

RISK FACTORS

Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group’s business, financial position and prospects could be materially and adversely affected and the market price of the [REDACTED] could fall significantly.

This document contains certain forward-looking statements relating to our Group’s plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group’s actual results may differ materially from those as discussed in this document. Factors that could contribute to such differences are set out below as well as in other parts in this document.

RISKS RELATING TO OUR BUSINESS

Our demolition projects are non-recurring in nature and failure of our Group to secure new projects could materially and adversely affect our results of operations and financial performance

Our demolition contracts are on a non-recurring and project basis. As our contracts are non-recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. While we obtain new demolition projects through tender or quotation, a majority of our revenue during the Track Record Period was derived from projects secured by tender. Our tender/quotation success rates were approximately 25.6%, 26.3% and 28.6% for FY2025, FY2026 and 3M2026, respectively. There is no assurance that we will be invited to or are made aware of the tendering process or our tenders will be selected by our customers. In addition, according to the Frost & Sullivan Report, most of the customers in the demolition industry in Hong Kong have maintained evaluation system to review their contractors’ performance in terms of work quality and regulatory compliance, financial capability and reputation. If a contractor receives a poor safety performance review or a workplace accident occurs, the result of its evaluation and its tender/quotation success rate may be adversely affected. In serious cases, the contractor may be suspended from tendering for new contracts. There is no assurance that our overall performance is satisfactory to all of our customers. In the event that we are unable to maintain business relationship with our existing customers, or unable to secure new projects or obtain similar number of projects and maintain our tender/quotation success rate, our results of operations and financial performance will be materially and adversely affected.

We have not entered into long-term agreements with our customers or salvage materials buyers and we cannot assure that our customers will continue to engage our services or our salvage materials buyers will continue to purchase our salvage materials

Our ability to maintain good business relationship with our customers and salvage materials buyers is crucial to our ongoing growth and profitability. Our demolition contracts are on a non-recurring and project basis. We may receive proceeds from disposal of salvage materials while we undertook demolition works at our demolition site. We have not entered into any long-term agreements with our customers or salvage materials buyers. The demand for our demolition services and salvage materials may change due to a number of factors, some of which may be beyond our control such as changes in

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their businesses, personnel, sourcing policies, economic conditions, import and export regulations, market supply and demand conditions of demolition services and/or recyclable demolition wastes and change in environmental and conservation regulations.

In the event that there was a decrease in the demand for our demolition services or salvage materials and we are unable to identify new customers and/or salvage materials buyers, our Group’s results of operations and financial performance will be materially and adversely affected.

Incorrect estimation of our project operating costs and value of salvage materials to be derived in determining the tender or quotation price will materially and adversely affect our profitability and financial performance

During the Track Record Period, a majority of our revenue was derived from projects secured by tender. We determine our tender or quotation price primarily by estimating our operating costs with a certain percentage of markup. For projects involving removal of salvage materials services, our tendering or quotation price will also have taken into account the discounted estimated value of the salvage materials which would be derived from the project. Our contracts with customers typically have a fixed and pre-determined fee throughout the contract period. Please refer to the section headed “Business — Our operational flow — Tender or quotation — Preparation of tender proposal or quotation — Pricing strategy” in this document for details of our pricing strategy.

During the Track Record Period and up to the Latest Practicable Date, there was no cost overrun or loss-making project. Nonetheless, there is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, accidents, non-performance by our subcontractors, unexpected significant increase in costs of materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers and the Government and other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our Group’s financial condition, profitability and liquidity.

The total actual value of work done may differ from the original estimated contract sum stated in our contracts with customers

Our customers may request addition, reduction or alteration of works beyond the scope of the contract during project implementation by placing variation orders with us. The aggregate amount of revenue that we are able to derive from a project may be different from the original estimated contract sum specified in the relevant contract due to variation orders placed by our customers. For further details of our variation orders, please refer to the paragraph headed “Business — Customers — Major terms of engagement with our customers — Principal terms of engagement with our customers — Terms of engagement with project owners” in this document. As such, there is no assurance that the amount of fees and charges as finally agreed with our customers would be sufficient to recover our costs incurred or provide us with a reasonable profit margin or the amount of revenue derived from our projects will not be substantially different from the original estimated contract sum as specified in the relevant contracts. Our financial condition may be adversely affected by any decrease in our revenue as a result of variation orders. Therefore, there is no assurance that our revenue and profit margin in the future will remain at a level comparable to those recorded during the Track Record Period.

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We are subject to stringent measures to protect the occupational health and safety of workers and failure to maintain safe construction sites and/or implement our safety management system may lead to the occurrence of personal injuries, property damages, fatal accidents, suspension or non-renewal of our registrations as a registered general building contractor and registered specialist contractor with the Buildings Department, under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council, on the respective List of Demolition Contractors maintained by the Housing Authority and Urban Renewal Authority, or imposition of penalties for liability for workplace accidents that may not be covered by any insurance policies

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. Notwithstanding our occupational health and safety measures that are required to be followed by employees of our Group and our subcontractors, accidents leading to personal injuries, property damages and/or fatal accidents remain an inherent risk at work sites. There is no assurance that there will not be any violation of our safety measures or other related rules and regulations by the employees of our Group or our subcontractors. Any such violation may lead to higher probability of occurrences, increased seriousness of personal injuries, property damages and/or fatal accidents at work sites, which may materially and adversely affect our business operations as well as our financial position to the extent not covered by insurance policies. Also, failure to maintain safe construction sites and/or to implement safety management measures resulting in the occurrence of serious personal injuries or fatal accidents may lead to negative publicity and/or suspension or non-renewal of our registrations as a registered general building contractor and registered specialist contractor with the Buildings Department, under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council or on the respective List of Demolition Contractors maintained by the Housing Authority and Urban Renewal Authority, which in turn adversely affect our reputation, financial position and results of operation.

We are and will continue to be subject to the increasing stringent measures to protect the occupational health and safety of workers under different sets of safety and health legislation in Hong Kong such as the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong). For details of the laws and regulations in relation to occupational health and safety, please refer to the section headed “Regulatory Overview — Laws and regulations in relation to labour, health and safety” in this document.

Any occurrence of workplace accidents or breach of the relevant health and safety regulations could subject us to a substantial fine and/or imprisonment, damage our reputation, or result in some or all of our projects being temporarily suspended or permanently shut down. There is no assurance that the Government will not impose more stringent measures to protect the occupational health and safety of workers such as increasing the imposition of penalties on construction contractors for liability for workplace accidents and increasing the required amount and coverage of employees’ compensation insurance policies by enacting additional laws or regulations, amending or enforcing new regulations on occupational health and safety of workers in a more rigorous manner or with stronger deterrent effect of occupational safety and health offences. In case more stringent standards are imposed, we may need to incur additional costs and expenses in order to comply with any amended standards, which could result in increased operating and compliance costs and thus adversely affecting our financial condition and results of operations.

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In addition, any personal injuries and/or fatal accidents to the employees of our Group and our subcontractors may lead to claims or other legal proceedings against our Group. Any such claims or legal proceedings could adversely and materially affect our financial position to the extent not covered by insurance policies. Also, notwithstanding the merits of any such claims or legal proceedings, we need to divert management resources and incur extra costs to handle these matters. Any such claims or legal proceedings could therefore have a material and adverse impact on our business operations.

During the Track Record Period and up to the Latest Practicable Date, we recorded four work-related accidents involving our employees and/or employees of our subcontractors in respect of project(s) which we were appointed as subcontractor of the main contractor/main contractor, and two accidents which occurred prior to the commencement of the Track Record Period but settled during the Track Record Period. For further details, please refer to the paragraph headed “Business — Occupational health and safety — Work accidents” in this document. Such accident record may adversely affect our industry reputation, which may in turn affect our prospects of receiving tender invitations from potential new customers or being awarded with future tenders from both our existing and potential new customers. Furthermore, we may have to incur additional costs to strengthen our safety management measures, such as recruiting additional safety supervision staff, which may have an adverse impact on our profitability.

There is no assurance that we will be able to renew our registrations as a registered general building contractor and registered specialist contractor with the Buildings Department, and under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council

Riseship Construction, being our principal operating subsidiary, is currently a registered general building contractor and registered specialist contractor with the Buildings Department. Such registrations will expire in November 2027 and March 2027, respectively. Pursuant to section 9 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), all buildings works (including demolition) shall be carried out by registered general building contractor, while all specialised works (other than the specialised works designated as minor works) shall be carried out by registered specialist contractors. Renewal of registration as a registered general building contractor and registered specialist contractor is required every three years. Besides, Riseship Construction is currently a registered specialist trade contractor under the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) maintained by the Construction Industry Council, whose registration will next expire in September 2026. Subcontractors engaged under public sector projects initiated by the Government are generally required to possess registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Renewal of registration under the Registered Specialist Trade Contractors Scheme is required every three years and is generally subject to certain technical and relevant industry experience requirements. For details of our registrations with the Buildings Department and the Construction Industry Council, please refer to the paragraph headed “Business — Qualifications and certifications — Licences and permits” and “— Other qualifications” in this document. There is no assurance that we will be able to renew such registrations every time in the future. In the event of non-renewal of such registrations, our reputation, our ability to obtain future businesses, and our business and financial position and prospects could be materially and adversely affected.

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Failure to remain on the Lists of Demolition Contractors maintained by the Housing Authority and Urban Renewal Authority may result in a decrease in business opportunities and significantly hinder our business and affect our future financial results

Riseship Construction has been included in the List of Demolition Contractors maintained by the Housing Authority with probationary status since October 2024 and the List of Demolition Contractors maintained by the Urban Renewal Authority since 2018. The Housing Authority and Urban Renewal Authority normally invite tenders for demolition works contracts from among those listed contractors on the respective List of Demolition Contractors.

The retention on the Lists of Demolition Contractors is subject to certain financial, technical and management requirements as elaborated under the paragraphs headed “Regulatory Overview — Laws and regulations in relation to contractor licensing regime and operation — List of Demolition Contractors maintained by the Housing Authority and List of Demolition Contractors maintained by the Urban Renewal Authority” in this document. The Housing Authority reserves the right to remove any contractor from the List of Demolition Contractors or take other regulatory actions against a contractor such as restriction or suspension from tendering, or where applicable, downgrading from confirmed status to probationary status, or demotion to a lower group in respect of all or any category of works if doubts arise as to the ability of a contractor to meet such criteria. The Urban Renewal Authority may remove a contractor from the List of Demolition Contractors or suspend the contractor from tendering in certain circumstances.

In the event that Riseship Construction fails to fulfill any of the applicable criteria and remain on any of the Lists of Demolition Contractors or if any of the aforesaid regulatory actions is taken against it such as suspension, we will not be able to obtain new demolition works projects from the Housing Authority or Urban Renewal Authority as main contractor, thereby materially and adversely affecting our prospects, business and financial condition.

Our Group is dependent on our key personnel and there is no assurance that we can retain them

Our Directors believe that our success and growth has been, to a large extent, attributable to our Directors and senior management. Our key personnel together with their operational and management experience in the demolition industry have provided significant contributions to various key aspects of our business, including maintenance of business relationship with our customers and other business partners, pricing strategy and technical skills involved in project execution. In particular, we rely on the leadership and management of Mr. Lo Cheuk Pui, our executive Director, chairman of our Board and chief executive officer and one of the Controlling Shareholders, who has significant contributions to various key aspects of our business. Mr. Lo Kam Kenny, our founder and the chief technical officer of our Group, also has over 60 years of experience in the construction industry. We also rely on our experienced senior management team to ensure the smooth operations of our projects and day-to-day business. For details of the qualifications and experience of our Directors and senior management, please refer to the section headed “Directors and Senior Management” in this document. Our success and growth therefore largely depends on our ability to identify, hire, train and retain experienced, skilled and qualified key personnel. If any of our key personnel ceases to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there will be a material and adverse impact on our business operations and financial performance.

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

For FY2025, FY2026 and 3M2026, the number of our customers with revenue contribution to our Group was 17, ten and nine, respectively. A significant portion of our revenue was derived from our five largest customers for each year and period during the Track Record Period. For FY2025, FY2026 and 3M2026, our five largest customers for each year/period contributed revenue of approximately HK\$49.9 million, HK\$111.7 million and HK\$34.5 million in aggregate to our Group, respectively, which accounted for approximately 64.6%, 81.7% and 79.9% of our total revenue for the corresponding financial years/period, respectively. In particular, our largest customer for FY2025, FY2026 and 3M2026 contributed revenue of approximately HK\$15.6 million, HK\$83.0 million and HK\$21.7 million to our Group, respectively, which accounted for approximately 20.1%, 60.7% and 50.2% of our total revenue for each year/period during the Track Record Period, respectively.

During the Track Record Period, the majority of our total revenue was derived from project-based works. There is no assurance that we will continue to obtain contracts 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 replacement from other customers, our financial conditions and operating results would be materially and adversely affected.

We derived a portion of our revenue from the disposal of salvage materials and the fluctuation of the price of salvage materials or any decrease in demand of our salvage materials from salvage materials buyers could materially and adversely affect our results of operations and financial performance

For FY2025, FY2026 and 3M2026, we derived approximately 11.7%, 28.9% and 30.1% of our total revenue from the disposal of salvage materials such as ferrous and non-ferrous metal to third party salvage materials buyers, respectively. The prices of each type of salvage materials may be subject to fluctuation as a result of various factors beyond our control, such as the global economic and financial conditions, sourcing policies of the salvage materials buyers, import and export regulations, supply and demand conditions of the relevant materials and change in environmental and conservation regulations in Hong Kong and overseas countries. In addition, since our Group has not entered into any long-term contracts with the salvage materials buyers for our disposal of salvage materials, our selling prices of salvage materials are subject to market fluctuation from time to time. In the event there is a material decrease in the price of salvage materials, our profitability and financial performance will be materially and adversely affected.

Besides, there is no assurance that these major salvage materials buyers will continue to purchase salvage materials from our Group or our Group can maintain our relationship with them in the future. In the event that our Group is unable to retain these salvage materials buyers, or seek replacement salvage materials buyers, our business, results of operations, profitability, financial performance and liquidity may be adversely affected.

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Our historical revenue and profitability may not be indicative of our long-term and future financial performance

For FY2025, FY2026 and 3M2026, our revenue amounted to approximately HK\$77.3 million, HK\$136.8 million and HK\$43.2 million, respectively; while we recorded net profit amounted to approximately HK\$8.6 million, HK\$24.2 million and HK\$9.4 million for FY2025, FY2026 and 3M2026, respectively. We did not enter into any long-term agreement with our customers and/or other third parties such as salvage materials buyers in respect of our demolition services and disposal of salvage materials. Revenue from our demolition services is recognised over time as the project owners simultaneously receives and consumes the benefits provided by the Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred to-date to the estimated total costs for each service. Thus, revenue from our demolition services projects may be recognised across financial years. Revenue and profitability of our demolition services vary for different projects depending on, among others, the scale and complexity of the projects, amount and type of salvage materials available for disposal, price of the salvage materials, and the resources such as machinery and labour deployed by us.

As such, our historical revenue and profitability are a mere analysis of our past performance and may not be indicative of our long-term and future financial performance which may depend on, among others, the nature of demolition projects we undertake, our capacity to secure new business opportunities and ability to control our costs. There is no assurance that our profit margin will not fluctuate in the future and that we will be able to achieve the performance as we did during the Track Record Period. Investors should not solely rely on our historical financial information as an indication of our future financial or operating performance.

Our cash flows may fluctuate or deteriorate due to the potential mismatch in the timing between the receipt of payment from our customers and salvage materials buyers, and payment to our suppliers or subcontractors

We generally do not receive any sums as prepayment for our demolition projects from our customers. For our demolition projects, we generally incur net cash outflows at the early stage of the projects for purchasing materials, setting up site office if required, renting machinery and equipment and providing our services before payments are received from our customers. Our customers normally pay progress payments after our works commence and we receive proceeds after we dispose salvage materials removed from our demolition works (if applicable). Therefore, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress and when we receive proceeds from disposal of salvage materials.

Since our cash flows may vary depending on the progress, nature and number of projects which we undertake and the services we provide, there is no assurance that we can maintain a stable cash flow in each financial year/period nor is there any assurance that our cash outflow of a particular project or service could always be compensated by the cash inflows of other projects or income.

In addition, we rely on cash inflow from our customers or salvage materials buyers to meet our payment obligations to our suppliers and subcontractors. Our cash inflow is dependent on the prompt settlement from our customers or salvage materials buyers upon our provision of services and/or salvage materials. However, even if our customers settle our invoices in a timely manner and in full, there is no assurance that we will not experience any significant cash flow mismatch. Cash flow mismatch could

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result in net cash used in operating activities, and if the mismatch becomes significant, we will have to rely on bank facilities in order to meet our payment obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations and financial performance may be materially and adversely affected.

If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected

We cannot assure you that we will be able to generate positive net cash flows from operating activities in the future. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. For example, if we do not have sufficient net cash flow to fund our future capital requirements, pay our trade and other payables or repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. We will incur additional financing costs and we cannot guarantee that we will be able to obtain financing on terms acceptable to us, or at all. If no adequate funds are available, whether on satisfactory terms or at all, we may be forced to delay or curtail our operations, our development and expansion plans or to raise funds at terms that are not favourable to our Company. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to delays or defaults in collecting our trade receivables which may materially and adversely affect our credit risk and financial position

For our demolition projects, we normally make progress claims to our customers according to our work done which is subject to our customers’ approval. As at 31 March 2025, 31 March 2026 and 30 June 2026, we recorded trade receivables of approximately HK\$8.4 million, HK\$6.1 million and HK\$1.4 million, respectively. Our trade receivables turnover days were approximately 29.2 days, 19.4 days and 7.9 days for FY2025, FY2026 and 3M2026, respectively. There is no assurance that payment will be made to us on a timely and full basis. If our customers or third parties fail to pay us on time or in full, our cash flow, working capital and financial performance may be materially and adversely affected.

We may not be able to bill and receive the full amount of contract assets, and our liquidity and financial position may be materially and adversely affected

Contract assets are recognised if our right to payment for services transferred to our customer exceed the billings issued. Our right to payment for services transferred to our customer is determined based on (i) the estimated total transaction price; and (ii) the progress of the demolition project (which is determined based on the proportion of costs incurred to-date to the estimated total costs for each demolition project). Due to the contiguous and inseparable demolition works performed by us, the estimated total transaction price includes not only the fixed amount of contract sum received or receivable directly from the project owners, but also a variable consideration in the form of proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers (if applicable), and we normally issue the progress billings to the project owners after our works commence and we generally receive proceeds from the disposal of salvage materials (if any) throughout the duration of our projects as we undertake demolition works at the demolition sites. As a result, depending on the different working stages of our projects as at the end of each financial period, we may recognise significant amount of contract assets before billings have been made to our customers. As at 30 June 2026, the amount of contract assets which remained unbilled was approximately HK\$18.4

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million. As we may not be able to reach an agreement with the customers on the total value of our work done or there may be an incorrect estimation of the proceeds from disposal of salvage materials to be derived, there is no assurance that we will be able to bill and receive the full amount of contract assets. If we are not able to do so, our results of operation, liquidity and financial position may be materially and adversely affected. Additionally, we cannot assure you that the financial position of our customers will remain solvent or that our customers will settle our bill on time or that we will be able to recover our contract assets in full or at all in the future.

Inability to complete our projects on a timely basis could materially and adversely affect our financial performance and reputation and could lead to claims from customers

Delay in project can be due to various factors, including but not limited to, adverse weather conditions, workplace accidents, delays by our subcontractors, shortage of manpower, malfunctioning of machinery, other unforeseeable factors and factors beyond our control. If there is a delay in our projects, we may experience delay in issuing invoice to our customers and receiving proceeds from our disposal of salvage materials from demolition. Therefore, delay in our demolition project will affect our financial performance in terms of revenue and operational cash flows.

Our contracts with customers of our demolition services generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in the contract. Liquidated damages are generally calculated at a fixed rate on a daily basis. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

Our profitability may be affected by the potential increase in depreciation expenses and staff costs upon our planned acquisition of additional machinery and planned recruitment of additional staff

Our business strategies and [REDACTED] include purchase of new machinery and equipment such as demolition robots and long boom excavator to improve our capacity. Please refer to the paragraph headed “Business — Business Strategies” and the section headed “Future Plans and [REDACTED]” in this document for the relevant details.

As a result of the intended purchase of additional machinery, it is expected that our [REDACTED] will be increased by approximately HK\$[REDACTED] HK\$[REDACTED] and HK\$[REDACTED] for the years ending 31 March 2027, 2028 and 2029, respectively, which will be charged to our statements of comprehensive income and affect our financial performance after the [REDACTED].

In addition to the acquisition of additional machinery, our business strategies also include the recruitment of additional staff by utilising a portion of the net [REDACTED] from the [REDACTED] so as to cope with our business development. Please refer to the section headed “Future Plans and [REDACTED]” in this document for details of the additional staff that we plan to employ by functions. Based on the intended timing of deployment of the net [REDACTED] for recruitment and retention of all the additional staff, it is estimated that additional staff costs of approximately HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] will be incurred for the years ending 31 March 2027, 2028 and 2029, respectively.

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Our planned investments in machinery and labour resources will increase our costs (including depreciation expenses and staff costs) but there is no assurance that there will be a satisfactory increase in our operational and financial performance as a result. Should we be unable to obtain more projects and increase our profitability after such planned investments, our business and financial position and prospects may be adversely affected.

Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our profitability, financial performance and reputation

Depending on the availability of our labour resources and the opportunity cost of undertaking the work by our own workers and resources, we may subcontract part of our works to our subcontractors. For further details, please refer to the section headed “Business — Suppliers — Reasons for subcontracting arrangements” in this document. For FY2025, FY2026 and 3M2026, we incurred subcontractor charges of approximately HK\$38.8 million, HK\$39.1 million and HK\$11.4 million, which represented approximately 66.6%, 40.1% and 40.1% of our total cost of services in the same years/period respectively.

Subcontracting exposes us to certain risks such as delayed performance and substandard performance by subcontractors and potential shortage of qualified and experienced subcontractors. There is no assurance that we are able to supervise the performance of our subcontractors as directly and efficiently as with our own employees or hire suitable subcontractors according to our business needs. If our subcontractors’ works are delayed or substandard, we will be liable for our subcontractors’ default and we may incur additional costs and time to supervise our subcontractors’ work and subject to claims by our customers. Accordingly, our profitability, financial performance and reputation will be materially and adversely affected.

We rely on our suppliers for construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price

We rely on our suppliers for stable and timely delivery of construction materials which should meet our/our customers’ specifications. For FY2025, FY2026 and 3M2026, we incurred construction material costs of approximately HK\$3.1 million, HK\$6.7 million and HK\$2.2 million, respectively, representing approximately 5.3%, 6.8% and 7.7% of our total cost of services for the respective years or period. If there is any shortage of such materials, or material delay in delivery by our suppliers, or the delivered materials fail to comply with our/our customers’ specifications, we may fail to complete our projects on time or at all. There is no guarantee that we would be able to identify suitable alternative sources of supply with acceptable quality and price. Further, even if we could do so, there can be no assurance that we would not encounter similar problems with them in the future. In such event, our reputation, business operations and financial results may be adversely affected. If there is any deterioration in the quality of construction materials from our suppliers, and we are unable to detect the defective materials or identify suitable alternative sources, the progress and quality of our works could be materially and adversely affected, thereby damaging our reputation and adversely affecting our financial results.

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Our operations may subject us to litigations, claims or other disputes

Our Group may be involved in disputes arising from our business operations, which may lead to legal proceedings or claims. We may encounter disputes arising from contracts or transactions with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us such as on quality, delay in payments, our services or damage caused to their properties. Claims against us by our customers may involve defective works, substandard works, unfinished works or delays in the completion of contracts, casualties, property damages which may result in us incurring liquidated damages under the terms of our contracts with our customers. We may also be liable for the injuries of our employees, our subcontractors’ employees or third parties. During the Track Record Period and up to the Latest Practicable Date, we were involved in certain employees’ compensation claims and personal injury claims which arose in the ordinary course of our business. Please refer to the paragraph headed “Business — Legal proceedings and potential claims” in this document for further details.

There is no assurance that we will not be involved in any disputes or legal proceedings. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial performance may be materially and adversely affected. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures and the expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business operations, financial performance and prospects. Moreover, legal proceedings resulting in unfavourable judgment or findings may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business operations, financial performance, and prospects.

Our business plans and strategies may not be implemented successfully or be achieved within the expected time frame or within the estimated budget

Our Directors consider that our future plans and business strategies have been prepared after due and careful enquiry by reference to, among others, the expected future prospects of the demolition industry in Hong Kong, our track record and competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by various factors such as the government policies relevant to our industry, the economic conditions, availability of sufficient funds, our ability to maintain existing competitive advantages, our relationships with customers and other business partners and the threat of substitutes and new market entrants. Our business plans and strategies may be hindered by risks including but not limited to those mentioned in this section. There is no assurance we will be able to successfully maintain or increase our market share or expand our business operations successfully after deploying our management and financial resources. There is also no assurance our business plans can be successfully implemented or achieved within the expected time frame or within the estimated budget. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our business plans, our prospects may be adversely affected.

Furthermore, the increase in cost as a result of the [REDACTED] (primarily attributable to compliance costs after [REDACTED], such as costs for engaging compliance adviser, legal advisers and other professionals) and the additional costs for funding upfront costs of our projects, acquiring machinery and investing in research and development of AI and other innovative technologies for

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application in our business operations to further enhance our quality, efficiency, and safety standards as contemplated under our business plans and business strategies may outweigh the increase in revenue in the short term, which in turn, have a material adverse impact on our financial performance.

We may be liable for damage caused to underground utilities, infrastructures or properties adjacent to our demolition sites when carrying our works

When we undertake demolition works, we may encounter electrical cables, water piping, telephone line and other utilities or infrastructures laid underground or below carriageways, footways and adjacent buildings and properties. Any such underground utilities and buildings, structures or infrastructures adjacent to our demolition sites may be affected or damaged during the implementation of our projects. If damage is made to those utilities or properties during our works, we may incur additional costs and time to arrange for and/or carry out remedial works. This may cause material delay in our project and we may face claims for losses and liquidated damages. In addition, we may also be subject to claims and disputes from third parties arising from the damage caused. If any of these events occurs, our business operations, financial performance and reputation will be materially and adversely affected.

Our insurance coverage may not be sufficient to cover all losses and/or potential claims

We have maintained different insurance policies such as contractors’ all risks insurance for our projects and employees’ compensation insurance for our staff. However, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. We may be subject to lawsuits and liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured such as our ability to secure new contracts, to maintain business relationship with our customers, to estimate and manage our cost accurately, to maintain our licenses and certifications and to recruit and retain key personnel of our Group. Should any significant property damage or personal injury occur in our construction sites or to our employees due to accidents, natural disasters, or similar events which are not covered or inadequately covered by our insurance, our results of operations, business and financial performance will be materially and adversely affected.

Our business involves inherent industrial risks and occupational hazards and the occurrence of workplace accidents will affect our business operations, financial performance and reputation

During our operations, we follow all applicable laws and regulations in relation to occupational health and safety as well as environmental protection. We require our employees and subcontractors to adhere to and implement all safety procedures and measures as detailed in our safety policies. However, our business involves inherent industrial risks and occupational hazards, which may not be completely eliminated through implementation of safety measures. Our operations involve activities such as handling and operating machinery and equipment, handling and removing of demolition waste and working at height at the demolition sites. We are exposed to risks such as equipment failure, industrial accidents and fire. We cannot guarantee that our employees or subcontractors will strictly follow and will not violate all safety rules and procedures, nor can we guarantee that risks of occurrence of fire, personal injuries, property damage or fatal accidents will be completely eliminated in the future. The materialisation of any of the risks mentioned above may affect our regulatory compliance record, disrupt our business operations and damage our reputation, which may also affect the validity of our relevant qualifications, materially and adversely affect our results of operations and financial performance.

RISK FACTORS

We are exposed to interest rate risks and our financial performance may be adversely affected

As at 31 March 2025, 31 March 2026 and 30 June 2026, our Group had bank borrowings amounted to approximately HK\$4.5 million, HK\$3.8 million and HK\$5.6 million, respectively, which bore effective interest rate at 2.76%, 2.53% and ranging from 2.80% to 4.88% per annum, respectively. We have not hedged against interest rate risks. If there is any substantial increase in interest rate, our interest expenses, cash flows and financial performance may be adversely affected.

Events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks could significantly delay or prevent us from completing our projects or services.

Our operations are mostly conducted outdoors and subject to uncertainties and contingencies beyond our control. If inclement weather conditions persist or serious epidemics, natural disaster, political unrest, wars and terrorist occurs, we may be forced to reduce or suspend our operations and may fail to meet specific time schedule. It is difficult to predict the potential effect of the uncertainties and contingencies and their materiality to our operations as well as the effects to our customers, suppliers and subcontractors. In such cases, we may continue to incur operating expenses while we experience reduced income and profitability.

RISKS RELATING TO THE DEMOLITION INDUSTRY IN HONG KONG

We operate in a competitive industry

According to the Frost & Sullivan Report, the building demolition works market in Hong Kong is highly competitive. As of July 2026, there are 133 contractors registered as registered specialist contractors under the category of demolition works with the Buildings Department. New industry entrants entering our industry may need to possess the necessary machinery and equipment, requisite track record and management personnel with requisite experience, technical capability and qualifications. Some of our competitors may have certain advantages such as expertise in performing a particular type of projects, more aggressive pricing policies and established operation team. Any significant increase in new entrants or competition may result in lower operating margins and loss of market share, which may materially and adversely affect our results of operations, profitability and financial performance.

A reduction in the pipeline of redevelopment projects, demolition projects and construction projects in Hong Kong could materially affect our financial performance

Our Group is highly dependent on the pipeline of redevelopment projects, demolition projects and new building construction projects in Hong Kong which are affected by various factors such as the general economic conditions, government spending and policies, the demolition industry and factors beyond our control. Fewer available projects will result in more intense competition and a downturn in our industry may lead to tighter liquidity and slower collection and/or recovery of trade receivables. In the event the number of redevelopment projects, demolition projects and new building construction projects in Hong Kong are reduced, our results of operations and financial performance will be materially and adversely affected.

RISK FACTORS

Our financial performance is heavily dependent on the state of economy in Hong Kong and in particular the market trend in the demolition and construction industry

During the Track Record Period, our revenue was derived from our operations in Hong Kong. Our financial performance is heavily dependent on the state of economy in Hong Kong. In the event of any unforeseen circumstances such as recession in Hong Kong’s economy, natural disasters, terrorists attacks and any other incidents beyond our control occurring in Hong Kong, our business operations and financial performance may be materially and adversely affected.

Our Group is dependent on the construction industry in Hong Kong which is subject to cyclical fluctuations. A downturn in the construction industry in Hong Kong may have a material adverse impact on our business and profitability result from the possibility of postponement, delay or cancellation of demolition projects and delay in recovery of receivables.

There is a material shortage of skilled and experienced workers in the demolition industry in Hong Kong. If we are unable to retain or replace skilled and experienced workers, it may affect our business and there is no assurance that our labour costs will not increase

According to the Frost & Sullivan Report, one of the challenges to the demolition industry in Hong Kong is the material shortage of skilled and experienced workers, which is attributable to factors such as the physically demanding nature of demolition work, combined with an ageing workforce and competition from other higher-paying construction trades. Even without such shortage, we generally compete with other players in the similar businesses for skilled workers. There is no assurance that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor is there any assurance that our staff costs will not increase to attract or maintain workers. We rely on our workers (including site works and machinery and equipment operators) for our business operations, and if we are unable to retain or replace skilled workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

There is no assurance that our employees or our subcontractors’ employees will comply with the smoking ban in construction sites which may result in fines being imposed against our Group

On 15 July 2026, the Legislative Council passed the Construction Sites (Safety) (Amendment) Regulation 2026 (the “**Amendment Regulation**”) which sets out the legislative amendments on the Construction Site (Safety) Regulations (Chapter 59I of the Laws of Hong Kong) (“**CSSR**”) and became effective on 17 July 2026. The Amendment Regulation amends regulation 53 of the CSSR to the effect that the contractor responsible for a construction sites and a contractor who has direct control over any construction work in the site would be required to take all reasonable steps to ensure that no person smokes or carries a lighted specified smoking product; or uses a naked light for lighting a specified smoking product in the site. Any contractor who contravenes the amended regulation 53(1) of the CSSR would commit an offence punishable on conviction to a maximum fine of HK\$400,000. For details on the Amendment Regulation, please refer to the paragraph headed “Regulatory Overview — Laws and regulations in relation to labour, health and safety — Proposed amendments to the Construction Site (Safety) Regulations (Chapter 59I of the Laws of Hong Kong)” in this document.

RISK FACTORS

We have implemented measures to comply with the Amendment Regulation such as designating personnel to conduct site inspection at regular intervals on a daily basis and reporting violation of the Amendment Regulation to the enforcement agencies. Even if we have taken reasonable steps to prohibit smoking in our construction sites, we cannot guarantee that our employees and our subcontractors’ employees will strictly comply with our requirements at all times or that our personnel can detect any contravention with our requirements and take rectification actions in a timely manner. In the event that we fail to comply with the Amendment Regulation for any reason out of our control, we may be subject to fines which could adversely affect our business and financial position.

Changes in the rules and regulations governing the demolition industry, the licensing regime and other occupational health and safety and environmental responsibilities may materially and adversely affect our business operations, results of operations, financial performance and reputation

The demolition industry is subject to various laws and regulations including laws and regulations in relation to environmental protection and occupational health and safety such as regulations governing the discharge and disposal of demolition waste, noise pollution and report of workplace accidents. In the event that there is any changes in the current regulatory regime in our industry, we may incur extra expenditures, time and effort to improve our operations in order to comply with any potential amendments to the applicable laws and regulations. If we fail to comply with the applicable laws and regulations, we may be subject to penalties such as fines and suspension of our operations which could adversely affect our business operations, results of operations, financial performance and reputation.

In particular, in December 2025, the Buildings Department has imposed new sampling and testing mechanism for scaffold nets and tarpaulin on external walls of buildings to ensure the fire retardant performance of the materials on sites comply with the required standards. For details, please refer to the paragraph headed “Regulatory Overview — Laws and regulations in relation to labour, health and safety — New requirements on fire retardant performance of protective nets, screens, tarpaulins and plastic sheeting installed on scaffolding of external wall imposed by the Buildings Department” in this document. Our Group may incur additional operational, materials and compliance costs such as appointing laboratories to conduct testing prior to installation of materials on scaffolding. Besides, if any sample of an individual lot of materials fails the laboratory test, the entire lot must not be used on scaffolding. In such case, we will need to return the entire lot of materials to our supplier. If we fail to comply with the requirements or the test result of any sample fails to attain the recognised standards, the Buildings Department may take regulatory action against us, which may interrupt our operations and materially and adversely affect our results of operations and financial performance.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] market for the Share and the liquidity, market price and trading volume of the Share may be volatile

Prior to the [REDACTED], there has been no [REDACTED] market for our Shares. Following the completion of the [REDACTED], the Stock Exchange will be the only market on which our Shares are [REDACTED]. There is no guarantee that an active [REDACTED] trading market for our Shares will develop or be sustained after the [REDACTED]. In addition, we cannot assure you that the Shares will trade in the [REDACTED] market subsequent to the [REDACTED] at or above the [REDACTED] [REDACTED]. The [REDACTED] [REDACTED] will be determined by agreement between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and may not be indicative of the [REDACTED] of the [REDACTED] following the completion of the [REDACTED]. If an active trading market for our Shares does not develop or is not sustained after the [REDACTED], the market price and liquidity of our Shares may be materially and adversely affected.

RISK FACTORS

The [REDACTED] price and volume of our Shares may be volatile, which may result in substantial losses for our investors

The [REDACTED] price of our Shares may be volatile and may 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 us and the general investment environment, changes in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets. 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, involvement in material litigation as well as recruitment or departure of our key personnel, may cause the trading price and volume of our Shares to change drastically and unexpectedly.

Further, there will be a gap of several days between the [REDACTED] and commencement of trading of the [REDACTED]. The [REDACTED] [REDACTED] of our [REDACTED] is expected to be determined on the [REDACTED] while our [REDACTED] will not commence [REDACTED] on the Stock Exchange until the [REDACTED]. As a result, investors may not be able to sell or otherwise deal in our [REDACTED] during the period between the [REDACTED] and the [REDACTED] and hence are subject to the risk that the price of our [REDACTED] could fall during the period before trading of our [REDACTED] begins.

Our financial performance for the period in which the [REDACTED] occurs may be materially and adversely affected by non-recurring [REDACTED]

We expect to incur significant non-recurring expenses in connection with the [REDACTED]. Based on the mid-point of the indicative [REDACTED] [REDACTED] range and assuming the [REDACTED] is not exercised, our total [REDACTED] are estimated to be approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] has been or will be charged to profit or loss, and approximately HK\$[REDACTED] is directly attributable to the issue of the [REDACTED] and is to be accounted for as a deduction from equity.

As these expenses are non-recurring in nature, they do not reflect the underlying operating performance of our business. However, the portion charged to profit or loss may materially reduce our profit and profit margin for the relevant period and may affect comparisons of our financial performance between periods. In particular, our Group expects a substantial decrease in net profit for the year ending 31 March 2027 as compared to FY2026, which is mainly due to the impact of higher [REDACTED].

There can be no assurance that investors, analysts or other market participants will not place undue emphasis on our reported profit, profit margin or other financial measures for the relevant period without adjusting for these non-recurring [REDACTED]. As a result, our financial performance for the relevant period may not be indicative of our future operating results following completion of the [REDACTED].

RISK FACTORS

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the [REDACTED] of the [REDACTED]

There is no guarantee that our Controlling Shareholders will not dispose of their [REDACTED] following the expiration of their respective lock-up periods after the [REDACTED]. Our Group cannot predict the effect, if any, of any future sales of the [REDACTED] by any Controlling Shareholders, or that of the availability of the [REDACTED] for sale by any Controlling Shareholders may have on the [REDACTED] of the [REDACTED]. Sale of a substantial number of [REDACTED] by any Controlling Shareholders or the market perception that such sale may occur could materially and adversely affect the prevailing [REDACTED] of the [REDACTED].

The [REDACTED] is entitled to terminate the [REDACTED]

Prospective investors should note that the [REDACTED] (for itself and on behalf of the [REDACTED]) is entitled to terminate its obligations under the [REDACTED] by giving notice in writing to us upon the occurrence of any of the events set out in the paragraph headed “[REDACTED] — [REDACTED] arrangements and expenses — The [REDACTED] — Grounds for termination” in this document at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Such event may include, without limitation, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out.

You may not have the same protection of your shareholder rights under Cayman Islands law comparing to what you would have under Hong Kong law

Our corporate affairs are governed by our Memorandum and Articles, the Cayman Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, the rights of minority shareholders to institute actions and the 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. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, a Hong Kong court may not have jurisdiction to entertain a derivative action brought by shareholders for and on behalf of the Company.

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other Shareholders

Immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] or any options which may be granted under the [REDACTED]), our Controlling Shareholders will be entitled to exercise, or control the exercise of, voting rights in respect of [REDACTED] of our issued share capital. As a result, our Controlling Shareholders will have significant influence over our business, strategy and corporate actions, including matters requiring Shareholders’ approval.

RISK FACTORS

The interests of our Controlling Shareholders may not always be aligned with the interests of our Group or our other Shareholders. If the interests of our Controlling Shareholders conflict with those of our other Shareholders, or if they cause our Group to pursue business strategies or take corporate actions that are not aligned with the interests of our other Shareholders, the interests of our Group and our other Shareholders may be adversely affected. This risk is expressly identified in this document.

RISKS RELATING TO INFORMATION CONTAINED IN THIS DOCUMENT

Investors should not place undue reliance on facts, statistics and data contained in this document with respect to the economies and our industry

Certain facts, statistics and data in this document are derived from various sources including various publications, official government sources and the Frost & Sullivan Report commissioned by us that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any of their respective directors, officers or representatives or any other person involved in the [REDACTED] (other than Frost & Sullivan) and no representation is given as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the [REDACTED]

There may be press and media coverage regarding us or the [REDACTED], which may include certain events, financial information, financial projections and other information about us that do not appear in this document. Neither we nor any of the Controlling Shareholders, the Sole Sponsor, nor any parties involved in the [REDACTED] or any of their respective directors, officers, employees, affiliates or advisers have authorised the disclosure of any other information not contained in this document. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this document.

RISK FACTORS

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 “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “ought to”, “should” or “will” or similar terms based on various assumptions. Those statements include, among other things, the discussion of our Group’s growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements 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.

The uncertainties in this regard include risks and uncertainties such as those identified in this section, many of which are not within our Group’s control. Accordingly, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking statements” in this document for further details.