Securities Market) Rules.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the GEM Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine or the Code of Conduct for Approved Securities Registrars may prescribe to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) (if one has been issued) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

Without prejudice to the foregoing, the Board may also refuse to register the transfer of a Share:

- (i) if the Share is in certificated form, and a specified request is sent;
- (ii) if the Share is in uncertificated form, and (A) the specified request is not sent in accordance with the operating rules of the Company's approved securities registrar or (B) subject to the Articles, an instrument of transfer is lodged; or
- (iii) on any other ground provided under the USM Rules.

For so long as the Shares are participating securities and are not in the process of [REDACTED] and save as otherwise permitted or required under the Securities and Futures

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

(Uncertificated Securities Market) Rules, the Board may refuse to register the transfer or transmission of a Shares if:

- (i) the Share is in certificated form and a dematerialisation request in respect of that Share and any other Share covered by the same certificate as that Share is not received or is refused under the Securities and Futures (Uncertificated Securities Market) Rules;
- (ii) the Share is in uncertificated form as a result of the Company having initiated its dematerialisation, and the dematerialisation fee payable in respect of the dematerialisation remains unpaid; or
- (iii) the transferor, transferee or transmittee (as applicable) of the Share is not a system-member of the system operated by the Company's approved securities registrar.

The register of members may, subject to the GEM Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens, provided that no transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the GEM Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Treasury Shares

Subject to the Companies Act, Shares that have been purchased or redeemed by the Company or surrendered to the Company may be held as treasury shares in accordance with the Companies Act. In the event the Board does not specify that the relevant Shares are to be held as treasury shares, such Shares shall be cancelled. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a treasury share. The Company shall be entered in the register of members as the holder of the treasury shares provided that:

- (i) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such right shall be void;
- (ii) a treasury share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted as issued Shares at any given time, whether for the purposes of the Articles or the Companies Act, save that an allotment of Shares as fully paid bonus Shares in respect of a treasury share is permitted and Shares allotted as fully paid bonus Shares in respect of a treasury share shall be treated as treasury shares.

Subject to the Companies Act and the GEM Listing Rules, treasury shares may be disposed of by the Company on such terms and conditions as determined by the Board.

(h) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(i) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) (if share certificate(s) have been issued) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns from his office as Director;
- (ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;
- (iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (v) the Director is prohibited from being or ceases to be a Director by operation of law;
- (vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the GEM Listing Rules;
- (vii) the Director is removed from office by an ordinary resolution; or
- (viii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the GEM Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act and the Memorandum and Articles, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Company in general meetings or the Board. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s)) (or, if required by the GEM Listing Rules, his other associates) has/have a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of electronic facilities), or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of electronic facilities), or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of Shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of electronic facilities), or, in the case of a member being a corporation, by its duly

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

authorised representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of electronic facilities), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote. For the avoidance of doubt, votes (whether on a show of hands or byway of poll) may be cast by such means, electronic or otherwise, as the Board or the chairman of the meeting may determine.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of electronic facilities).

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the instrument appointing a proxy or authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of electronic facilities).

All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

(ii) and vote at a general meeting (whether physically or by virtual attendance with the use of electronic facilities), except where a member is required by the GEM Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting for each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year (unless a longer period would not infringe the GEM Listing Rules).

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the company secretary and specify the business for consideration at such meeting. Such meeting shall be held within two months after the deposit of such requisition. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting, the requisitionists may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

All general meetings (including an annual general meeting, an extraordinary general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion, and participation in such a meeting in any location(s) shall constitute presence at such meetings.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 clear days' notice in writing, and any other general meeting of the Company shall be called by at least 14 clear days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify (a) the time of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board, the principal place of the meeting, (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) the particulars of the resolution(s) to be

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of electronic facilities (if applicable).

Except where otherwise expressly stated, subject to compliance with the GEM Listing Rules, any notice or document (including any corporate communication and actionable corporate communication) to be given or issued under the Articles may be given or issued by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the GEM Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the GEM Listing Rules. Without limiting the generality of the foregoing but subject to the Companies Act and the GEM Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the GEM Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place or by means of electronic facilities specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting).

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

Where a general meeting is postponed:

- (A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the GEM Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;
- (B) if only the form of the meeting or electronic facilities specified in the notice are changed, the Board shall notify the members of details of such change in such manner as the Board may determine;
- (C) subject to the Articles, unless already specified in the original notice of the meeting, the Board shall determine the date, time, place (if applicable) and electronic facilities (if applicable) for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time, place (if applicable) and electronic facilities (if applicable) at which the postponed meeting will be reconvened, and the date and time by which instruments of proxies shall be submitted in order to be valid at such reconvened meeting (provided that any instrument of proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new instrument of proxy); and
- (D) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of electronic facilities), or in the case of a member being a corporation, by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting, provided that the number of proxies appointed by a member who is an individual may not exceed two. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of electronic facilities) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the GEM Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the GEM Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

- (a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid or satisfied by electronic means (including but not limited to electronic funds transfer or wire transfer) or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is [REDACTED] on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge. For so long as the Shares are prescribed securities and in respect of that portion of the branch register in Hong Kong relating to such Shares, a person may, in accordance with the Securities and Futures (Uncertificated Securities Market) Rules, inspect, make copies of, and request to be provided with copies of, entries in the branch register in Hong Kong.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

- (a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

- (b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other assets upon which there is a liability.

2.11 Uncertificated Securities Market Regime

Unless otherwise required under applicable law of the Cayman Islands, if any provision of the Articles conflicts or is inconsistent with any provision of the uncertificated securities market regime (and irrespective of whether the provision is mandatory or enabling in nature), the latter will prevail to the extent of the conflict or inconsistency. If the Articles are silent in respect of any matter provided for under any provision of the uncertificated securities market regime (and irrespective of whether the matter is required or permitted under such provision), the matter will be regarded as required or permitted (as the case may be) under the Articles.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 25 February 2025 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Companies Act;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

- (b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking for the Company is for a period of 20 years from 4 April 2025.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer

APPENDIX III

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES ACT

their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2026 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a “relevant entity” and is conducting one or more of the nine “relevant activities”, then such company will be required to comply with the economic substance requirements in relation to the relevant activity from 1 July 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, the Company’s legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed “Documents available on display” in Appendix V to this document. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 25 February 2025.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 March 2025 and its principal place of business in Hong Kong is Unit A, 27/F., Phase 2, Billion Plaza, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. In connection with such registration, our Company has appointed Mr. Fong as its authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Act and our constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Act and certain provisions of the Articles is set out in Appendix III to this document.

2. Changes in the share capital of our Company

- (a) As at the date of incorporation of our Company on 25 February 2025, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same day, the said one Share was transferred to Fong 1119 at par value of HK\$0.01, and one Share with a par value of HK\$0.01 was allotted and issued as fully paid, to HFTT. As a result, as at the date of incorporation of our Company, our Company was owned as to 50% by Fong 1119 and as to 50% by HFTT.
- (b) On [•] 2026, Mr. Fong and Well Smart (as transferors), Aegiswing (as transferee), Fong 1119, HFTT, our Company and Arrano Group entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Aegiswing acquired the entire issued share capital of Arrano Group, which comprised (i) one ordinary share held by Mr. Fong; and (ii) one ordinary share held by Well Smart. The shares were transferred to Aegiswing in consideration of the allotment and issue of 49 Shares and 49 Shares, credited as fully paid, to Fong 1119 and HFTT, respectively.
- (c) On [•] 2026, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$[100,000,000] divided into [10,000,000,000] Shares by the creation of an additional of [9,962,000,000] Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$[100,000,000] divided into [10,000,000,000] Shares, of which [REDACTED] Shares will be allotted and issued as fully paid or credited as fully paid, and [REDACTED] Shares will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed “A. Further information about our Company – 5. Written resolutions of our Shareholders passed on [•] 2026” and “A. Further information about our Company – 6. Repurchase of the Shares” below in this appendix and the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this document, there has been no alteration to our Company’s share capital since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the [REDACTED]. Further details are set out in the paragraph headed “History, Corporate Structure and Reorganisation – Reorganisation” in this document.

4. Changes in share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants’ Report, the text of which is set out in Appendix I to this document.

Save as disclosed in the paragraph headed “History, Corporate Structure and Reorganisation – Reorganisation” in this document, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

5. Written resolutions of our Shareholders passed on [•] 2026

Written resolutions of our Shareholders were passed on [•] 2026 approving, among others, the following:

- (a) the Memorandum was adopted as the memorandum of association of our Company with immediate effect and the Articles were adopted as the articles of association of our Company with effect from the [REDACTED];

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$[100,000,000] divided into [10,000,000,000] Shares of HK\$[0.01] each by the creation of an additional of [9,962,000,000] Shares of HK\$[0.01] each, all of which shall rank *pari passu* in all respects with the existing Shares as at the date of passing of such resolutions; and
- (c) conditional upon (aa) the Stock Exchange granting the [REDACTED] of, and permission to [REDACTED] in, the Shares in issue and to be allotted and issued as mentioned in this document including the Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme; (bb) the [REDACTED] having been duly determined and the execution and delivery of the [REDACTED] on the respective dates as specified in this document; and (cc) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including the waiver of any condition(s) by the [REDACTED] (for itself and on behalf of the [REDACTED]) and not being terminated in accordance with the terms of such agreements (or any conditions as specified in this document), in each case on or before the dates and times specified in each of the [REDACTED] (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this document:
 - (i) the [REDACTED] and the grant of the [REDACTED] by our Company were approved and our Directors were authorised to (aa) allot and issue the [REDACTED] pursuant to the [REDACTED] subject to the terms and conditions as stated in this document; (bb) implement the [REDACTED] and the [REDACTED]; and (cc) do all things and execute all documents in connection with or incidental to the [REDACTED] and the [REDACTED] with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) conditional upon the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to allot and issue a total of [REDACTED] Shares credited as fully paid at par to Fong 1119 and HFTT in proportion to their then respective shareholdings in our Company by way of capitalisation of the sum of HK\$[REDACTED] standing to the credit of the share premium account of our Company and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares;
 - (iii) the rules of the Share Option Scheme were approved and adopted, and our Board (or any committee thereof established by our Board) was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

option(s) granted thereunder; and (dd) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

- (iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), or sell and/or transfer treasury shares, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme or under the [REDACTED] or the [REDACTED], Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate number of issued Shares immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme and excluding treasury shares); and (bb) the aggregate number of issued Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first;
- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in aggregate not exceeding 10% of the aggregate number of issued Shares immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme and excluding treasury shares), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (vi) a general unconditional mandate as referred to in sub-paragraph (iv) above was extended by the addition to the aggregate number of issued Shares which may be allotted or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of issued Shares repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate number of issued Shares immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme and excluding treasury shares).

6. Repurchase of the Shares

This paragraph sets out information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary [REDACTED] on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on [•] 2026, a general unconditional mandate to repurchase our Company’s securities (the “Repurchase Mandate”) was given to our Directors, the details of which are set out in the paragraph headed “A. Further information about our Company – 5. Written resolutions of our Shareholders passed on [•] 2026” above in this appendix.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Act, the GEM Listing Rules and any other laws and regulations applicable to our Company from time to time in force. A [REDACTED] company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of the share premium, out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and the Companies Act, out of the capital. Any amount of premium payable on the repurchase over the par value of the shares to be repurchased must be out of

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

profits of our Company, out of our Company's share premium account before or at the time the Shares are repurchased, or, subject to the Articles and the Companies Act, out of the capital.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate number of issued shares (excluding treasury shares) of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on GEM if the result of the repurchase would be that the number of the [REDACTED] securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not repurchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased shares

In accordance with the Articles of Association, the GEM Listing Rules and any other applicable laws and regulations, following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

Under the Companies Act, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(v) Suspension of repurchase

A [REDACTED] company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a [REDACTED] company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for publication of an announcement of a [REDACTED] company’s results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the [REDACTED] company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a [REDACTED] company has breached the GEM Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a company’s annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors’ report is also required to contain reference to the purchases made during the year and the directors’ reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

A [REDACTED] company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may,

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Share capital

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the paragraph headed “A. Further information about our Company – 5. Written resolutions of our Shareholders passed on [•] 2026” above in this appendix.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder’s proportionate interest in our Company’s voting rights increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders’ interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

Our Company has not made any repurchase of our own securities since our incorporation.

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any of the members of our Group within the two years immediately preceding the date of this document and are or may be material:

- (a) the Reorganisation Agreement;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-Competition; and
- (d) the [REDACTED].

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which, in the opinion of our Directors, are material to our Group’s business:

Trademark	Trademark owner	Class	Place of registration	Trade mark number	Date of registration	Expiry date
	Arrano Group	36, 37, 39, 41, 42, 45	Hong Kong	306785029	16 January 2025	15 January 2035
	Arrano Group	36, 37, 39, 41, 42, 45	Hong Kong	306814792	21 February 2025	20 February 2035

(b) Domain name

As at the Latest Practicable Date, our Company had registered the following domain name, which in the opinion of our Directors, is material to the business of our Company:

Domain name	Registered owner	Expiry date
arrano.com.hk	Arrano Group	24 December 2028

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

- (a) *Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and our Company’s associated corporations after completion of the [REDACTED] and the [REDACTED]*

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, will be as follows:

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after completion of the [REDACTED] and the [REDACTED] (Note 1)	Percentage of shareholding in our Company immediately after completion of the [REDACTED] and the [REDACTED]
Mr. Fong (Notes 2 and 3)	Interest in a controlled corporation	[REDACTED] (L)	[REDACTED]%
Ms. Yip (Note 3)	Interest of spouse	[REDACTED] (L)	[REDACTED]%
Ms. Lam (Notes 4 and 5)	Interest in a controlled corporation	[REDACTED] (L)	[REDACTED]%
Mr. Wong (Note 5)	Interest of spouse	[REDACTED] (L)	[REDACTED]%

Notes:

- The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Our Company will be owned as to [REDACTED]% by Fong 1119 immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). Fong 1119 is wholly-owned by Mr. Fong. Under the SFO, Mr. Fong is deemed to be interested in the same number of Shares held by Fong 1119.
3. Mr. Fong and Ms. Yip are spouses. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares which Mr. Fong is interested.
4. Our Company will be owned as to [REDACTED]% by HFTT immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). HFTT is wholly-owned by Well Smart, which is wholly-owned by Ms. Lam. Under the SFO, Well Smart and Ms. Lam are deemed to be interested in the same number of Shares held by HFTT.
5. Ms. Lam and Mr. Wong are spouses. Under the SFO, Mr. Wong is deemed to be interested in the same number of Shares which Ms. Lam is interested.

Immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being our Directors or chief executive) will have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after completion of the [REDACTED] and the [REDACTED] (Note 1)	Percentage of shareholding in our Company immediately after completion of the [REDACTED] and the [REDACTED]
Fong 1119 (Note 2)	Beneficial owner	[REDACTED] (L)	[REDACTED]%
HFTT (Note 3)	Beneficial owner	[REDACTED] (L)	[REDACTED]%
Well Smart (Note 3)	Interest in a controlled corporation	[REDACTED] (L)	[REDACTED]%

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Our Company will be owned as to [REDACTED]% by Fong 1119 immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). Fong 1119 is wholly-owned by Mr. Fong. Under the SFO, Mr. Fong is deemed to be interested in the same number of Shares held by Fong 1119.
3. Our Company will be owned as to [REDACTED]% by HFTT immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). HFTT is wholly-owned by Well Smart, which is wholly-owned by Ms. Lam. Under the SFO, Well Smart and Ms. Lam are deemed to be interested in the same number of Shares held by HFTT.

(b) Negative statement regarding interests in securities

None of our Directors or chief executive of our Company will immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme) has any discloseable interests (as referred to in (a) above) other than as disclose at (a) above.

Our Directors are not aware of any persons (other than our Directors or the chief executive of our Company) who will immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) above.

2. Particulars of Directors' service agreements and letters of appointment

(a) Executive Directors

Each of our executive Directors [has] entered into a service agreement with our Company for an initial fixed term of three years commencing from the [REDACTED], subject to the provision of retirement and rotation of Directors under the Articles of Association.

(b) Non-executive Director and independent non-executive Directors

Each of our non-executive Director and our independent non-executive Directors [has] entered into a letter of appointment with our Company for an initial fixed term of three years commencing from the [REDACTED], subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed in this document, none of our Directors has entered or is proposed to enter into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During the two years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately HK\$2.4 million, HK\$4.4 million and HK\$0.7 million, respectively.

None of our Directors or any past director(s) of any member of our Group has been paid any sum of money for the two years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026 (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for the two years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026.

Under the arrangements currently proposed, conditional upon the [REDACTED], the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	HK\$
Executive Directors	
Mr. Fong Chun Kit	1,038,000
Mr. Wong Chun Hung Hanson, <i>M.H.</i>	540,000
Ms. Yip Nga Man	856,200
Mr. Ip Yik Nam, <i>J.P.</i>	960,000
Non-executive Director	
Ms. Lam Wing Yu	180,000
Independent non-executive Directors	
Mr. Yau How Boa, <i>G.B.S., M.H., J.P.</i>	180,000
Mr. Au Ka Wang, <i>S.B.S., I.D.S.M., J.P.</i>	180,000
Ms. Leung Yuen Shan Maisy	180,000

Each of our executive Directors, non-executive Director and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group’s business and operations.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Save as disclosed in this document, no other emoluments have been paid or are payable, in the two years ended 31 December 2024 and 31 December 2025 and the three months ended 31 March 2026 by our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 31 to the Accountants’ Report set out in Appendix I to this document.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executive of our Company has any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO), immediately after completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, in each case once the Shares are [REDACTED];
- (b) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the [REDACTED] and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be 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 any other member of our Group;
- (c) none of our Directors or the experts under the paragraph headed “E. Other information – 7. Qualifications of experts” below in this appendix has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) none of our Directors nor the experts named under the paragraph headed “E. Other information – 7. Qualifications of experts” below in this appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our Group’s business; and
- (e) none of the experts named under the paragraph headed “E. Other information – 7. Qualifications of experts” below in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	[•] 2026, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolutions
“Board”	our board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“Exercise Price”	the price per Share at which a grantee may subscribe for our Shares on the exercise of an Option as described in paragraph (c)
“Group”	our Company and its subsidiaries
“Offer Date”	the date on which an Option is offered to a Participant
“Option”	an option to subscribe for Shares (and/or to acquire Treasury Shares from the Company, as may be permitted under the laws of the Cayman Islands and the Articles of Association) granted pursuant to the Share Option Scheme and for the time being subsisting
“Scheme Period”	the period of ten years commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof, unless terminated earlier in accordance with the terms of the Share Option Scheme

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

“Treasury Shares” any Shares repurchased and held or to be repurchased and held by the Company in treasury as authorised by the laws of the Cayman Islands and/or the Articles of Association

2. Summary of terms

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive or rewards to employees, directors, advisers, consultants, distributors, contractors, suppliers, agents and service providers of our Group for the contribution or potential contribution to the Group and to promote the success of the business of our Group. The Share Option Scheme will comply with Chapter 23 of the GEM Listing Rules and any other applicable requirements of the Stock Exchange as amended from time to time.

(b) Who may join and basis of eligibility

Our Board may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“Participants”) to take up Options to subscribe for Shares:

- (a) any director and employee of our Company or any of its subsidiaries (including persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries) (“Employee Participant(s)”);
- (b) any director and employee of the holding companies, fellow subsidiaries or associated companies of our Company (“Related Entity Participant(s)”);
- (c) any person who provides services to our Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of our Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of our Group) where the continuity and frequency of their services are akin to those of employees, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (“Service Provider(s)”).

The basis of eligibility of any Participant to the grant of any Option shall be determined by our Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

In assessing whether Options are to be granted to any Participant, our Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Participant to our Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of our Group, the positive impacts which such Participant has brought to our Group's business and development and whether granting Options to such Participant is an appropriate incentive to motivate such Participant to continue to contribute towards the betterment of our Group.

In assessing the eligibility of an Employee Participant, our Board will consider all relevant factors as appropriate, including, among others:

- (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (iii) his/her contribution made or expected to be made to the growth of our Group; and
- (iv) his/her educational and professional qualifications, and knowledge in the industry.

In assessing the eligibility of a Related Entity Participant, our Board will consider all relevant factors as appropriate, including, among others:

- (i) the positive impacts brought by, or expected from, the Related Entity Participant on our Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to our Group;
- (ii) the period of engagement or employment of the Related Entity Participant by our Group;
- (iii) whether the Related Entity Participant has referred or introduced opportunities to our Group which have materialised into further business relationships;
- (iv) whether the Related Entity Participant has assisted our Group in tapping into new markets and/or increased its market share; and
- (v) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with our Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of our Group which may benefit the core business of our Group through a collaborative relationship.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Amongst the Service Providers eligible for the granting of the Options:

- (i) advisers and consultants are those who would play significant roles in our Group's business development by contributing their specialised skills and knowledge in the business activities of our Group on a continuing and recurring basis. Such advisers and consultants would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business of our Group. Their continuing and recurring engagement and cooperation with our Group would benefit our Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of our Group; and
- (ii) distributors, contractors, suppliers and agents are to directly contribute to the long-term growth of our Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The works of distributors, contractors, suppliers and agents are closely connected with various areas of our Group's day-to-day operations, including sales, procurement, marketing, manufacturing and development of construction equipment, and their performances will contribute to the operating performance and financial results of our Group.

In assessing the eligibility of a Service Provider, our Board will consider all relevant factors as appropriate, including, among others:

- (i) in respect of advisers and consultants:
 - A. the expertise, professional qualifications and industry experience of the Service Provider;
 - B. the individual performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - C. the prevailing market fees chargeable by other services providers;
 - D. our Group's period of engagement of or collaboration with the Service Provider; and
 - E. the Service Provider's actual or potential contribution to our Group in terms of a reduction in costs or an increase in turnover or profit;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (ii) in respect of distributors, contractors, suppliers and agents:
 - A. the scale of the Service Provider’s business dealings with our Group in terms of purchases or sales attributable to him;
 - B. the ability of the Service Provider to maintain the quality of services;
 - C. the individual performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - D. the benefits and strategic value brought by the Service Provider to our Group’s development and future prospects in terms of the profits and/or income attributable to the Service Provider’s collaboration with our Group;
 - E. the scale of the Service Provider’s collaboration with our Group and the length of business relationships between the Service Provider and our Group; and
 - F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to our Group.

(c) Exercise Price

The Exercise Price shall be a price solely determined by our Board and notified to a Participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the Offer Date; and (iii) the nominal value of our Shares on the Offer Date, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent. For the purpose of calculating the Exercise Price where our Company has been [REDACTED] on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day falling within the period before [REDACTED].

(d) Grant of Options and acceptance of offers

An offer of the grant of Options must be accepted within five Business Days inclusive of the Offer Date. The amount payable by the grantee of an Option to our Company on acceptance of the offer of the grant of an Option is HK\$[1].

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(e) Maximum number of Shares available for subscription

- (i) The total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all options (including the Options) and awards to be granted under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company shall not exceed 10% of the total number of Shares in issue (excluding Treasury Shares) as at the [REDACTED] (the “Scheme Mandate Limit”). Therefore, it is expected that our Company may grant Options in respect of up to [REDACTED] Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such [REDACTED] Shares from time to time) to the participants under the Share Option Scheme.
- (ii) Subject to sub-paragraph (i) above, the total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all options (including the Options) or awards to be granted to the Service Provider(s) under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company shall not exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the [REDACTED] (the “Service Provider Sublimit”). The Service Provider Sublimit shall be within the Scheme Mandate Limit.
- (iii) For the avoidance of doubt, our Shares underlying any options (including the Options) granted under the Share Option Scheme or any other share option scheme(s) of our Company which have been cancelled will be counted for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Where our Company has reissued such cancelled options, our Shares underlying both the cancelled options and the re-issued options will be counted as part of the total number of Shares subject to subparagraphs (i) and (ii) above. The options (including the Options) or awards lapsed in accordance with the terms of the Share Option Scheme or (as the case may be) any other share option scheme(s) or share award scheme(s) of our Company will, however, not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- (iv) The Scheme Mandate Limit (and the Service Provider Sublimit) as mentioned above may be refreshed at any time by approval of our Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders’ approval for the last refreshment, provided that:
 - a. the total number of the Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all options (including the Options) or awards to be granted under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company under the Scheme Mandate

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Limit as refreshed (the "New Scheme Mandate Limit") shall not exceed 10% (and the Service Provider Sublimit as refreshed (the "New Service Provider Sublimit") shall not exceed 1%) of the Shares in issue (excluding Treasury Shares) as at the date of our Shareholders' approval of the New Scheme Mandate Limit and the New Service Provider Sublimit. Our Company shall send a circular to our Shareholders containing the number of options (Including the Options) and awards that were already granted under the Scheme Mandate Limit and the Service Provider Sublimit, and the reason for the refreshment;

- b. any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three-year period shall be approved by our Shareholders subject to the following provisions:
 - (A) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of our Company and their respective associates) shall abstain from voting in favour of the relevant resolution at the general meeting; and
 - (B) our Company shall comply with the requirements under Rules 17.47(6) and (7), 17.47A, 17.47B and 17.47C of the GEM Listing Rules; and
- c. the requirements under sub-paragraph b above do not apply if the refreshment is made immediately after an issue of securities by our Company to our Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- (v) Our Company may seek separate approval by our Shareholders in general meeting for granting options (including the Options) or awards under the Share Option Scheme or any other share option scheme(s) or share award scheme(s) of our Company beyond the Scheme Mandate Limit or, if applicable, the New Scheme Mandate Limit, provided the options (including the Options) or awards in excess of the Scheme Mandate Limit or, if applicable, the New Scheme Mandate Limit, are granted only to the Participants specifically identified by our Company before such approval is sought. Our Company shall send a circular to our Shareholders containing the name of each specified Participant who may be granted such options (including the Options) or awards, the number and terms of the options (including the Options) or awards to be granted to each Participant, and the purpose of granting options (including the Options) or awards to the specified Participants with an explanation as to how the terms of the options

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(including the Options) or awards serve such purpose. The number and terms of the options (including the Options) and awards to be granted shall be fixed before our Shareholders’ approval.

(f) Limit on granting options or awards to individual Participants

- (i) The total number of our Shares issued and to be issued (and, together with Treasury Shares acquired and to be sold or transferred, as applicable) in respect of all options (including the Options) and awards granted to each Participant (excluding any options (including the Options) or awards lapsed in accordance with the terms of the relevant schemes) under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue (excluding Treasury Shares) (the “1% Individual Limit”).
- (ii) Where any grant of the Options to a Participant would result in our Shares issued and to be issued in respect of all options (including the Options) and awards granted and to be granted to such Participant (excluding any options (including the Options) or awards lapsed in accordance with the terms of the relevant schemes) in the 12-month period up to and including the date of such grant representing in aggregate over the 1% Individual Limit, such grant shall be separately approved by our Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person), abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Participant, the number and terms of Options to be granted (and the options or awards previously granted to such Participant in the 12-month period), the purpose of granting the Options to such Participant and an explanation as to how the terms of the Options serve such purpose. The number and terms (including the Exercise Price) of Options to be granted to such Participant shall be fixed before our Shareholders’ approval.

(g) Grant of Options to a Director, chief executive of our Company or substantial shareholder or any of their respective associates

- (i) Any grant of the Options to a Director, or a chief executive of our Company or substantial shareholder, or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Option).
- (ii) Where any grant of the Options to an independent non-executive Director or a substantial shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options (including the Options) and awards granted under the Share Option Scheme and any other share option scheme(s) and share award scheme(s) of our Company (excluding any options (including the Options) or awards lapsed in

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of our Shares in issue, such further grant of the Options shall be subject to:

- (a) the issue of a circular by our Company to our Shareholders; and
 - (b) the approval by our Shareholders in general meeting at which the proposed grantee, his/her associates and all core connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting in favour at such general meeting, and in accordance with the requirements under Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.
- (iii) The circular to be issued by our Company to our Shareholders pursuant to sub-paragraph (ii)(a) above shall contain the following information:
- (a) details of the number and terms of the Options to be granted to each Participant, which shall be fixed before the Shareholders' meeting (which shall include the information required under Rules 23.03(5) to 23.03(10) and Rule 23.03(19) of the GEM Listing Rules);
 - (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of our Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
 - (c) the information required under Rule 23.02(2) of the GEM Listing Rules; and
 - (d) the information required under Rule 2.28 of the GEM Listing Rules.
- (iv) Any change in the terms of the Options granted to a Participant who is a Director, or a chief executive of the Company or substantial shareholder, or any of their respective associates, shall be approved by our Shareholders in the manner as set out in Rule 23.04(4) of the GEM Listing Rules if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme). For the avoidance of doubt, the requirements for the grant to a director or chief executive of our Company set out in Rule 23.04 of the GEM Listing Rules do not apply where the Participant is only a proposed director or chief executive of our Company.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(h) Restrictions on the times of grant of Options

- (i) Our Company may not grant any Options after any inside information has come to its knowledge until (and including) the trading day after such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no Option may be granted during the period commencing 30 days immediately preceding the earlier of:
 - (a) the date of the meeting of our Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for our Company to publish an announcement of our Company’s results for any year or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules),and ending on the date of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.
- (ii) Further to the restrictions in sub-paragraph (i) above, no Option may be granted to a Director on any day on which financial results of our Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof (the “Option Period”).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(j) Vesting period

Save for the circumstances prescribed below, the vesting period for the Options shall not be less than 12 months from the Offer Date:

- (i) where the Participant is an Employee Participant who is a director or senior manager of the Company and specifically identified by our Board, the remuneration committee (or our Board where the Participant is an Employee Participant other than a director and senior manager of our Company and specifically identified by our Board) shall have the authority to determine a shorter vesting period under the following specific circumstances:
 - (a) grants of the Options in compensatory nature to a new Employee Participant to replace his/her share options or awards forfeited when leaving his/her previous employer;
 - (b) grants of the Options to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
 - (c) grants of the Options with performance-based vesting conditions in lieu of time-based vesting criteria;
 - (d) grants of the Options that are made in batches during a year for administrative and compliance reasons, which include the Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Options would have been granted;
 - (e) grants of the Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; and
 - (f) grants of the Options with a total vesting and holding period of more than 12 months.

(k) Performance target and clawback mechanism

- (i) Unless our Board otherwise determines and states in the offer to a grantee, no performance target is attached to the Options. The description (which may be qualitative) of the performance targets, if any, attached to the Options may include a general description of the target levels and performance related measures and the method for assessing how they are satisfied.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (ii) The performance target, if any, shall be assessed in accordance with one or more of the following performance measure(s) (the "Performance Measure(s)"), or derivations of such Performance Measure(s) that may be related to the individual grantee or our Group as a whole or to a subsidiary, division, department, region, function or business unit of our Company or the relevant Related Entity Participant or the relevant Service Provider including but not limited to: cash flow, earnings, earnings per share, market value or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results and such other goal as our Board may determine from time to time.
- (iii) Each Performance Measure may be assessed either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by our Board (or, in case the grantee is a director or senior manager of our Company, the remuneration committee of our Board) in its sole discretion. Our Board may, in its sole discretion, amend or adjust the Performance Measures and establish any special rules and conditions to which the Performance Measures shall be subject at any time.
- (iv) Notwithstanding the terms and conditions of the Share Option Scheme, our Board may provide in the notice of offer that any Option prior to it being exercised may be subject to clawback or a longer vesting period if any of the events stated in sub-paragraph (v) below shall occur.
- (v) If any of the following events shall occur during an Option Period:
 - (i) there being a material misstatement in the audited financial statements of our Company that requires a restatement;
 - (ii) the grantee being guilty of fraud, gross negligence or persistent or serious or wilful misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; and
 - (iii) if the grant or exercise of any Option is linked to any performance targets and our Board is of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

our Board may (but is not obliged to) by notice in writing to the grantee concerned (aa) claw back such number of the Options (to the extent not being exercised) granted as our Board may consider appropriate; or (bb) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as our Board may consider appropriate. The

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Options that are clawed back pursuant to this paragraph (k) shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

(l) *Ranking of Shares*

Our Shares to be allotted (or the Treasury Shares to be transferred, as applicable) upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with our fully paid Shares in issue on the date of allotment (or the date of transfer of Treasury Shares, as the case may be) and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment (or the date of transfer of Treasury Shares, as the case may be) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment (or the date of transfer of Treasury Shares, as the case may be), save that our Shares allotted upon the exercise of any Option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(m) *Transferability of Option*

An Option shall be personal to the grantee and shall not be transferrable or assignable, save where applicable under the GEM Listing Rules, when the Stock Exchange has granted a waiver to the grantee to allow the transfer of his/her Option to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Option Scheme and comply with other requirements under the GEM Listing Rules and where such waiver is granted, the Stock Exchange shall require our Company to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle, no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option. Any breach of the foregoing by a grantee shall entitle our Company to cancel, revoke or terminate any Option granted to such grantee to the extent not already exercised.

(n) *Rights on cessation of employment by death*

In the event that the grantee (being an individual) dies before exercising the Option in full, his/her legal personal representative(s) may exercise the Option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death, provided that where any of the events set out in (r), (s) and (t) below occurs prior to his/her death or within such 12-month period following his/her death, then his/her legal personal representative(s) may so exercise the Option within such of the various periods respectively set out in such paragraphs instead of the period referred to in this paragraph and provided further that if within a period of three years prior to the grantee's death, the grantee had committed any of the acts as specified in paragraph (u)(4) below which would have entitled our Company to terminate his/her employment

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

prior to his/her death, our Board may in its absolute discretion at any time resolve to forthwith terminate the Option of the grantee (to the extent not already lapsed or exercised) by serving written notice to his/her legal personal representatives and the Option (to the extent not already exercised) shall lapse on the date of the relevant Board resolution.

(o) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group when an offer is made to him/her and he/she subsequently ceases to be an employee of our Group by reason of a termination of his/her employment on one or more of the grounds specified in paragraph (u)(4) below, his/her Option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group and in the event the grantee has exercised the Option in whole or in part, but Shares have not been allotted to him/her, the grantee shall, unless our Board determines otherwise, be deemed not to have so exercised such Option and our Company shall refund to the grantee the subscription price in respect of the purported exercise of such Option without interest.

(p) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group when an offer is made to him/her and he/she subsequently ceases to be an employee of our Group for any reason other than (i) his/her death or (ii) the termination of his/her employment on one or more of the grounds specified in paragraph (u)(4) below, the Option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment.

(q) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of our Shares subject to the Option so far as unexercised; and/or the Exercise Price of any unexercised Option, as the auditors shall certify in writing or independent financial adviser to our Company shall confirm in writing (as the case may be) to our Board to be in their opinion fair and reasonable and in compliance with the relevant provisions of the GEM Listing Rules (or any guideline or supplemental guideline issued by the Stock Exchange from time to time) (no such certification or confirmation is required in case of adjustment made on a capitalisation issue), provided that any such adjustments shall give a grantee the same proportion of the issued share capital of our Company, rounded to the nearest whole Share, as (but in any event shall not be greater than) that to which he/she/it was previously entitled and the subscription price payable by a grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than, except upon any consolidation of the Shares pursuant to this paragraph (q)) as it

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

was before such event, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(r) Rights on a general offer

In the event of a general offer or partial offer (whether by way of takeover offer or share repurchase offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror), our Company shall use its best endeavours to procure that an appropriate offer is extended to all the grantee (on comparable terms, mutatis mutandis, and assuming that they will become, by exercise in full of the Options granted to them, as Shareholders). If such offer becoming or being declared unconditional, the grantee shall, notwithstanding any terms on which his/her Options were granted, be entitled to exercise the Option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(s) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Group give notice thereof to all grantees and thereupon, each grantee shall be entitled to exercise all or any of his/her Options (to the extent not already lapsed or exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the subscription price in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(t) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders and/or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Act, our Company shall give notice thereof to all the grantees on the same day as it gives notice of the meeting to our Shareholders and/or the creditors to consider such a compromise or arrangement and the Options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the "Suspension Date"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the subscription price in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavour to procure that our Shares issued as a result of the exercise of Options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of our officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act involving fraud, gross negligence or wilful misconduct on the part of our Company or any of our officers.

(u) Lapse of options

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of any of the periods upon the occurrence of the relevant event referred to in paragraphs (n), (p), (r), (s) or (t) above;
- (3) subject to paragraph (s) above, the date of the commencement of the winding-up of our Company;
- (4) in respect of a grantee who is an employee of our Group when an offer is made to him/her, the date on which the grantee ceases to be an employee of our Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of fraud, gross negligent, or wilful or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or bringing our Group into disrepute or (if so determined by our Board) on any other ground on which an employer would be entitled to terminate his/her employment summarily pursuant to any applicable laws or the grantee's employment or service contract with our Group;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (5) in respect of a grantee other than an employee of our Group, the date of on which our Board shall at its absolute discretion determine that: (i) the grantee or his/her/its associate has committed any breach of any contract entered into between the grantee or his/her/its associate on the one part and any member of our Group on the other part; (ii) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding up, liquidation or analogous proceedings or has made any arrangement or composition with his/her/its creditors generally; (iii) the grantee could no longer make any contribution to the growth and development of any member of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; or (iv) the grantee has been convicted of any criminal offence involving his/her/its integrity or honesty or bringing our Group into disrepute; and
- (6) the date on which our Board exercises our Company's right to cancel, revoke or terminate the Option on the ground that the grantee commits a breach of paragraph (m) in respect of that or any other Option.

(v) Cancellation of Options granted

Any cancellation of the Options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation. Where our Company cancels the Options and makes a new grant to the same grantee, such new grant may only be made under the Share Option Scheme with available Scheme Mandate Limit and Service Provider Sublimit or the limits approved by our Shareholders pursuant to paragraphs (e)(iv) and (v). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

(w) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof.

(x) Alteration of the Share Option Scheme

- (i) Subject to sub-paragraphs (ii) to (iv) below, the Share Option Scheme may be altered in any respect by resolution of our Board except that:
 - (a) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature; and
 - (b) any alterations to the provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules to the advantage of Participants,

which shall be approved by a resolution of our Shareholders in general meeting.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (ii) Any change to the terms of the Options granted to a Participant shall be approved by our Board, the remuneration committee of our Board, the independent non-executive Directors and/or our Shareholders (as the case may be) if the initial grant of the Options was approved by our Board, the remuneration committee of our Board, the independent non-executive Directors and/or our Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any change to the authority of the Directors or the administrators of the Share Option Scheme to alter the terms of the Share Option Scheme, shall be approved by our Shareholders in general meeting.
- (iv) The amended terms of the Share Option Scheme and/or the Options pursuant to this paragraph (x) shall still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

(y) *Termination*

- (i) Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.
- (ii) Details of the Options granted, including Options exercised or outstanding under the Share Option Scheme shall be disclosed in the circular to our Shareholders seeking approval of the first new scheme to be established or refreshment of Scheme Mandate Limit under any other existing scheme after such termination.

(z) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon:

- (a) the Stock Exchange granting approval for the [REDACTED] of and permission to [REDACTED] in any Shares to be issued pursuant to the exercise of any Options granted in accordance with the terms and conditions of the Share Option Scheme;
- (b) the passing of the necessary resolution to adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution; and
- (c) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms and conditions of the [REDACTED] or otherwise.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

3. Present status of the Share Option Scheme

Application has been made to the GEM Listing Committee for the [REDACTED] of and permission to [REDACTED] in the Shares which fall to be issued pursuant to the exercise of Options which may be granted under the Share Option Scheme.

As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the "Indemnifiers") [have, under the Deed of Indemnity, given] joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things:

- (a) any taxation (including estate duty) and taxation claim falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the [REDACTED] becomes unconditional; and
- (b) all costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any litigation, arbitration, prosecution, conviction, investigation, administrative measures and/or legal proceedings against any member of our Group which was issued and/or accrued and/or arising from any act, non-performance, non-compliance, omission or otherwise of any member of our Group occurred at any time on or before the date on which the [REDACTED] becomes unconditional, if any.

The Indemnifiers will, however, not be liable under the Deed of Indemnity to the extent that, among others:

- in relation to items (a) and (b) above, provision has been made for such liability in the audited combined accounts of our Company or any member of our Group for the Track Record Period;
- in relation to item (a) above, the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the [REDACTED] becomes unconditional; or
- in relation to item (a) above, the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the [REDACTED] becomes unconditional.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

To the best knowledge of our Directors, save as disclosed in this document, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Application for [REDACTED] of Shares

Our Company has applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the Shares in issue and to be issued pursuant to the [REDACTED] and the [REDACTED] as mentioned herein and any Shares which may be allotted and issued upon the exercise of the [REDACTED]. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Innovax Capital Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

5. Preliminary expenses

The estimated preliminary expenses relating to the incorporation of our Company are approximately HK\$39,500 and are payable by our Company.

6. Promoter

Our Company does not have any promoter.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
Innovax Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Harney Westwood & Riegels	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditors
Frost & Sullivan Limited	Independent professional industry consultant

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this document with the inclusion of their reports and/or letter or opinion (as the case may be) and reference to their respective names included in the form and context in which they respectively appears.

9. Fees of the Sole Sponsor

The Sole Sponsor will receive a fee of HK\$3.7 million to act as the sponsor to our Company in connection with the [REDACTED].

10. Independence of the Sole Sponsor

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the [REDACTED], other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sponsor of the [REDACTED]; and
- (b) by way of the compliance advisory fee to be paid to Innovax Capital Limited as our Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the [REDACTED], any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

comprising our Group. The Sole Sponsor is independent from our Group under Rule 6A.07 of the GEM Listing Rules.

11. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Share register

The register of members of our Company will be maintained in the Cayman Islands by [REDACTED] and the branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

13. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company’s branch register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under the current Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercising any rights attaching to them.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

14. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;
- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2026, being the date on which the latest audited financial information of our Group was reported in the Accountants' Report set out in Appendix I to this document;
- (d) our Directors confirm that our Company has no outstanding convertible debt securities or debentures;
- (e) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this document.

15. Bilingual document

Pursuant to section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this document are being published separately.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) the written consents referred to in the paragraph headed “Statutory and General Information – E. Other information – 8. Consents of experts” in Appendix IV to this document; and
- (ii) copies of the material contracts referred to in the paragraph headed “Statutory and General Information – B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.arrano.com.hk** up to and including the date which is 14 days from the date of this document:

- (i) the Memorandum of Association and the Articles of Association;
- (ii) the audited financial statements of the companies comprising our Group for the two years ended 31 December 2024 and 31 December 2025 and for the three months ended 31 March 2026, except for those companies for which there are no statutory audit requirements in their respective jurisdictions of incorporation;
- (iii) the Accountants’ Report for the two years ended 31 December 2024 and 31 December 2025 and for the three months ended 31 March 2026 from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;
- (iv) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this document;
- (v) the letter of advice prepared by Harney Westwood & Riegels, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this document;
- (vi) the Companies Act;
- (vii) the material contracts referred to in the paragraph headed “Statutory and General Information – B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this document;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (viii) the service agreements with the executive Directors and the appointment letters with the non-executive Director and the independent non-executive Directors referred to in the paragraph headed “Statutory and General Information – C. Further information about our Directors and substantial shareholders – 2. Particulars of Directors’ service agreements and letters of appointment” in Appendix IV to this document;
- (ix) the written consents referred to in the paragraph headed “Statutory and General Information – E. Other information – 8. Consents of experts” in Appendix IV to this document;
- (x) the rules of the Share Option Scheme; and
- (xi) the independent market research report, the extracts of which are set out in the section headed “Industry Overview” in this document, commissioned by our Company and prepared by Frost & Sullivan Limited.