OVERVIEW

Founded in 1993, our Group is principally engaged in the provision of demolition works as a main contractor in Hong Kong. We also undertake a variety of other construction works, such as repair and maintenance works, rectification works, improvement works and site upkeeping works. Together with our predecessor, Riseship Engineering Co. established in 1989, we have accumulated over 35 years of operating history in the construction industry in Hong Kong. Our projects are primarily undertaken by Riseship Construction, our principal operating subsidiary established in Hong Kong.

As at the Latest Practicable Date, our Group holds a number of qualifications and registrations with the local regulators in Hong Kong, including: (i) registration with the Buildings Department as a specialist contractor in the category of demolition works, (ii) registration with the Buildings Department as a general building contractor, (iii) registration with the Buildings Department as a minor works contractor for alteration and addition works (Classes I, II and III), and (iv) registration with the Electrical and Mechanical Services Department as an electrical contractor. We are also registered as a specialist trade contractor under the category of demolition works in the Registered Specialist Trade Contractors Scheme established by the Construction Industry Council. In addition, our Group has been included in the lists of demolition contractors maintained by the Housing Authority and the Urban Renewal Authority, respectively. Our management systems have also been certified to be in compliance with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards for building demolition and other building activities.

These qualifications have enabled our Group to undertake a range of construction works, while principally focusing on building demolition works. According to the Frost & Sullivan Report, our Group ranked the fifth largest and the third largest in terms of revenue in 2024 and 2025, respectively, with an increase in market share from approximately 3.0% in 2024 to approximately 4.9% in 2025.

During the Track Record Period, the provision of demolition works was our main source of income and accounted for approximately 93.2%, 93.6%, 96.6% and 86.3% of our total revenue in FY2025, FY2026, 3M2025 and 3M2026, respectively. The below table sets out our revenue during the Track Record Period by types of works for the year/period indicated:

	FY2025		**FY2026**		**3M2025**		**3M2026**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Demolition works	**72,003**	**93.2**	**128,027**	**93.6**	**28,960**	**96.6**	**37,254**	**86.3**
— Revenue from contract sum	62,957	81.5	88,553	64.7	22,968	76.6	24,242	56.2
— Proceeds from disposal of salvage materials	9,046	11.7	39,474	28.9	5,992	20.0	13,012	30.1
Other construction works[(Note)]	**5,277**	**6.8**	**8,773**	**6.4**	**1,010**	**3.4**	**5,936**	**13.7**
Total:	**77,280**	**100.0**	**136,800**	**100.0**	**29,970**	**100.0**	**43,190**	**100.0**

Note: Other construction works included, without limitation, repair and maintenance works, rectification works, improvement works and site upkeeping works.

In undertaking our projects, we derived revenue which comprised (i) the revenue from contract sum, namely the fees which we received from the customers for our services; and (ii) in the case of some demolition projects, the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage material buyers. The table below sets forth the breakdown of our project revenue by nature for the years/periods indicated:

	FY2025		FY2026		3M2025		3M2026	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
Revenue from contract sum	68,234	88.3	97,326	71.1	23,978	80.0	30,178	69.9
Proceeds from disposal of salvage materials	9,046	11.7	39,474	28.9	5,992	20.0	13,012	30.1
Total revenue:	**77,280**	**100.0**	**136,800**	**100.0**	**29,970**	**100.0**	**43,190**	**100.0**

During the Track Record Period: (i) all our projects were undertaken by our Group as main contractor; and (ii) all projects undertaken by our Group were private sector projects, comprising mostly building demolition projects commissioned by privately-owned property developers. We generally secure contracts from our customers through a tendering process whereby we are invited to submit tenders or quotation. Our projects are therefore non-recurring in nature.

During the Track Record Period, our Group recognised an overall revenue of approximately HK$257.3 million, comprising approximately (i) HK$97.8 million from 17 completed projects; and (ii) HK$159.5 million from five projects which were ongoing as at the end of the Track Record Period. As at the Latest Practicable Date, we had nine projects on hand with a total awarded contract sum of approximately HK$165.6 million, of which an aggregate amount of approximately HK$116.4 million had been recognised as our revenue and approximately HK$49.2 million remained to be recognised as at the Latest Practicable Date. The amount of revenue expected to be recognised is subject to change due to the actual progress and commencement and completion dates of our projects. Further details of our projects on hand are set out in the paragraph headed "Our projects — Backlog" in this section below.

For FY2025, FY2026 and 3M2026, revenue derived from our five largest customers amounted to approximately 64.6%, 81.7% and 79.9% of our total revenue, respectively. In particular, approximately 20.1%, 60.7% and 50.2% of our revenue were attributable to our largest customer for the respective year or period. For further information regarding our customers, please refer to the paragraph headed "Customers" in this section below.

According to the Frost & Sullivan Report; (i) the gross value of construction works performed by main contractors in Hong Kong increased from approximately HK$233.7 billion in 2021 to approximately HK$287.5 billion in 2025 at a CAGR of approximately 5.3%, and is projected to grow from approximately HK$300.4 billion in 2026 to HK$357.9 billion in 2030 at a CAGR of approximately 4.5%; and (ii) the gross value of building demolition works performed by main contractors in Hong Kong increased from approximately HK$1.4 billion in 2021 to approximately HK$2.6 billion in 2025 at a CAGR of approximately 17.0%, and is projected to continue its upward trajectory from approximately HK$2.8 billion in 2026 to HK$3.8 billion in 2030 at a CAGR of approximately 7.8%, outpacing the general growth rate of the construction industry in Hong Kong. The sustained growth in the market size of demolition works in

Hong Kong is expected to be fueled by, among other things, ongoing large-scale infrastructure and new development plans, such as the Hung Shui Kiu and other Northern Metropolis initiatives, and continuous urban development. In addition, a large number of private residential and commercial buildings constructed between the 1960s and 1980s have reached or will soon reach 50 to 60 years of age and are increasingly considered dilapidated or structurally obsolete, and the Urban Renewal Authority has led many of these redevelopment efforts through various targeted projects. We believe we are well-positioned to capture the growing demand for services for demolition and other construction works given our vast experience, know-how, licences, qualifications, and established client base in Hong Kong.

COMPETITIVE STRENGTHS

Our Directors believe the following competitive strengths have contributed to our Group's continued success and potential for growth:

Well-established presence and proven track record in demolition works in Hong Kong

We are registered with the Buildings Department as a specialist contractor in the category of demolition works, as a general building contractor, and as a minor works contractor for alteration and addition works (Classes I, II and III). We are also registered with the Electrical and Mechanical Services Department as an electrical contractor. Since the establishment of our Group, we have built good reputation and well-established presence in providing specialised works focusing on demolition works, as well as other construction works such as repair and maintenance works, rectification works, improvement works, and site upkeeping works.

During the Track Record Period, our Group recognised an overall revenue of approximately HK$257.3 million, with approximately (i) HK$97.8 million from 17 completed projects; and (ii) HK$159.5 million from five projects which were ongoing as at the end of the Track Record Period. As at the Latest Practicable Date, we had nine projects on hand with a total awarded contract sum of approximately HK$165.6 million, of which an aggregate amount of approximately HK$116.4 million had been recognised as our revenue and approximately HK$49.2 million remained to be recognised as at the Latest Practicable Date. For further details, please refer to the paragraph headed "Our Projects" in this section below.

According to the Frost & Sullivan Report, our Group ranked the fifth and the third largest building demolition works contractor in terms of revenue in Hong Kong, with a market share of approximately 3.0% and approximately 4.9% in 2024 and 2025, respectively. Our Directors believe that our commitment to delivering quality works and high standards of safety has enabled us to gain confidence from our customers and has contributed to our Group's success.

Experienced management team

We have an experienced and dedicated management team under the leadership of our executive Directors and senior management. Our executive Directors and senior management are responsible for formulating the business strategies and overseeing the business operations of our Group. Mr. Lo Kam Kenny, our founder and chief technical officer, possesses over 60 years of experience in the construction industry and has accumulated extensive operational expertise and in-depth understanding of the industry. He founded our Group as well as our predecessor, Riseship Engineering Co., and has played a key leadership role in the development of our Group since its establishment. Mr. Lo Cheuk Pui, our

executive Director, chairman of our Board and our chief executive officer, has also accumulated approximately 28 years of experience in the construction industry since joining our Group, and has led the overall management of our Group's business operations, project execution and the formulation of business strategies. In addition, Mr. Lo Siu Kai, executive Director and site manager, has served at our Group for over 30 years and has been primarily responsible for, among other things, overseeing project execution and site supervision. The expertise and industry knowledge of our executive Directors and senior management are crucial for our Group to understand our customers' needs and the industry trend. Through their leadership over the years, we have achieved various notable milestones in the development of our business as set out in the paragraph headed "History, Reorganisation and Corporate Structure — Key milestones" in this document.

Established relationship with clients, signifying our Group's commitment to high service quality

In addition to various certifications which our Group has obtained for our management systems, including ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018, our Directors are of the view that our Group's service quality is also evidenced by its established client base primarily comprising private property developers and salvage material buyers in Hong Kong. As at the Latest Practicable Date, we have maintained over five years of business relationship with a majority of our five largest customers during the Track Record Period, with the longest being over 20 years, as referred to in the paragraph headed "Customers — Major customers" in this section below. Our Directors believe that our Group's established relationship with these clients is a solid proof of our Group's competence in satisfying the needs of our customers attributable to its commitment to high service quality. Our Directors believe that our Group's commitment to quality will continue to be our competitive advantage.

Commitment to occupational safety and quality control

Our Directors believe that the ability to meet customers' requirements in the area of safety and quality assurance is a key to the continued success of our Group, which allows our Group to retain customers and build up customers' confidence toward our Group. We have adopted and implemented management systems in respect of quality control, occupational health and safety and environmental protection which comply with international standards. In particular, our quality management system has been certified to satisfy the requirements of ISO 9001:2015. We have also established an occupational health and safety system, which has been certified to be in compliance with the ISO 45001:2018 standards, to promote safe working practice among all employees and workers and to prevent the occurrence of accidents through safety monitoring and inspections. Further, we have set up an environmental management system, which has been certified to satisfy the requirements of ISO 14001:2015, to ensure compliance with the applicable laws, regulations and codes of practice and to prevent pollution of the environment resulting from projects undertaken by us.

Committing to work site safety, our Group has established stringent and systematic control over its site workers. During the Track Record Period and up to the Latest Practicable Date, our Group recorded no fatal accidents and four reportable accidents involving a total of three workers who were employed by our Group and one reportable accident from our Group's subcontractors, which (to the extent of data available to our Group as at the Latest Practicable Date) represented fatality rates and accident rates well below the average rates in the construction industry in Hong Kong during the Track Record Period. For details of our Group's accident rate, please refer to the paragraph headed "Occupational health and safety — Work accident rates" in this section below.

Our Directors believe that the remarkable safety record and quality standards attained by our Group during the Track Record Period and up to the Latest Practicable Date has served to enhance our public image, credibility and customer confidence.

BUSINESS STRATEGIES

The primary business objective of our Group is to continuously strengthen our competitive position in the construction industry in Hong Kong and to achieve sustainable growth. We intend to achieve our business objective by pursuing the following key strategies:

Continue to strengthen our market position in the industry and expand our business operations

To further strengthen our market position in the construction industry, we intend to increase the number as well as the variety of projects we undertake. During the Track Record Period, we had a total of 22 projects which contributed to our Group's revenue, which comprised demolition projects and other construction works projects, such as repair and maintenance works, rectification works, improvement works and site upkeeping works. Please refer to the paragraph headed "Our projects — Projects with revenue contribution during the Track Record Period" below for further details. During the course of our operating history, we have also undertaken other types of projects such as superstructure works, building erection and alterations and additions works in Hong Kong.

As at the Latest Practicable Date, our licences and qualifications included: (i) registrations with the Building Authority as a specialist contractor for demolition works, as a general building contractor and minor works contractor for alteration and addition works (Classes I, II and III); and (ii) registration with the Electrical and Mechanical Services Department as an electrical contractor. We are also registered as a specialist trade contractor under the category of demolition works in the Registered Specialist Trade Contractors Scheme established by the Construction Industry Council. In addition, we have been included in the lists of demolition contractors maintained by the Housing Authority and the Urban Renewal Authority, respectively. These licences and qualifications enable us to carry on business as a specialist contractor and general building contractor for a range of private sector projects while also qualifying us to undertake projects commissioned by the Housing Authority and the Urban Renewal Authority.

Our Directors believe that our customers will give due consideration to our qualifications as well as track record when evaluating our tender or quotation proposals. Thus, with our above licences and qualifications, established track record and high standards of quality and safety, we believe we will be able to secure more sizable projects for demolition works and other construction works while further diversifying our project portfolio.

Strengthen our machinery

The availability of our machinery and equipment is crucial to our capacity to carry out demolition works and other construction works efficiently. While we have obtained the requisite machinery and equipment primarily through leasing from third party service providers during the Track Record Period, our Directors believe that acquiring additional machinery, in particular advanced and modernised machinery such as long boom excavators and demolition robots, will enable us to undertake demolition works and other construction works of different scales and complexities and to cope with our business expansion plan while lowering our project costs in the longer term.

According to the Frost & Sullivan Report, a prominent trend in the Hong Kong building demolition market is the progressive embrace of technology and increasing investment in research and development. While building demolition has been traditionally a labour-intensive and low-technology sector, leading demolition contractors are now actively adopting advanced solutions such as demolition robots, remote-controlled excavators and AI-powered monitoring systems, which are particularly valuable in confined urban sites by helping to reduce manual labour, minimise environmental impact, improve project precision and enhance overall safety and efficiency. It is our Group's strategy to continue to strengthen our market position and take up more demolition and other construction works projects. As at Latest Practicable Date, we had a total of nine projects on hand, including projects in progress and projects awarded to us but had not yet commenced, with a total awarded contract sum of approximately HK$165.6 million. In order to undertake demolition and other construction works projects of greater size and complexity and to further improve the quality and standards of our services, we plan to acquire machinery with a view to enhancing our work site safety and efficiency while lowering costs in the execution of our projects.

In addition, our Directors believe that such investment in machinery is necessary to maintain our flexibility and efficiency in the utilisation and allocation of own machinery in accordance with our needs, which may vary depending on our workload and work schedules from time to time, with less reliance on third party leasing service providers. As such, it is crucial for us to have our own machinery that enables us to cope with our business development, increase our overall efficiency, capacity and technical capability in performing demolition and other construction works as well as our ability to cater to different needs and requirements of different customers.

We intend to utilise approximately HK$**[REDACTED]**, or approximately **[REDACTED]**% of the net **[REDACTED]** from the **[REDACTED]**, for the acquisition of machinery in the two years ending 31 March 2028. Please refer to the section headed "Future Plans and **[REDACTED]**" in this document for further details.

Further enhancing our quality, efficiency and safety standards

According to the Frost & Sullivan Report, driven by stricter regulatory requirements, rising labour costs and the Government's push for sustainable practices under the circular economy framework, companies that invest in research and development are gaining significant competitive advances in securing complex urban development projects, which marks a gradual transformation of the traditionally conservative demolition sector towards greater innovation and technological advancement. Our Directors believe that the integration of AI and other innovative technologies into our operations is key to drive the continued development of our Group's business, in particular the further enhancement of the quality of our works, efficiency and cost-effectiveness of our operations, safety standards and maintenance of our competitiveness in the market.

To this end, our Group has entered into memoranda of understanding with external service providers in Hong Kong in relation to the research and development of (i) an automated vibration monitoring system which integrates IoT and reinforcement learning for structural health monitoring of temporary propping used in top-down mechanical demolition works and (ii) an AI-enhanced site safety monitoring system for the identification and prevention of potential safety risks and hazards in construction works, in order to further strengthen our implementation of the Smart Site Safety System (SSSS) in our operations in accordance with the Development Bureau Technical Circular No. 3/2023 issued by the Works Branch of the Development Bureau of the Government and Practice Note for Registered Contractors No. 80 issued by the Buildings Department in March 2025. Through such initiatives, we aim to enhance our technical capability to streamline our operational processes and further improve the quality, efficiency and safety standards in the implementation and execution of our projects, thereby strengthening our competitiveness and strategic position in the evolving construction industry in Hong Kong, while enabling our Group to exercise more effective control of our project costs.

We intend to utilise approximately HK$**[REDACTED]**, or approximately **[REDACTED]**% of the net **[REDACTED]** from the **[REDACTED]**, for further enhancing our quality, efficiency and safety standards through the research and development of AI and other innovative technologies for application in our operations in the two years ending 31 March 2028. For further details, please refer to the section headed "Future Plans and **[REDACTED]**" in this document.

Enhance our manpower

As at the Latest Practicable Date, we had 17 full-time employees, including our executive Directors and senior management as well as other staff members in project management and supervision, human resources and administration, and accounting and finance. In order to cope with our business expansion plans, our Directors consider that additional manpower is required for, among others, project management, site supervision, safety compliance, and technical and administrative support. For further details of our plan for recruitment of additional staff, please refer to the paragraph headed "Future Plans and **[REDACTED]** — Strengthening our manpower" in this document.

As such, we plan to utilise approximately HK$**[REDACTED]** or **[REDACTED]**% of the net **[REDACTED]** from the **[REDACTED]** for strengthening our manpower. For further details, please refer to the section headed "Future Plans and **[REDACTED]**" of this document.

Adherence to prudent financial management to ensure sustainable growth and capital sufficiency

We will continue to maintain a prudent financial management strategy in our business operations. Our Directors believe that a prudent financial management in capital commitment would provide reasonable return for Shareholders steadily while ensuring our continued growth in the long term. We will continue to adopt a prudent treasury management policy to (i) ensure that our funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt our Group's daily business obligations; (ii) maintain sufficient level of funds to settle our liabilities when they fall due; (iii) maintain adequate liquidity to cover our operation cash flow, project expenditures and administrative expenses; and (iv) streamline our operational processes to achieve savings. For details of our cost control measures adopted during our project implementation phase, please refer to the paragraph headed "Our operational flow — Tender or quotation — Preparation of tender proposal or quotation — Budgeting and cost control measures" in this section below.

Our Directors believe that by implementing the above business strategies, we will be able to (i) efficiently manage our projects on hand and newly awarded projects; (ii) participate in demolition and other construction works projects of larger scale while continuing to diversify our project portfolio; (iii) maintain adequate liquidity to cover our operating cash flow, project expenditures and administrative expenses; and (iv) streamline our operational processes to improve our operating efficiency, achieve economies of scale and costs savings, which is of utmost importance to our Group's competitiveness and ongoing business development. Leveraging on our proven track record, our reputation, solid experience in building demolition and other construction works and our prudent financial management, our Directors are of the view that we are well positioned to capture the emerging business opportunities for such projects in the future.

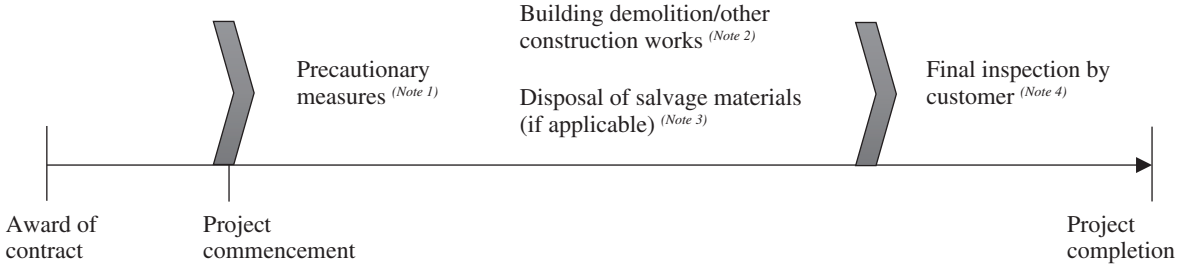
OUR BUSINESS MODEL

Our principal business is undertaking demolition and other construction works projects in Hong Kong. We have experience in various types and scales of projects, including but not limited to the demolition of commercial buildings, residential developments, and other buildings and structures, as well as other construction works such as repair and maintenance works, rectification works, improvement works and site upkeeping works in Hong Kong.

In undertaking our projects, we are engaged by the project owners to carry out various demolition works or other construction works, as the case may be, on the designated sites. These demolition works or other construction works are performed in accordance with the specifications contained in the contract with the project owners. For demolition projects, we generally derive revenue from both demolition works and the disposal of salvaged materials, consistent with industry practice. However, if the expected proceeds from selling salvaged materials are lower than the associated logistics costs, we derive revenue solely from the demolition works. These proceeds vary based on the building type, project scale, and prevailing market prices of the salvaged materials.

For example, smaller-scale and residential demolition projects typically yield fewer salvage materials, resulting in lower proceeds. In some cases, our project management team may decide not to sell these materials if the disposal costs (including time, labour for extraction and sorting, and transportation) exceed their expected economic value.

Below illustrates the typical process and workflow in a project for building demolition or other construction works:



Notes:

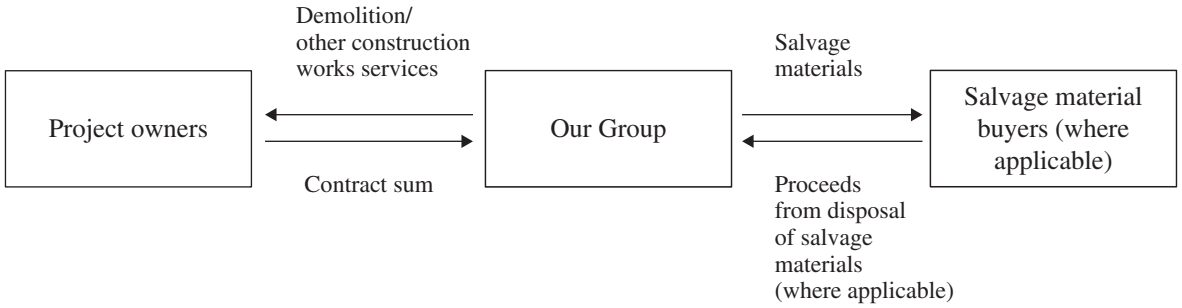
1. Precautionary measures may include hoardings, proppings, covered walkways, catch platforms, catchfans, scaffolding, protective screens and/or safety nets.

2. Building demolition refers to the demolition works of dismantling the relevant structures on the site of our demolition projects. Other construction works may include, without limitation, repair and maintenance works, rectification works, improvement works and site upkeeping works.

3. In the case of demolition projects, salvage materials such as ferrous and non-ferrous metals are continuously produced throughout our demolition works. In line with the industry norm, we dispose of such salvage materials to third party salvage material buyers to obtain the sale proceeds.

4. Upon passing the inspection carried out by the customer or its consultant and (unless exempted) receipt from the Buildings Department of the letter of acknowledgement for the certification of completion of the works, our Group will submit an application for the practical completion certificate to be issued by the customer or its architects. Upon the issuance of the practical completion certificate by the customer or its architects, our Group will be deemed to have accepted our works or, alternatively, the customer or its architects may issue an acceptance certificate to our Group.

During the process of undertaking our demolition or other construction works projects, we derive contract sum from the project owners. For some of our demolition projects, we may also derive proceeds from the disposal of salvage materials (such as ferrous and non-ferrous metals) to the salvage material buyers. The following table demonstrates the business relationship and fund flow amongst our Group, the project owners and the salvage material buyers (where applicable) during the course of a typical project:



Project owners

The project owners are our customers and award to us the projects directly or indirectly through architects or consultants engaged by the project owners. We carry out demolition works or other construction works, as the case may be, on the specified site according to the specifications contained in the contract. Generally, we will receive contract sum from the project owners as fees for our services in undertaking the demolition works or other construction works (as the case may be).

For FY2025, FY2026 and 3M2026, approximately HK$68.2 million, HK$97.3 million and HK$30.2 million were received from contract sum for projects undertaken by our Group, respectively. Such amounts of aggregate contract sum were derived from 17, ten and nine projects in FY2025, FY2026 and 3M2026, respectively.

Salvage material buyers

For demolition projects, salvage materials (principally comprising ferrous and non-ferrous metals) are continuously generated throughout our demolition works and may be sold by us to third party salvage material buyers in line with the industry norm.

Revenue derived from our projects

In undertaking demolition or other construction works projects, we thus derive revenue which comprises: (i) the contract sum from the project owners; and (ii) in the case of demolition projects, the proceeds from the disposal of salvage materials (if any) removed from the demolition sites to third party

salvage material buyers. According to the Frost & Sullivan Report, the disposal of salvage materials removed from demolition sites to salvage material buyers is a common and well-established practice in the building demolition market in Hong Kong, which is in line with market norm and actively encouraged under the Government's circular economy and construction waste management policies. Most professional demolition contractors routinely separate and sell recoverable materials, such as scrap steel, copper wiring and reusable concrete aggregates, which helps offset project costs and reduce land fill disposal fees.

For FY2025, FY2026 and 3M2026, we derived revenue of approximately HK$77.3 million, HK$136.8 million and HK$43.2 million from undertaking building demolition works and other construction works. Among such revenue, the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage material buyers amounted to approximately HK$9.0 million, HK$39.5 million and HK$13.0 million, representing approximately 11.7%, 28.9% and 30.1% of our total revenue in FY2025, FY2026 and 3M2026, respectively. The amount of proceeds we received from our disposal of salvage materials removed from the demolition sites fluctuated during the Track Record Period as it varied depending on the types of buildings or structures demolished and the prevailing market prices of the salvage materials generated.

According to the Frost & Sullivan Report, demand for salvage materials among recyclers and construction contractors has remained robust in recent years, supported by factors including: (i) the limited availability and rising costs associated with extracting virgin materials, which have increased the attractiveness of secondary resources; (ii) the generally higher cost-effectiveness of recycled metals and other salvage materials as compared to primary materials, which helps contractors and manufacturers reduce input costs; and (iii) strong Government support for construction waste management, the promotion of green buildings, and the wider adoption of green building materials.

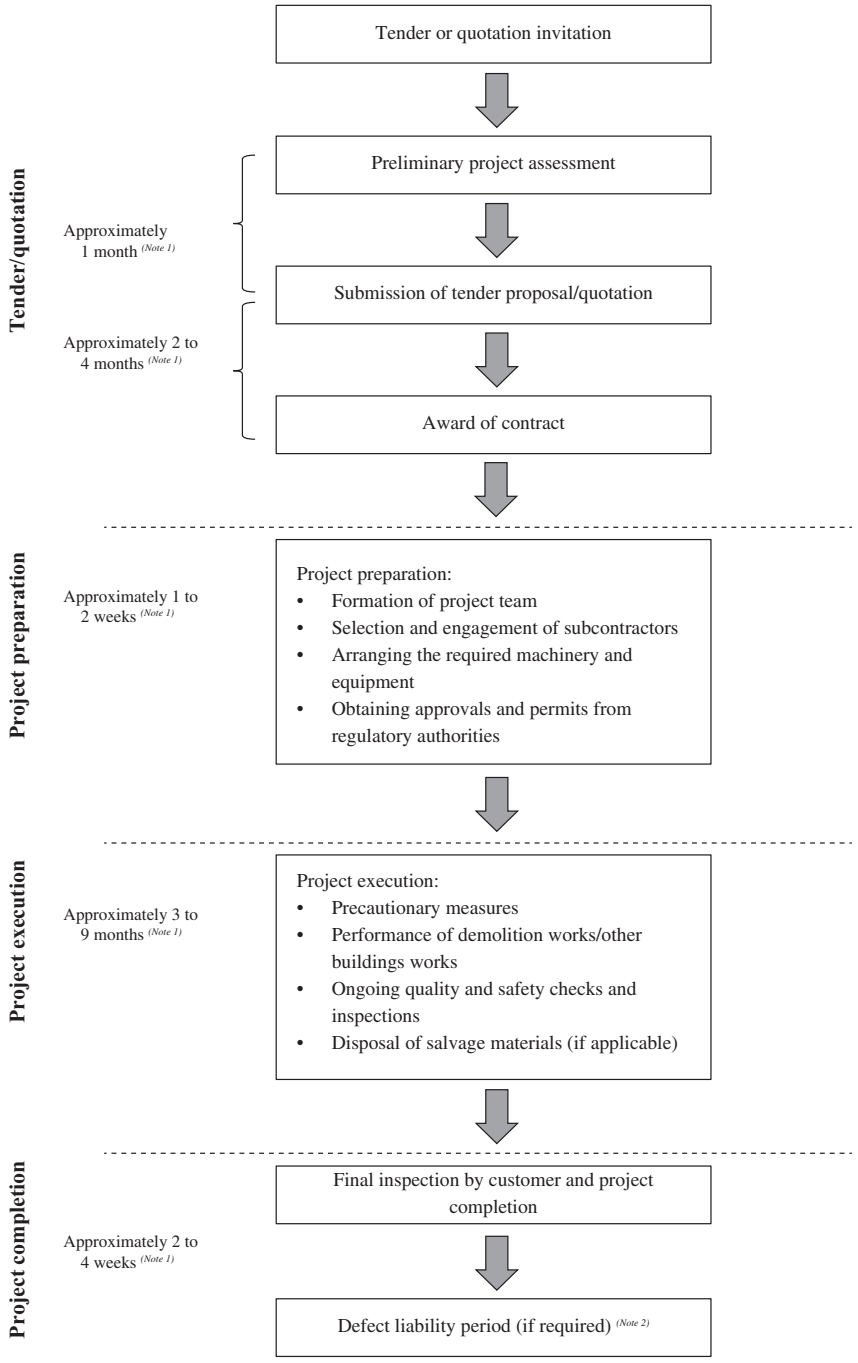
However, if the expected proceeds from selling salvage materials are lower than the associated logistics costs, we derive revenue solely from the contract sum for the demolition works. These proceeds vary based on the building type, project scale, and prevailing market prices of the salvage materials. For example, smaller-scale and residential demolition projects typically yield fewer salvage materials, resulting in lower proceeds. In some cases, our project management team may decide not to sell these materials if the disposal costs (including time, labour for extraction and sorting, and transportation) exceed their expected economic value.

For further details of the process of disposal of salvage materials by us, please refer to the paragraph headed "Our operational flow — Project execution — Disposal of salvage materials" in this section.

OUR OPERATIONAL FLOW

During the Track Record Period, we were engaged as a main contractor by the project owners, or their architects or consultants, to carry out demolition works and/or other construction works on the designated sites. Our projects may require single or multiple types of services depending on the customers' needs and requirements for the relevant projects.

The following diagram illustrates the principal steps in our operational flow in a typical project for demolition works and/or other construction works:



Notes:

1. The timeframe above represents a typical timeframe and is estimated on an approximate basis. The actual timeframe may vary for different projects depending on its scale, complexity, the requirements of our customers, our agreement with the customers on the timeframe for the principal steps, the presence of any variation orders as well as any unforeseeable circumstances.

2. Defect liability period as specified in the contract with the project owner, if any, typically ranges from six months to 12 months.

Tender or quotation

Tender or quotation invitation

During the Track Record Period, we obtained most of our projects through the submission of tenders or quotations upon the invitations or requests of project owners in the private sector such as private property developers or their appointed architects or consultants.

For details of our tendering strategy and success rates of our tenders and quotations, please refer to the paragraphs headed "Tender or quotation — Preparation of tender proposal or quotation" and "Tender or quotation — Award of contract — Tender/quotation success rate" in this section below.

Pre-qualification (if applicable)

In certain cases, including new customers as well as certain existing customers, we may be firstly contacted by the customer to seek for expression of interest. If we express interest to be nominated (or continue to be nominated) as qualified contractor on the customer's list of qualified contractors, the customer will then send our Group a pre-qualification application form to fill in and our Group will then submit the pre-qualification application in order to be on the customer's list of qualified contractors. Such pre-qualification application would generally require our Group to provide information such as our background, financial resources, manpower and project management resources, quality assurance policy, safety and environmental protection policy, work experience and job reference. If our Group passes such pre-qualification screening, we may be informed or receive the potential customer's invitation to submit tender or quotation. We would generally take approximately one to two weeks to collect and submit all the required information for the pre-qualification application.

Preliminary project assessment

Upon receiving the tender or quotation invitation, we will first conduct a preliminary assessment of the potential project before submitting the tender or quotation. This process typically involves: (i) reviewing the tender documents, which generally set out, among other things, brief description of the works required, expected commencement date, contract period, schedule of rates and drawings and time and place for submitting the tender or quotation; (ii) collecting further information of the project from the customers as necessary; and (iii) conducting a site visit of the potential project site to assess the complexity, scale and technical requirements of works to be performed, as well as the expected time and resources required to complete the project, including but not limited to the manpower and machinery which would be required to carry out the works.

In deciding whether to pursue a potential project, we will consider, among other things: (i) the background of and our business relationship with the potential customer; (ii) the nature of the project; (iii) the technical specifications and difficulties; (iv) our previous experience in undertaking similar projects; (v) availability of our resources; and (vi) other details of the projects such as the condition and location of the work site. Any tender documents or quotations will only be prepared after we have carried out an assessment of the works to be undertaken.

Preparation of tender proposal or quotation

Once our Group has decided to proceed with the potential project, we will commence the preparation of the tender proposal or quotation. Concurrently, we will also prepare a preliminary budget proposal for the project taking into account, among other things: (i) the nature, scale and complexity of the project; (ii) the estimated types and numbers of machinery and workers required; (iii) the estimated operation costs; and (iv) expected proceeds from the salvage material buyers for the disposal of salvage materials (if applicable). We will obtain quotations and the relevant unit costs from our suppliers, subcontractors and salvage material buyers (if applicable), as the case maybe, as reference for our budget preparation to determine the profitability and feasibility of the potential projects. For the proceeds from our disposal of salvage materials, we estimate such amount based on the amount and types of salvage materials expected to be removed from the project and the unit price of the relevant materials offered by the relevant salvage material buyers in the market.

Pricing strategy

We adopt a cost-plus pricing model in determining our project fees, having regard to factors such as project schedule, availability of resources, nature and complexity of the project, the estimated types and numbers of machinery and workers required and the expected proceeds from disposal of salvage materials (if applicable). We estimate our costs based on, among other things: (i) the types and scope of works; (ii) the estimated amount of time and materials required and personnel to be involved; (iii) our previous costs in undertaking similar projects; (iv) the quotations and the relevant unit costs obtained from our suppliers and subcontractors; and (v) any risk leading to extension of service period or requirement for additional manpower. For demolition projects, we may also take into account the proceeds which are expected to be received from the disposal of salvage materials removed from the demolition site, which also form a significant source of revenue for our Group. As our proceeds from the disposal of salvage materials are based on the prevailing market prices and the actual volume of salvage materials removed, there is a risk of price fluctuation on the relevant price indicators. While we continuously monitor the latest price trends of such materials, we also seek to minimise the risk of price fluctuation by factoring in such risk in our percentage of markup of project price.

Budgeting and cost control measures

The direct labour costs, subcontracting charges, construction materials, transportation costs, insurance and machinery leasing costs are the major components of the project costs in our Group's projects. Based on our best estimation, the upfront costs payable by our Group before the commencement of the project or in its early stages typically amount to approximately **[REDACTED]** of the total contract sum. Most of the pricing of our Group's projects are fixed and set out in the terms of the contract. Any material deviation in the actual time and resources spent from initial estimation may result in significant cost overruns which may in turn adversely affect the financial results of our Group.

Our Group has the following measures to manage the risk of cost overruns:

(i) a budget proposal which sets out the cost target is prepared by our quantity surveyor for each project and approved by our financial controller and chief executive officer. The execution of the project, including subcontracting, is carried out in accordance with the approved budget plan; and

(ii) in order to control the costs and profit margin of the project, our quantity surveyor will monitor the actual expenses spent on the project and cross-check the same with the budget plan. The cross-check result will be reported by the quantity surveyor to the financial controller; and

(iii) the management of our Group conducts meetings from time to time, usually on a weekly basis, to review and monitor the progress and estimated cost of each ongoing project prepared by the financial controller and the project manager of each project. The financial controller and the project manager updates the estimated cost (and estimated proceeds from disposal of salvage materials, if applicable) of each project on a timely basis and the management of our Group instructs the project manager to take appropriate action to control the costs and expenses incurred and mitigate the risks of cost overrun.

The pricing of our project fees is to be reviewed and approved by our executive Directors for the purpose of tender or quotation submission. However, there is no assurance that we can estimate our costs and value of salvage materials accurately or that our operating costs will not increase, for example due to extension of service period or requirement for additional manpower. For further details, please refer to the paragraph headed "Risk factors — Risks relating to our business — 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" in this document.

Award of contract

After we have finalised our tender proposal or quotation, we will submit the same to our potential customers or their appointed architects or consultants. For tender proposal, we are generally required to prepare a relatively comprehensive set of documents which may include, among other things: (i) a work plan outlining the proposed methods and techniques to be applied; (ii) the proposed workflow; (iii) the quantity and types of machinery and equipment we consider to deploy in performing our work; and (iv) safety supervision plan in accordance with our customer's request and tender specifications. For quotation, we will submit the quotation which typically includes the basic scope of services, price, expected completion date and basic contract terms.

Subsequently, we may be invited to attend tender interviews with our customers or their appointed architects or consultants for sizeable projects to answer queries for our tender submission and to finalise the terms of contract. In some cases, we may also be invited by the customers to provide our "best offer" as part of the tender process, which may involve revised pricing and/or discounts to our original quotation. If our customer decides to engage us after the tender review process, we will receive a letter of award or letter of acceptance issued to us and we may then enter into formal contract with our customer. In the absence of such formal contract, the letter of award or letter of acceptance together with the tender submissions and other related documents would generally constitute the binding contract between the parties. For the principal terms of engagement in a typical contract, please refer to the paragraph headed "Customers — Principal terms of engagement with our customers — Terms of engagement with project owners" in this section below.

Tender/quotation success rate

During the Track Record Period, our projects were typically secured by tender or quotation. The following table sets forth the number of tenders and quotations submitted, number of contracts awarded and the success rate during the Track Record Period and up to the Latest Practicable Date:

	FY2025	FY2026	3M2026 *(Note 1)*	From 1 July 2026 to the Latest Practicable Date *(Note 2)*
Number of tenders/quotations submitted	39	19	7	7
Number of contracts awarded	10	5	2	2
Success rate (%)	25.6	26.3	28.6	28.6

Notes:

1. Out of the seven tenders/quotations submitted by our Group during 3M2026, we received two results and the results of the remaining five tenders/quotations submitted were yet to be known as at the Latest Practicable Date.

2. Out of the seven tenders/quotations submitted by our Group during the period from 1 July 2026 to the Latest Practicable Date, we received two results and the results of the remaining five tenders/quotations submitted were yet to be known as at the Latest Practicable Date.

It is our strategy to be responsive to our customers' tender and quotation invitations, and actively provide to our customers our fee quotations and/or tender submissions upon receipt of their invitations. Our Directors believe that this can enable us to (i) maintain our relationship with customers; (ii) maintain our presence in the market; and (iii) remain well informed of the latest market developments and pricing trends which are useful for tendering projects in the future.

In view of our performance over the Track Record Period and our projects on hand as at the Latest Practicable Date as set out in the paragraph headed "Our Projects — Backlog" in this section below), our Directors consider that the overall success rate of our tenders and quotations during the Track Record Period has been satisfactory in general.

Project preparation

Formation of project team

Depending on the complexity and scale of the project, our project management team may comprise the following key members, with their respective principal roles and responsibilities set out below *(Note 1)*:

Project team member	Roles and responsibilities
Project manager	• Assuming overall responsibility for project execution and progress monitoring • Coordinating with the customer, subcontractors and other members of the project team on the project status • Managing the allocation of resources in a project • Inspecting the work progress on site • Reviewing the progress reports and safety reports
Site manager	• Supervising our workforce on site, including monitoring work efficiency and performance of site workers • Ensuring our works are carried out in strict compliance with the Buildings Ordinance and any approved plans submitted to the Buildings Department (if applicable) • Preparing project progress reports
Site engineer	• Overseeing the engineering and technical aspects of the project, including designing the site operations and suitable methodologies and procedures for the approval of the customer and/or its consultants • Supervising the engineering safety and performance of the works on site
Site foreman	• Assisting the site manager to coordinate and supervise the quality and workmanship of workers for day-to-day site operations
Safety supervisor *(Note 2)*	• Advising our management team on the standards and procedures for the safety, health and protection of workers and other personnel on our construction sites • Supervising the implementation and compliance of our site safety and occupational health standards and procedures • Assisting the external safety officer in carrying out his or her duties
Safety and environmental coordinator	• Assisting the project manager, the safety supervisor and the external safety officer in the daily implementation and supervision of on-site environmental, health, and safety measures

Project team member	Roles and responsibilities
Quantity surveyor	• Managing project budget and costs, including preparation of budget plans and monitoring expenses incurred

Notes:

1. Pursuant to the requirements prescribed by the Buildings Department, each of the registered contractor, the authorized person, registered structural engineer and/or registered geotechical engineer (as applicable) is required to deploy certain technically competent persons ("**TCPs**") who meet the requisite qualifications for the purpose of performing ongoing safety supervision of the building works or street works (other than certain categories of minor works). Depending on the team composition, our site manager, site foreman and/or site engineer in the project team may act as the TCPs under our stream as designated in the supervision plan lodged with the Building Authority.

2. Pursuant to the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong), a main contractor is required to employ a person as safety supervisor for each construction site where 20 or more persons are employed on the site. During the Track Record Period and as at the Latest Practicable Date, we have maintained internal staff to act as the safety supervisor for each of our projects with 20 or more persons employed on the construction site in compliance with the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations.

In addition, depending on the nature of works involved, the following external personnels who possess the appropriate qualifications may also be appointed by us or our customers to assist and participate in the project:

External personnels	Roles and responsibilities
Authorized person	• Acting as overall coordinator and supervisor of the project • Formulating the overall demolition plans/work plans for the construction works • Making statutory submissions to the Buildings Department prior to the commencement of works
Registered structural engineer	• Conducting structural assessments for the demolition or other construction works • Providing advanced engineering supervision for complex or critical structural modification works (if applicable) • Preparing and submitting structural plans for the approval of the Buildings Department
Registered geotechnical engineer*(Note 1)*	• Conducting structural and geotechnical assessments for the demolition or other construction • Providing advanced engineering supervision for complex or critical structural modification works involving geotechnical aspects (if applicable) • Preparing and submitting structural plans involving geotechnical aspects for the approval of the Buildings Department

External personnels	Roles and responsibilities
Safety officer*(Note 2)*	• Advising on and supervising the implementation of site safety and occupational health measures • Conducting assessments on our Group's site safety management systems • Reporting any safety hazards to the project manager

Notes:

1. A registered geotechnical engineer is required to be appointed for projects which involve slopes, retaining walls and other geotechnical aspects.

2. Pursuant to the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong), a main contractor is required to employ a safety officer registered with the Labour Department on a full-time basis if the aggregate number of persons employed on one or more construction sites on which the construction works are carried out is 100 or more.

Selection and engagement of subcontractors

During the Track Record Period, we mainly acted as the main contractor in our projects. Taking into account our core expertise and competency, cost effectiveness, required productivity and resources level, we may subcontract to our subcontractors certain parts of the project, such as the erection of propping or other temporary support, hoarding, scaffolding, the demolition of any lifts or escalators (which is required to be conducted by registered lift and escalator contractors) and the investigation and disposal of hazardous waste (such as asbestos) and, in some cases, part or whole of the main construction works. For further details on our selection of subcontractors and our subcontracting arrangements, please refer to the paragraph headed "Suppliers and subcontractors — Criteria for selection of suppliers and subcontractors" in this section below.

Arranging the required machinery and equipment

Our Group's quantity surveyor is responsible for arranging the machinery and equipment required to carry out our projects. During the Track Record Period, the majority of our machinery and equipment were hired from third party machinery and equipment leasing service providers based on the specific requirements of the relevant projects. For further details on our machinery and equipment and rental arrangements, please refer to the paragraph headed "Suppliers and subcontractors — Rental arrangements for machinery and equipment" in this section below.

Depending on the terms of the subcontracting agreement, our subcontractors may be required to be responsible for the procurement of construction materials and/or other consumables required for them to complete their works. Furthermore, our subcontractors may also be required to equip themselves with the necessary machinery for carrying out the works delegated to them and provide the necessary workers for operation of the machinery. Our subcontractors are also required to ensure that all machinery arranged or procured by them and used in their works are in compliance with the relevant statutory safety requirements.

Obtaining approvals and permits from regulatory authorities

Demolition works

Prior to the commencement of demolition works, a demolition plan together with a stability report with supporting calculations, will be prepared and submitted by the authorized person and registered structural engineer (and, in cases where slopes, retaining walls and other geotechnical aspects are involved, the registered geotechnical engineer) to the Buildings Department for approval.

The demolition plan sets out, among other things, the location of the building and layout of all floors of the building to be demolished, a detailed topography of the site and its surroundings, the procedures, methods and sequences for the demolition of the building, and precautionary measures for the protection of the public. The stability report includes, among other things, calculations demonstrating the stability of the building to be demolished during all stages of demolition and the effect on any surrounding buildings, adjoining properties, and party walls caused by the demolition.

Upon approval of the demolition plan, the authorized person will submit to the Buildings Department an application for consent for demolition. The demolition works may begin once the consent of the Buildings Department is obtained. Our Group as the main contractor will also give notice to the Environmental Protection Department in the prescribed form with the specified particulars prior to the commencement of the demolition works.

Other construction works

The required consents and approvals for other construction works will vary depending on the nature of the works to be performed. In general, unless exempted or subject to simplified filing, consent and/or approval procedures, a prescribed plan setting out the particulars of the works to be carried out (including the methods and procedures of such works) will be submitted to the Buildings Department prior to the commencement of the works. The authorized person, registered structural engineer and/or registered geotechnical engineer (as applicable) will be responsible for the preparation and submission of the said work plans and applications and for approval or consent.

Project execution

Precautionary measures

Pursuant to our contracts with the project owners and the applicable codes and regulations, we are required to undertake precautionary measures for the protection of the public, in particular pedestrian, vehicular traffic and the adjacent properties. The safety features are designed by the authorized person, registered structural engineer and/or registered geotechnical engineer to ensure that the demolition or other construction works can be carried out safely and the site personnels are protected.

Depending on the nature of the project and the approved plans, the precautionary measures may include hoardings, proppings, covered walkways, catch platforms, catchfans, scaffolding, protective screens and/or safety nets. These measures are carried out in accordance with the contractual requirements, approved plans and other related documents.

For most of our projects, we are required by our contracts with the project owners to undertake the hoarding works as part of the project, which involves the erection of a temporary fence enclosure along the site boundary to separate the work site from the adjacent properties.

Asbestos investigation and abatement (if applicable)

For some of our demolition projects, we may be required to undertake or arrange the asbestos inspection and abatement works in accordance with the relevant requirements under the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) prior to the commencement of the project.

In such cases, we will engage third party registered asbestos consultants registered with the Environmental Protection Department to conduct an asbestos survey of the project site to identify, locate, and assess the condition of any asbestos containing materials. The consultant will inspect the premises, review building plans, and collect material samples to be analysed in a registered laboratory. Upon completion of the inspection, an asbestos investigation report will be issued by the consultant. Where asbestos is found, an asbestos abatement plan detailing how the materials shall be safely removed will be prepared, and a registered asbestos contractor registered with the Environmental Protection Department will be appointed by us to carry out the asbestos abatement work in accordance with the approved plan. A notification of commencement of asbestos abatement work, together with the asbestos investigation report and asbestos abatement plan, will be submitted to the Environmental Protection Department not less than 28 days before the commencement of the asbestos abatement work.

With respect to the disposal of the asbestos containing materials as part of the removal process, we are also required to make an application to the Environmental Protection Department for registration as a chemical waste producer in accordance with the requirements of the Waste Disposal (Chemical Waste) General Regulation (Chapter 354C of the Laws of Hong Kong).

Performance of demolition works/other construction works

Building demolition

Building demolition involves the dismantling and removal of pieces or sections of concrete or metals from building structures and the demolition of the entire building by applying different methods such as crushing, breaking and shearing. We usually carry out structural demolition through the use of machinery by the top-down method, which is applicable to most sites in Hong Kong, particularly those situated in urban areas. The demolition process would proceed from the roof to ground in a general trend, while the particular sequences of demolition may vary depending on site conditions, restraints, the building layout, the structural layout and its construction. In general, all cantilevered structures, canopies, verandahs and features attached to the external walls shall first be demolished prior to demolition of the main building and its internal structures on each floor.

The demolition begins with the lifting of the mechanical plant on to the building top floor. The loading to be imposed on the floors by the mechanical plant shall be checked and, if needed, propping will be installed at floor levels below the working floor to safely support the operation of the mechanical plant. The mechanical plant will be lifted onto the roof of the building by the use of mobile crane or other appropriate means as approved by the registered structural engineer. Prior to the lifting operation, propping shall be installed on the floors beneath the roof in accordance with the approved design. The

machine will descend down from one floor to the next floor by means of a ramp. Alternatively, the machine may also be lowered to the next floor by the use of mobile crane or other appropriate means as proposed by the registered structural engineer.

The demolition works are carried out in accordance with the work plan (which typically sets out, among other things, the methods and the machinery and equipment to be deployed in performing our demolition works) submitted by the authorized person or registered structural engineer to the Buildings Department for its approval and consent in accordance with the applicable statutory requirements.

Other construction works

In addition to demolition works, we also undertake a range of other construction works from time to time, including but not limited to repair and maintenance works, rectification works, improvement works and site upkeeping works.

Similarly to our demolition projects, such other construction works would be carried out in accordance with any work plan submitted by the authorized person or registered structural engineer to the Buildings Department (if required) and the requirements and specifications of the customer. The actual methods and techniques applied would vary depending on the nature and scope of the works to be performed and the buildings or structures involved.

Ongoing quality and safety checks and inspections

We have established quality management procedures and conduct our works in accordance with such procedures to ensure that our Group complies with the contract requirements as well as the requirements of applicable laws and regulations. During the project execution process, our project manager and safety supervisor conduct both regular and ad-hoc on-site inspections to monitor the quality of our works and the implementation of our Group's site safety policies and procedures. The external safety officer (if applicable) will also conduct site inspections from time to time to supervise the implementation of site safety policies and procedures and report to our project manager on any safety hazards. In addition, consultants or architects appointed by the customer may also conduct inspection from time to time to ensure the quality of the works complying with the specifications for the projects. For further details, please refer to the paragraphs headed "Quality management" and "Occupational health and safety" in this section below.

Disposal of salvage materials (if applicable)

In the case of demolition projects, we may also remove and dispose the salvage materials generated from the demolition sites as a result of the works performed by us. The types and quantity of salvage materials varied depending on the types and scales of projects. We extract and sort the salvage materials into different categories, which are principally ferrous and non-ferrous metals. The salvage materials are then delivered by our Group to the salvage material buyers and payment is generally settled upon such delivery. For details of our arrangements for the sale of salvage materials, please refer to the paragraph headed "Principal terms of engagement with our customers — Terms of disposal of salvage materials" in this section below. During the Track Record Period, our Group did not export salvage materials out of Hong Kong to any other countries or jurisdictions.

Project completion

Final inspection by customer and project completion

Upon completion of the demolition or other construction works, our project manager team will conduct a final inspection of the works. Once the project passes our internal inspection, we will submit a project completion report to our Group's customer. The customer (or its architects and consultants) will then conduct inspection on the project. From time to time, we may rectify any deficiencies that are identified during the project execution phase or make such modifications or rectifications as the customer may require upon inspection. Unless exempted, a certificate of completion of the works is required to be submitted to the Buildings Department. Upon passing the inspection carried out by the customer or its architects or consultants and receipt of the letter of acknowledgement of the Buildings Department for the certification of completion of the works (unless exempted), our Group will submit an application for the practical completion certificate to be issued by the customer or its architects. Upon the issuance of the practical completion certificate, the customer will be deemed to have accepted our works or, alternatively, the customer or its architects may issue an acceptance certificate to our Group.

The customer final inspection and acceptance process usually takes approximately two to four weeks to complete. Depending on the scale and complexity of the project, during the Track Record Period, the duration of our projects from commencement to completion of our works generally ranged from approximately six to 12 months for building demolition projects and approximately three to six months for other construction projects of smaller scale.

In general, the retention monies which have been retained by the customer from the progress payments or instalments payable by the customer to our Group during the course of the project, which is usually at the rate of 10% of each payment amount but subject to a maximum of 5% of the total contract sum, will be released by the customer to our Group upon the completion of the works and the issue of practical completion certificate or, in cases where there is a specified defects liability period, 50% of the retention monies will usually be released upon completion of the works and the issue of practical completion certificate, while the remaining 50% will be released upon the settlement of the final account between the customer and our Group at the end of the defects liability period.

As at 31 March 2025, 31 March 2026 and 30 June 2026, our retention receivables were approximately HK$3.8 million, HK$3.5 million and HK$3.5 million, respectively. For further details of the payment terms with the project owners, please refer to the paragraph headed "Customers — Principal terms of engagement with our customers — Terms of engagement with project owners" in this section below.

Defects liability period (if applicable)

Some of our customers require a defects liability period, during which we are responsible for rectifying any defects in our works. The defects liability period typically ranges from approximately six to 12 months. Under usual terms of our contracts, we are required to rectify all defective works (if any) during the defects liability period.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in the paragraph headed "Major customers — Relationship with our customers" in this section below, we did not experience any material claim by our customers in respect of any defective works, and have not made provision for any repair and maintenance cost in respect of defective works during the defects liability period.

OUR PROJECTS

During the Track Record Period, we were primarily engaged in undertaking demolition works projects and other construction works projects as a main contractor in Hong Kong. All of the projects we undertook and all of the contracts awarded to us during the Track Record Period were projects in the private sector.

Projects with revenue contribution during the Track Record Period

For FY2025, FY2026 and 3M2026, there were 17, ten and nine projects with contribution to our Group's revenue, respectively. The following table sets forth a breakdown of the projects with revenue recognition during the Track Record Period which are categorised by reference to the nature of the works and ranges of revenue recognition[(Note)]:

	Number of projects with revenue recognition		
Revenue recognised	**FY2025**	**FY2026**	**3M2026**
Demolition works	**11**	**5**	**7**
HK$10,000,000 or above	2	2	1
HK$5,000,000 to below HK$10,000,000	3	—	1
HK$1,000,000 to below HK$5,000,000	5	2	1
Below HK$1,000,000	1	1	4
Other construction works	**6**	**5**	**2**
HK$10,000,000 or above	—	—	—
HK$5,000,000 to below HK$10,000,000	—	1	1
HK$1,000,000 to below HK$5,000,000	2	1	—
Below HK$1,000,000	4	3	1
Total:	**17**	**10**	**9**

Note: For demolition projects, revenue recognised may also include proceeds received from disposal of salvage materials in addition to the contract sum received from project owners.

The following table sets forth details of the ten projects that contributed the highest aggregate revenue during the Track Record Period, presented in descending order by aggregate revenue recognised[(Note 1)]:

	Project number	Customer[(Note 2)]	Type(s) of works	Type(s) of building/ structure	Commencement date[(Note 3)]	Completion Date/ expected completion date[(Note 4)]	Breakdown of revenue recognised during the Track Record Period by type		Breakdown of revenue recognised during the Track Record Period by year/period			Aggregate revenue recognised during the Track Record Period[(Note 5)]	Cumulative gross profit margin for the Track Record Period[(Note 6)]
							Revenue from contract sum *(HK$'000)*	Proceeds from disposal of salvage material (if applicable) *(HK$'000)*	FY2025 *(HK$'000)*	FY2026 *(HK$'000)*	3M2026 *(HK$'000)*	*(HK$'000)*	%
1.	A	Customer Group A	Demolition and hoarding works	Commercial	January 2025	September 2026	118,000	53,000	20,165	108,086	28,573	156,824	33.3
2.	B	Customer Group A	Demolition and hoarding works	Residential and commercial	February 2025	June 2026	12,000	8,396	2	14,367	6,027	20,396	9.8
3.	C	Customer Group B	Demolition and hoarding works	Residential	September 2024	July 2026	16,637	—	12,351	4,281	5	16,637	14.6
4.	D	Customer Group C	Demolition and hoarding works	Residential	January 2024	October 2024	8,835	541	9,376	—	—	9,376	12.5
5.	E	Customer Group D	Improvement works	Residential and commercial	November 2025	June 2026	8,548	—	—	2,725	5,823	8,548	43.3
6.	F	Customer E	Repair works	Others	July 2024	January 2026	8,456	—	2,489	5,967	—	8,456	31.4
7.	G	Customer Group D	Demolition and hoarding works	Residential and commercial	November 2022	October 2024	41,760	36,210	5,746	—	—	5,746	9.7
8.	H	Customer Group F	Demolition and hoarding works	Residential	December 2023	July 2024	6,770	578	5,469	—	—	5,469	7.9

Project number	Customer[Note 2]	Type(s) of works	Type(s) of building/ structure	Commencement date[Note 3]	Completion Date/ expected completion date[Note 4]	Breakdown of revenue recognised during the Record Period by type		Breakdown of revenue recognised during the Track Record Period by year/period			Aggregate revenue recognised during the Track Record Period[Note 5]	Cumulative gross profit margin for the Track Record Period[Note 6]
						Revenue from contract sum	Proceeds from disposal of salvage material (if applicable)	FY2025	FY2026	3M2026		
						(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*%*
9.	I	Customer Group G	Demolition and hoarding works	Residential and commercial	June 2024	June 2026	4,467	—	3,140	1,316	11	4,467	12.4
10.	J	Customer Group H	Demolition and hoarding works	Residential	June 2024	January 2025	4,619	—	4,619	—	—	4,619	49.8
						Total:	**179,879**	**60,659**	**63,357**	**136,742**	**40,439**	**240,538**	

Notes:

1. Each of the projects completed by our Group during the Track Record Period was a private sector project, in which our Group acted as a main contractor.

2. Save for Customer E, Customer Group G and Customer Group H, each of the customers was one of our five largest customers during the Track Record Period. Please refer to the paragraph headed "Customers — Major customers" in this section below for details of our customers.

3. The commencement date refers to the date of commencement of works on site, which is generally within seven days of the written notification of the customer or its architects as specified in the letter of award or letter of acceptance or otherwise as agreed by the parties.

4. The actual completion date for a particular project refers to the date of completion of our works in such project which is typically stated in the practical completion certificate or other record provided by our customers. The expected completion date for a particular project refers to the expected date of substantial completion of our works in such project based on (i) the contractual agreement with our customers; and/or (ii) our management's best estimation taking into account the actual work progress and current market conditions.

5. Depending on the nature of the project, terms of the contract and scope of work to be provided in a particular project, the aggregate revenue derived from the project may include (i) revenue from contract sum received from the project owner; and (ii) (for demolition projects only) proceeds received from salvage material buyers for our disposal of salvage materials removed from the demolition sites.

6. Cumulative gross profit margin is calculated as gross profit derived from the project divided by revenue recognised from the project for the Track Record Period.

Backlog

The following table sets forth the movement in the number and value of projects which were completed or ongoing during the Track Record Period and up to the Latest Practicable Date:

	FY2025		FY2026		3M2026		From 1 July 2026 to the Latest Practicable Date	
	Number of projects	Contract sum *(HK$'000)*	Number of projects	Contract sum *(HK$'000)*	Number of projects	Contract sum *(HK$'000)*	Number of projects	Contract sum *(HK$'000)*
Number of projects/value of backlog as at the beginning of the relevant year/period *(Notes 1 and 2)*	7	28,272	8	158,036	10	71,377	7	68,326
Add: Number of new project(s)/ contract sum of new projects and/or variation orders awarded during the relevant year/period *(Notes 3 and 4)*	10	207,044	5	50,141	2	40,139	2	548
Less: Number of projects/total revenue completed or recognised during the relevant year/period *(Notes 5 and 6)*	(9)	(77,280)	(3)	(136,800)	(5)	(43,190)	—	(7,879)
Number of projects/value of backlog as at the end of the year/period *(Note 7)*	**8**	**158,036**	**10**	**71,377**	**7**	**68,326**	**9**	**60,995**

Notes:

1. Number of projects as at the beginning of the relevant year/period means the number of awarded projects which had remaining balance of contract sum yet to be received as of the beginning of the relevant year/period indicated.

2. Value of backlog represents the total outstanding awarded contract sum as stated in contract(s) between us and our customer, including any supplemental contracts, variation orders or other agreed adjustments made or entered into on or prior to the beginning of the year/period indicated, but may not include additions and/or modifications as a result of any subsequent supplemental contracts, variation orders and/or other adjustments. It also takes into account any estimated amount of proceeds from the disposal of salvage materials.

3. Number of new projects awarded during the relevant year/period means the number of new projects awarded to our Group during the relevant year/period indicated, including those projects tendered in the preceding year which were then awarded to us in the relevant year/period.

4. Contract sum of new projects and/or variation orders awarded refers to the awarded contract sum as stated in contract(s) and/or variation order(s) granted or entered into between us and our customer during the year/period indicated, but may not include additions and/or modifications as a result of any subsequent supplemental contracts, variation orders and/or other adjustments.

5. Number of completed projects means the number of projects for which the entire contract sum, including any supplemental contracts, variation orders or other agreed adjustments, had been settled by the customers in the relevant year/period upon the completion of works.

6. Total revenue recognised means the total amount of revenue recognised from the contract sums for the projects during the relevant year/period indicated, including any amount of revenue recognised with respect to the disposal of salvage materials during the same year/period.

7. Value of backlog means the portion of the total estimated revenue from contract sum yet to be recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated, including any estimated amount of proceeds which may be derived from the disposal of salvage materials.

CUSTOMERS

Profile of our Group's customers

During the Track Record Period, our customers were mainly (i) private sector project owners which primarily included private property developers and (ii) salvage material buyers, which primarily included companies engaged in the recycling and trading of salvage materials.

For FY2025, FY2026 and 3M2026, the number of customers with revenue contribution to our Group was 17, ten and nine, respectively. During the Track Record Period, our Group's major customers were located in Hong Kong. All of our Group's fees and other charges are denominated in HK dollars.

Major customers

For FY2025, FY2026 and 3M2026: (i) the aggregate revenue attributable to our Group's five largest customers amounted to approximately HK$49.9 million, HK$111.7 million and HK$34.5 million, representing approximately 64.6%, 81.7% and 79.9% of our Group's total revenue, respectively; and (ii) the aggregate revenue attributable to our Group's largest customer amounted to approximately HK$15.6 million, HK$83.0 million and HK$21.7 million, representing approximately 20.1%, 60.7% and 50.2% of our Group's total revenue, respectively.

The following sets out a breakdown of our Group's revenue attributable to our Group's five largest customers during the Track Record Period:

FY2025

	Customer	Principal business	Principal place of business	Goods/services purchased from our Group	Typical credit terms and payment method	Year of commencement of business relationship *(Note 1)*	Approximate amount of revenue recognised *(HK$'000)*	Approximate % of our Group's total revenue for the year %
1.	Customer Group A	Property development *(Note 2)*	Hong Kong	Demolition and hoarding works	30 days; cheque	2004	15,554	20.1
2.	Customer Group B	Property development *(Note 3)*	Hong Kong	Demolition and hoarding works	30 days; cheque	2019	12,351	16.0
3.	Customer Group C	Property development *(Note 4)*	Hong Kong	Demolition and hoarding works	30 days; cheque	2011	9,162	11.9
4.	Customer Group D	Property development *(Note 5)*	Hong Kong	Demolition and hoarding works, and site upkeeping works	30 days; cheque	2014	7,839	10.1
5.	Customer Group F	Property development *(Note 6)*	Hong Kong	Demolition and hoarding works	30 days; cheque	2021	5,021	6.5
					Five largest customers in aggregate		**49,927**	**64.6**
					All other customers		27,353	35.4
					Total		**77,280**	**100.0**

FY2026

	Customer	Principal business	Principal place of business	Goods/services purchased from our Group	Typical credit terms and payment method	Year of commencement of business relationship[Note 1]	Approximate amount of revenue recognised *(HK$'000)*	Approximate % of our Group's total revenue for the year *%*
1.	Customer Group A	Property development[Note 2]	Hong Kong	Demolition and hoarding works	30 days; cheque	2004	82,982	60.7
2.	Customer I	Salvage materials recycling and trading[Note 7]	Hong Kong	Salvage materials	30 days; cheque	2012	8,462	6.2
3.	Customer J	Salvage materials recycling and trading[Note 8]	Hong Kong	Salvage materials	30 days; cheque	2018	7,282	5.3
4.	Customer K	Salvage materials recycling and trading[Note 9]	Hong Kong	Salvage materials	30 days; cheque	2026	6,786	5.0
5.	Customer L	Salvage materials recycling and trading[Note 10]	Hong Kong	Salvage materials	30 days; cheque	2023	6,206	4.5
						Five largest customers in aggregate	**111,718**	**81.7**
						All other customers	25,082	18.3
						Total	**136,800**	**100.0**

3M2026

	Customer	Principal business	Principal place of business	Goods/services purchased from our Group	Typical credit terms and payment method	Year of commencement of business relationship[(Note 1)]	Approximate amount of revenue recognised *(HK$'000)*	Approximate % of our Group's total revenue for the period *%*
1.	Customer Group A	Property development[(Note 2)]	Hong Kong	Demolition and hoarding works	30 days; cheque	2004	21,683	50.2
2.	Customer Group D	Property development[(Note 11)]	Hong Kong	Improvement works	30 days; cheque	2014	5,823	13.5
3.	Customer I	Salvage materials recycling and trading[(Note 7)]	Hong Kong	Salvage materials	30 days; cheque	2012	2,632	6.1
4.	Customer J	Salvage materials recycling and trading[(Note 9)]	Hong Kong	Salvage materials	30 days; cheque	2018	2,275	5.2
5.	Customer K	Salvage materials recycling and trading[(Note 10)]	Hong Kong	Salvage materials	30 days; cheque	2026	2,111	4.9
						Five largest customers in aggregate	**34,524**	**79.9**
						All other customers	8,666	20.1
						Total	**43,190**	**100.0**

Notes:

1. According to the Frost & Sullivan Report, it is common market practice in Hong Kong for property developers to establish separate special purpose vehicles or project companies for individual property development projects. We may be engaged by or on behalf of different special purpose vehicles or project companies under the same holding company or within the same corporate group across multiple projects over time.

2. Customer Group A is a property developer established in Hong Kong in 1993 with business spanning residential, commercial and retail projects in Hong Kong. One of its current major projects is the redevelopment of a former major multi-use complex in Hong Kong.

3. Customer Group B is a major property developer founded in Hong Kong in 1960. It operates primarily through three main business segments, including property leasing, property sales, and hotel operations in Hong Kong and the PRC. Its parent company and one of its subsidiaries are listed on the Main Board of the Stock Exchange.

4. Customer Group C is a conglomerate founded in Hong Kong in 1987 with business in property development and investment, wet market management, and the traditional Chinese medicine and pharmaceutical sectors. Its parent company and three of its subsidiaries are listed on the Main Board of the Stock Exchange.

5. Customer Group D is a major property developer with business primarily in Hong Kong and the PRC. Its parent company was formerly listed on the Main Board of the Stock Exchange and subsequently privatised in 2020.

6. Customer Group F is a Hong Kong-based property developer founded in 2009 focusing on the development of residential and commercial boutique properties.

7. Customer I is a company incorporated in Hong Kong in 2006 and is principally engaged in recycling and trading of salvage materials, and exporting such salvage materials to other Southeast Asian countries.

8. Customer J is a company incorporated in Hong Kong in 1984 and is principally engaged in recycling and trading of scrap metals.

9. Customer K is a company incorporated in Hong Kong in 1998. It is principally engaged in recycling and trading of scrap metals, and exporting such scrap metals to other Southeast Asian countries such as Vietnam and Indonesia.

10. Customer L is a company incorporated in Hong Kong in 2005. It is principally engaged in recycling and trading of scrap metals, and exporting such scrap metals to other Southeast Asian countries.

During the Track Record Period, our Group generally offered a credit period of zero to 30 days to our five largest customers.

Relationship with our customers

We have maintained stable business relationship with our major customers. Among our five largest customers, we have maintained business relationship with a majority of them for over five years, and the longest of which is over 20 years.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed below: (i) there were no other material claims for compensation or defaults on payment made or imposed by any of our customers, or any other material disputes between our Group and any of our customers, whether in relation to the quality of our works and services (or, as the case may be, salvage materials sold by us), timeliness of delivery, payment terms, or otherwise; (ii) we did not experience any default of payments or early termination of projects; and (iii) we did not recognise any other material bad debts, impairment losses or make material provision in respect of our trade receivables or retention receivables.

Nature of project	Commencement date	Completion date	Particulars of incident	Status as at the Latest Practicable Date
Demolition and hoarding works	June 2022	August 2023	— Delay in completion due to, among other things, administrative procedures for compliance with regulatory approval and filing procedures, as to which application for extension of time was made by us to the customer — Defect in part of the concrete filling mixed with construction debris, which was rectified by us upon notification by the customer	Practical completion certificated was issued in August 2023, but settlement of final account and release of retention monies and amount withhold for surety bond remained pending. Full provision has been made by our Group with respect to the said outstanding account receivables.

Based on the aging profile, credit history, and regular assessment on the recoverability of account receivables, our Directors considered that no additional provision for impairment is necessarily to be made during the Track Record Period and up to the Latest Practicable Date.

To the best knowledge of our Directors, having made all reasonable enquiries: (i) each of our Group's five largest customers during the Track Record Period is an Independent Third Party; and (ii) none of our Directors, their respective close associates, or any Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any direct or indirect interest in any of our Group's five largest customers during the Track Record Period.

Customer concentration

For FY2025, FY2026 and 3M2026: (i) approximately 64.6%, 81.7% and 79.9% of our Group's total revenue was attributable to our Group's five largest customers, respectively; and (ii) approximately 20.1%, 60.7% and 50.2% of our Group's total revenue was attributable to our largest customer, respectively.

Our Directors consider that it is of strategic importance for main contractors of demolition works and other construction works to maintain a stable relationship with a few reputable property developers. According to the Frost & Sullivan Report, it is common for main contractors in the construction industry to rely on a few customers and such customer concentration is not uncommon for main contractors of demolition and other construction works in Hong Kong.

In addition, our Group has been actively tendering for projects from various customers and potential customers. In the event that any of our Group's major customers substantially reduces the number or value of contracts awarded to our Group or terminates its business relationship with our Group, our Directors consider that our Group would have additional capacity to handle other potential projects from other customers in view of our Group's competitive strenths and business strategies as detailed in the paragraphs headed "Competitive strengths" and "Business strategies" in this section above.

Principal terms of engagement with our customers

Terms of engagement with project owners

Our customers generally engage us on a project basis and we did not enter into any long-term agreements with our customers during the Track Record Period. The following summarises the principal terms of engagement with the project owners:

Nature and scope of works	:	The nature of work specifies the types of site works to be carried out and the scope of work specifies the areas/facilities that require such site works.
Contract period	:	The contract period specifies the period within which the project is to be completed, including the tentative commencement date (which is typically within seven days after written notification from the customer or its architects) and the tentative completion date.
Payment terms	:	The total contract sum awarded is clearly stated which is generally a fixed amount and may be subject to adjustment. Based on the amount of work completed, our Group will generally make progress payment applications to the customer on a monthly or other regular basis, setting out the amount of work done and the corresponding value of such work done. The application is subject to examination by the customer or the consultant appointed by the customer and the issuing of a certificate based on such examination approving the amount of works eligible for payment under the application. The examination for each application generally takes around 30 days. Our Group will then proceed to bill the customer with the support of the certificate. Alternatively, in some cases, payment of the contract sum is made by the customer in instalments based on agreed timeline and progress milestones as specified in the contract for the project.
Retention monies	:	A certain percentage of each fee payment made to our Group, usually at the rate of approximately 10% of the amount of such payment but subject to a maximum limit of 5% of the total contract sum, may be withheld by some customers as retention monies. Generally, the retention monies will be released by the customer upon the completion of the works or the issue of practical completion certificate or, in cases where there is a specified defects liability period, 50% of the retention monies will usually be released upon completion of the works and the issue of practical completion certificate, while the remaining 50% will be released upon the settlement of the final account between the customer and our Group at the end of the defects liability period.
Variation orders	:	Variation orders may from time to time be made by our customers and agreed by us. Such orders seek to modify the specifications, amount and/or scope of works stipulated in the original contracts, which may also result in corresponding adjustments to the original agreed contract sum.

Defects liability period (if applicable)	:	A defect liability period generally ranges from six months to 12 months from the date of issue of the practical completion certificate. During the defect liability period, our Group is responsible for rectifying any defective works done by our Group at its own expense.
Insurance	:	In general, it is the obligation of the main contractor to effect proper insurance policies against all construction risks, damages, claims and compensation in respect of the persons who are employed to work at the construction sites. Such insurances are usually taken out by our Group as a main contractor. Please refer to the paragraph headed "Insurance" in this section below for further details.
Surety bonds	:	Depending on the customers' requirements, a surety bond of up to 10% of the contract sum may be required by our customers to secure our Group's due performance of the contract. Such surety bond will be released upon the completion of the works or, as the case maybe, expiry of the defects liability period. In some cases, pursuant to the arrangements agreed between the customer and our Group, the sum of the surety bond will be withheld by the customer and be deducted from the progress payments due from the customer, to be released upon the settlement of the final account with the customer.
Liquidated damages (if applicable)	:	Certain contracts include a liquidated damages clause that if our Group fails to complete the work set out in the contracts within the allowed timeframe, our Group shall compensate the customer for liquidated damages at a fixed rate on a daily basis as set out in the contract until the works are substantially completed.
Default and termination	:	We may be held in default of the contract if we, among other things, abandon the project, without reasonable cause wholly suspend the carrying out of the works before completion, or fail to proceed regularly and diligently with the works.

Terms of disposal of salvage materials

According to the Frost & Sullivan Report, it is not a common practice for salvage material buyers to enter into any written sale and purchase agreement or supply contract with the salvage material provider to fix the quantity and price of the salvage materials in advance. During the Track Record Period, we did not enter into formal written contracts with our salvage material buyers. We normally communicate with our salvage material buyers by telephone, email or other means of communication to fix the unit prices of the relevant salvage materials, and we sell the salvage materials to our salvage material buyers at the pre-agreed unit prices. The prices for each type of salvage materials vary depending on, among other things: (i) the types and nature of the materials; (ii) the prevailing market price; and (iii) the supply and demand of the materials in Hong Kong or other countries and regions.

Upon confirmation of the order, the salvage materials are typically delivered by our Group to the buyer. Payment for the salvage materials at the agreed unit price measured by weight will be paid by the salvage material buyer on the same day at the location of delivery. During the Track Record Period, payment was typically settled by the salvage material buyers in cash or by cheque. For cash payments, we maintained a cash book register to record the movement of our incoming and outgoing cash proceeds and expenditures, and our accounting staff performed reconciliations on a monthly basis to ensure consistency of our cash book register and ledgers. During the Track Record Period, all our salvage material buyers were located in Hong Kong, and we did not engage in the export of the salvage materials to any place outside Hong Kong.

Credit policy

In general, our Group grants a credit period (being the period from the date of invoice to payment due date) of zero to 30 days according to contract terms to our customers. For customers who are salvage material buyers, the amounts payable by the customers for the purchase of the salvage materials are settled on the same day as their delivery. Long-overdue payments, which generally refer to trade receivables that remain outstanding for more than 180 days after the date of invoice, are monitored continuously and evaluated on a case-by-case basis with respect to the appropriate follow-up actions to be taken, taking into consideration the customer's normal payment practice and payment history, our Group's relationship with the customer and the then general economic environment.

Trade receivables

We face risk in relation to the collectability of our trade receivables. 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. The corresponding turnover days trade receivables and contract assets for FY2025, FY2026 and 3M2026 were approximately 29.2 days, 19.4 days and 7.9 days, respectively. For further details of our trade receivables turnover days, please refer to the paragraph headed "Financial Information — Trade receivables" of this document.

To mitigate our risk in relation to the collectability of our trade receivables, we have implemented the following risk control measures:

(i) credit assessment procedures shall be performed on our customers, including checking our internal record regarding their payment history and evaluating the credit terms and credit period offered to them;

(ii) monitoring procedures shall be performed regularly to ensure that follow-up actions, such as issuing payment reminders, actively liaising with the customers and appropriate legal actions, are taken to recover overdue debts; and

(iii) recoverable amount of each receivable balance shall be reviewed at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts.

For details of our credit risk, please refer to the section headed "Risk factors — Risks relating to our business — We are subject to delays or defaults in collecting our trade receivables which may materially and adversely affect our credit risk and financial position." in this document.

Sales and marketing

During the Track Record Period, we secured new business primarily through tender or quotation invitations. Our Directors believe that our experienced management team, the accumulated expertise of our Group in the construction industry and our Group's consistent delivery of high-quality services on both current and past projects have been instrumental in our ability to retain existing customers. Given our proven track record and well-established relationships with these clients, our Directors consider that we can effectively leverage our customer base, reputation, and years of experience in building demolition and other construction works, thereby reducing our reliance on extensive marketing and promotional efforts. Our executive Directors and senior management are primarily responsible for maintaining customer relationships, as well as monitoring market trends and identifying new business opportunities.

Seasonality

Our Directors believe that the industry in which we operate does not exhibit any significant seasonality, except for the possible impact of adverse weather conditions such typhoons where our Group may need to temporarily suspend its projects to avoid unsafe working environments and the Chinese New Year holidays as many construction workers are on leave around such holidays.

SUPPLIERS AND SUBCONTRACTORS

Profile of our Group's suppliers and subcontractors

During the Track Record Period: (a) our suppliers mainly included (i) machinery and equipment leasing service providers, (ii) vendors of construction materials and (iii) providers of insurance and related brokerage services; (b) our subcontractors mainly included (i) subcontractors of construction works and (ii) transportation service providers for the transportation of machinery and equipment and debris removed by us from the construction sites. During the Track Record Period, we also incurred expenses in respect of waste disposal charges payable to the Environmental Protection Department for the disposal of construction waste and/or other waste in accordance with the requirements of the Waste Disposal Ordinance and its subsidiary legislations. For details, please refer to the paragraph headed "Regulatory Overview — Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)" in this document. During the Track Record Period, all of our Group's major suppliers and subcontractors were located in Hong Kong.

We generally engage the relevant suppliers and subcontractors on project-by-project basis and therefore do not enter into any long-term agreements with our suppliers and subcontractors. As at the Latest Practicable Date, there were approximately 60 suppliers and subcontractors on our list of approved suppliers and subcontractors, which is reviewed and updated from time to time and on an annual basis. The admission of suppliers and subcontractors into our approved list is subject to assessment of various factors including but not limited to track record, pricing, service quality, market reputation, and timeliness of delivery.

During the Track Record Period, we did not experience any material difficulties or delays in performing our projects caused by material shortage or delay in the supply of goods and services that we required. Our Directors consider that the possibility of a material shortage or delay is low given the abundance of suppliers of the same kind in the market.

Subcontracting of construction works

As the entire process of a demolition project or other construction works involves different work procedures, our Group as a main contractor usually subcontract certain works to our subcontractors with supervision and management by our project management team to ensure their conformity to customers' requirements and that the projects are completed on time and within our budget plan. Our Directors consider that subject to the availability of our resources, capacity, complexity of the projects, cost effectiveness and customers' requirements, we may subcontract various parts of our works, which may include, without limitation, the erection of propping or other temporary support, hoarding, scaffolding, the demolition of any lifts or escalators and the investigation and disposal of hazardous waste, to our subcontractors. In some cases, we may also subcontract part or whole of the main demolition works or other construction works. We are accountable to our customers for the works performed in a project, including those carried out by our subcontractors. Unless otherwise specified in the contracts with our customers, our customers generally consent to our use of subcontractors for a project and do not limit which subcontractors shall be engaged by us.

Reasons for subcontracting arrangements

We have our own site workers who are capable of undertaking different works at the construction sites to minimise our reliance on external parties. However, as the entire process of a demolition project or other construction works involves different types of works, it may not be cost effective for us to directly undertake all types of works involved. In addition, some of the works such as the demolition of lifts and escalators and the investigation and disposal of hazardous waste must be carried out by contractors or service providers possessing the requisite licences, registrations or qualifications under the applicable laws and regulations. As such, we may engage subcontractors for better allocation of our human resources and cost efficiency, depending on the project requirements, the availability of our resources and the cost of performing the works with our own resources.

Joint venture arrangement for project no. A

During the Track Record Period, Riseship Construction, our principal operating subsidiary, and Lek Hin Demolition Company Limited ("**Lek Hin**"), a company principally engaged in the business of providing building demolition works as a subcontractor in Hong Kong, established Power Construction as a joint venture company in January 2025, for the purpose of facilitating our Group's performance and execution of project no. A, a hoarding and demolition works project which was awarded to our Group as a main contractor in the same month. As at the date of its incorporation and the Latest Practicable Date, Power Construction was owned as to 60% by Riseship Construction and as to 40% by Lek Hin. Accordingly, since its date of incorporation and up to the Latest Practicable Date, Power Construction was at all times a member of our Group.

Pursuant to the joint venture agreement entered into between Riseship Construction and Lek Hin, Riseship Construction as main contractor subcontracted to Power Construction the works undertaken by our Group for project no. A, under which Power Construction assisted in, among other things, arranging third party subcontractors to perform the works and procuring from third party suppliers the construction materials, consumables and other supplies required for the performance of the works. According to the Frost & Sullivan Report, it is a well-established practice in the construction industry in Hong Kong for main contractors to establish joint ventures with subcontractors for the purpose of managing large-scale projects. Our Directors considered that such arrangements could enable our Group to leverage the experience and network of Lek Hin in the building demolition sector in Hong Kong to arrange the requisite subcontractor services and manpower of the scale required of project no. A, and were thus in the interest of our Group and our Shareholders as a whole.

While Power Construction was initially established for the purpose of project no. A, should our Directors consider that any future projects or business opportunities would require the participation of Lek Hin through Power Construction or other joint venture entity due to project requirements (such as project scale, complexity and demand for labour) or that such collaboration with Lek Hin would be in the commercial interest of our Group and our Shareholders as a whole, similar transactions or arrangements may be further entered into between our Group and Lek Hin, subject to our internal controls and procedures and compliance with all relevant requirements under the GEM Listing Rules and applicable laws and regulations.

To the best knowledge of our Directors, having made all reasonable enquiries, save for the establishment of Power Construction as a joint venture company and the collaboration between our Group and Lek Hin in relation to project no. A as disclosed above, each of Lek Hin and its ultimate beneficial owner(s) is independent of and not connected with our Company, any other member of our Group or any of our Directors, chief executives or substantial shareholders and their respective close associates (as defined in the GEM Listing Rules).

Rental arrangements for machinery and equipment

During the Track Record Period, we generally leased the machinery and equipment required to perform our demolition works and other construction works on a project-by-project basis depending on the requirements of the relevant projects. We did not enter into any long-term rental agreements or financial leases with any machinery and equipment leasing service providers.

The rental prices of machinery and equipment are determined by reference to quotations of leasing service providers as agreed between the suppliers and us on an order-by-order basis. In preparing our tender or quotation submissions to the project owners, we will take into account quotations received from machinery and equipment leasing service providers.

The following table sets out a breakdown of our Group's total cost of services by type for the years/period indicated:

	FY2025	**FY2026**	**3M2026**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Suppliers			
— machinery and equipment leasing service providers	2,163	6,403	1,761
— vendors of construction materials	3,066	6,657	2,194
— providers of insurance and related brokerage services	2,089	2,736	226
Subcontractors			
— construction works subcontractors	38,808	39,061	11,369
— transportation service providers	1,259	8,049	3,457
Others	10,854	34,493	9,352
Total:	**58,239**	**97,399**	**28,359**

Major suppliers and subcontractors

For FY2025, FY2026 and 3M2026: (i) the total purchases attributable to our Group's five largest suppliers and subcontractors amounted to approximately HK$36.3 million, HK$42.6 million and HK$12.4 million, representing approximately 62.3%, 43.7% and 43.8% of our Group's total cost of services, respectively; and (ii) the total contract purchases attributable to our Group's largest supplier or subcontractor amounted to approximately HK$17.4 million, HK$18.2 million and HK$3.2 million, representing approximately 29.9%, 18.7% and 11.4% of our Group's total cost of services, respectively. Our Directors consider that our Group was not dependent on any single supplier or subcontractor during the Track Record Period.

The following sets out a breakdown of our Group's total cost of services attributable to our Group's five largest suppliers and subcontractors during the Track Record Period:

FY2025

	Supplier/subcontractor	Principal business	Principal place of business	Goods/services purchased by our Group	Typical credit terms and payment method	Year of commencement of business relationship	Approximate amount of purchases *(HK$'000)*	Approximate % of the Group's total cost of services for the year %
1.	UNI Real Estate	Provision of construction works	Hong Kong	Construction works	90 days; cheque	2003	17,400	29.9
2.	Supplier A	Provision of construction works and metal works *(Note 1)*	Hong Kong	Construction works, machinery rental services and construction tools	90 days; cheque	2015	13,933	23.9
3.	Supplier B	Provision of scaffolding services for construction works *(Note 2)*	Hong Kong	Scaffolding services	90 days; cheque	2025	1,800	3.1
4.	Supplier C	Provision of electrical engineering services *(Note 3)*	Hong Kong	Electrical engineering services	90 days; cheque	2016	1,620	2.8
5.	Supplier D	Provision of insurance brokerage services *(Note 4)*	Hong Kong	Construction insurance brokerage services	90 days; cheque	2017	1,527	2.6
					Five largest suppliers and subcontractors in aggregate		**36,280**	**62.3**
					All other suppliers and subcontractors		21,959	37.7
					Total		**58,239**	**100.0**

FY2026

	Supplier/subcontractor	Principal business	Principal place of business	Goods/services purchased by our Group	Typical credit terms and payment method	Year of commencement of business relationship	Approximate amount of purchases *(HK$'000)*	Approximate % of the Group's total cost of services for the year %
1.	UNI Real Estate	Provision of construction works	Hong Kong	Construction works	90 days; cheque	2003	18,182	18.7
2.	Environmental Protection Department	Government department	Hong Kong	Waste disposal	90 days; cheque	N/A	6,726	6.9
3.	Supplier A	Provision of construction works and metal works *(Note 1)*	Hong Kong	Construction works, machinery rental services and construction materials	90 days; cheque	2015	6,525	6.7
4.	Supplier E	Provision of transportation services *(Note 5)*	Hong Kong	Transportation services	90 days; cheque	2021	5,597	5.7
5.	Supplier B	Provision of scaffolding services for construction works *(Note 2)*	Hong Kong	Scaffolding services	90 days; cheque	2025	5,537	5.7
					Five largest suppliers and subcontractors in aggregate		**42,567**	**43.7**
					All other suppliers and subcontractors		54,832	56.3
					Total		**97,399**	**100.0**

3M2026

	Supplier/subcontractor	Principal business	Principal place of business	Goods/services purchased by our Group	Typical credit terms and payment method	Year of commencement of business relationship	Approximate amount of purchases *(HK$'000)*	Approximate % of the Group's total cost of services for the period *%*
1.	Supplier F	Provision of construction works*(Note 6)*	Hong Kong	Construction works	90 days; cheque	2025	3,235	11.4
2.	Supplier A	Provision of construction works and metal works*(Note 1)*	Hong Kong	Construction works, machinery rental services and construction materials	90 days; cheque	2015	3,221	11.4
3.	Supplier G	Provision of transportation services*(Note 7)*	Hong Kong	Transportation services	90 days; cheque	2025	2,266	8.0
4.	Supplier H	Provision of building demolition works and machinery rental services*(Note 8)*	Hong Kong	Building demolition works and machinery rental services	90 days; cheque	2022	2,029	7.1
5.	Supplier I	Provision of electrical engineering services and construction works*(Note 9)*	Hong Kong	Barrier installation, electrical and mechanical maintenance works	90 days; cheque	2025	1,670	5.9
					Five largest suppliers and subcontractors in aggregate		**12,421**	**43.8**
					All other suppliers and subcontractors		15,938	56.2
					Total		**28,359**	**100.0**

Notes:

1. Supplier A is a company incorporated in Hong Kong in 2015 and is principally engaged in the provision of construction and metal works. It also provides machinery rental services and supplies metal construction materials.

2. Supplier B is a sole proprietorship commenced in Hong Kong in 2005 and is principally engaged in the provision of scaffolding services for construction works.

3. Supplier C is a sole proprietorship commenced in Hong Kong in 2001 and is principally engaged in the provision of electrical engineering services, assisting construction and elevator companies with project-based repair, maintenance, dismantling and other engineering works.

4. Supplier D is a Hong Kong-licenced insurance broker company incorporated in 1993 and is principally engaged in the provision of construction insurance brokerage services.

5. Supplier E is a company incorporated in Hong Kong in 2021 and is principally engaged in the provision of transportation services of scrap metals in Hong Kong.

6. Supplier F is a sole proprietorship commenced in Hong Kong in 2023 and is principally engaged in the provision of building demolition works in Hong Kong, such as the provision of shoring materials and installation of shoring.

7. Supplier G is a company incorporated in Hong Kong in 2017 and is principally engaged in the provision of transportation services of construction waste in Hong Kong, such as concrete and soil wastes.

8. Supplier H is a company incorporated in Hong Kong in 2010 and is principally engaged in the provision of building demolition works and machinery rental services. In connection with its machinery rental services, Supplier H also provides personnel to operate the relevant machinery.

9. Supplier I is a company incorporated in Hong Kong in 1990. It is principally engaged in the provision of electrical engineering services and construction works in Hong Kong.

Our Group's five largest suppliers and subcontractors during the Track Record Period generally granted our Group a credit period of zero to 90 days.

Relationship with our suppliers and subcontractors

We normally engage suppliers and subcontractors (other than any suppliers and subcontractors nominated by our customers) on our approved list, which is reviewed by us from time to time and on an annual basis. In assessing the performance of our suppliers and subcontractors, we will principally consider, among other things, the quality of goods or services provided and the timeliness of delivery. During the Track Record Period, we did not have any material disputes or claims with our suppliers and subcontractors, whether in relation to the quality of goods and/or services, timeliness of delivery, payment terms, or otherwise.

In FY2025 and FY2026, UNI Real Estate was our largest subcontractor, accounting for approximately 29.9% and 18.7% of our Group's total cost of services during those years, respectively. As at the Latest Practicable Date, UNI Real Estate was owned as to 40%, 30% and 30% by Mr. Lo Kam Kenny, Mr. Lo Cheuk Pui and Mr. Lo Siu Kai, respectively, such that UNI Real Estate would be a connected person of our Company upon the **[REDACTED]**. For details of the relationship between our Group and UNI Real Estate, please refer to the section headed "Relationship with Our Controlling Shareholders" in this document.

Save as disclosed above, to the best knowledge of our Directors, having made all reasonable enquiries: (i) each of our Group's five largest suppliers and subcontractors during the Track Record Period is an Independent Third Party; and (ii) none of our Directors, their respective close associates, or any Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any direct or indirect interest in any of our Group's five largest suppliers and subcontractors during the Track Record Period.

Principal terms of engagement with our subcontractors of construction works

During the Track Record Period, we did not enter into any long-term agreement or commit to any minimum purchase amount with our subcontractors of construction works.

The following summarises the subcontracting arrangements with our subcontractors of construction works during the Track Record Period:

Nature and scope of works	:	The nature of work specifies the types of site works to be carried out and the scope of work specifies the structures or areas that require such site works.
Contract period	:	The duration of the subcontracting agreement varies depending on the nature and extent of the works and is in line with the duration of the main contract between us and the project owner.
Obligations of the subcontractor	:	The subcontractor is generally required to comply with the relevant terms and perform its works in accordance with the specifications under the main contract and any approved work plans.
Subcontracting fee and payment terms	:	The subcontracting fee to be received by the subcontractor is usually represented in a lump sum. In general, we determine the amount of subcontracting fee based on factors including (i) the amount of fees to be received by us from the project owner in respect of the portion of works being subcontracted; (ii) the amount of labour resources required from the subcontractor; (iii) the nature of works to be performed by the subcontractor; (iv) the rental cost of machinery provided by the subcontractor; and (v) the prevailing market conditions.
Retention monies	:	We may retain a certain percentage of each interim payment made to the subcontractors as retention monies. Such percentage would generally be up to 10% of each interim payment, subject to a ceiling of up to 5% of the total subcontracting fee.
Insurance	:	In general, it is the obligation of our Group as the main contractor to effect proper insurance policies against all construction risks, damages, claims and compensation in respect of the persons who are employed to work at the construction sites. Please refer to the paragraph headed "Insurance" in this section below for further details.
Safety	:	The subcontractor shall comply with the provisions of statutory safety regulations relating to the carrying out of the subcontracting works. The subcontractor shall also indemnify our Group against any expenses, penalties and other losses sustained or incurred as a consequence of the subcontractor's non-compliance with the relevant laws and regulations regarding site safety.

Defects liability period	:	Our Group may require a defects liability period of six to 12 months from our subcontractors, during which its subcontractors are responsible for rectifying all work defects identified by our Group or the project owners. We normally determine the duration of the defects liability period required of the subcontractor taking into account our own defects liability period specified in the main contract.
Indemnity	:	The subcontractor is required to indemnify our Group against any loss, expense or claim arising from the failure to comply with subcontracting agreement by the subcontractor and/or its employees. We are entitled to hold our subcontractors liable for any loss or damage suffered or incurred by our Group if their works are not performed in accordance with the requirements set out in the subcontracting agreement and/or the main contract.

Criteria for selection of suppliers and subcontractors

Other than any suppliers and/or subcontractors nominated by our customers, we normally engage suppliers and subcontractors on our approved lists, which are selected based on, among other things, their past experience, qualifications, quality of work, reputation in the industry, capability, price competitiveness, credit-worthiness and their safety and environmental records. We review and update our approved list of suppliers and subcontractors from time to time and on an annual basis based on our assessment of the suppliers and subcontractors, including but not limited to the quality of the services provided and timeliness of delivery. Our Directors consider that there are sufficient subcontractors in the market to whom we can delegate our works if required, and that we will be able to engage alternative subcontractors to take up part of our works where necessary.

Control over subcontractors

In order to closely monitor the performance of our subcontractors and to ensure that the subcontractors comply with the contractual requirements and the relevant laws and regulations, we require our subcontractors to follow our internal control measures in relation to quality control, safety and environmental compliance. During project implementation, our project management team regularly meet with our subcontractors and closely monitor their performance and work progress as well as their compliance with the relevant laws and regulations and our safety measures and quality standards.

Depending on the terms of the subcontracting agreement we may require our subcontractors to equip themselves with the machinery required for carrying out the works delegated to them and provide the necessary workers for operation of the machinery. Where the use of machinery is required in performing the works delegated and our subcontractors are responsible for providing such machinery, they are required to ensure that all machinery used comply with the relevant statutory safety requirements.

Registration of construction workers

Pursuant to the provisions of Part 2 of the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong), construction workers are forbidden from undertaking the construction works of the designated trade divisions unless they are registered skilled or semi-skilled worker for the relevant trade division or under instruction and supervision of the relevant skilled/semi-workers. Please refer to the paragraph headed "Regulatory Overview — Laws and regulations in relation to labour, health and safety — Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)" of this document for further details.

Our Group will require our subcontractors to employ only registered skilled and semi-skilled workers for designated trade divisions to carry out the works. Our on-site staff will inspect the registration card of each worker (including the site workers employed by the subcontractors) and shall refuse any person who is not registered as registered construction workers under the Construction Workers Registration Ordinance from entering the site.

MACHINERY AND EQUIPMENT

During the Track Record Period, the majority of the machinery and equipment deployed in demolition and other construction works undertaken by us were hired from third party machinery and equipment leasing service providers on a project-by-project basis depending on the specific requirements of the relevant projects. For further details of our machinery and equipment, please refer to the section headed "Financial Information — Property and equipment" in this document.

In view of the growing business opportunities in the industry and our business strategies, we intend to acquire new machinery in the future to enhance our working capacity and improve the efficiency, quality and safety of our operations. For details, please refer to the paragraph headed "Business strategies — Strengthen our machinery" in this section above and the section headed "Future Plans and **[REDACTED]**" in this document.

Leasing of machinery and equipment

During the Track Record Period, we rented most of the machinery and equipment used by us in performing our demolition and other construction works. Such rented machinery and equipment primarily included, without limitation, excavators, loaders and crawler cranes. For FY2025, FY2026 and 3M2026, the total rental cost of machinery and equipment incurred by our Group were approximately HK$2.2 million, HK$6.4 million and HK$1.8 million, respectively.

For details of our machinery and equipment rental arrangements, please refer to the paragraph headed "Suppliers and subcontractors — Rental arrangements for machinery and equipment" in this section above.

Safekeeping of our machinery and equipment

In general, machinery and site equipment are located and kept at the construction sites equipped with locked gates and monitored by closed circuit television security cameras. Given the number of projects on hand and our practice of leasing our machinery and equipment on a project-by-project basis, all or substantially all of our machinery and equipment are deployed to perform our works at the construction sites.

Machinery and equipment of subcontractors

Where the use of specific machinery or equipment is required in performing the works delegated to our subcontractors, our subcontractors are generally responsible for providing such machinery and appropriate technicians for operation. In general, our subcontractors are contractually required to ensure that all machinery and equipment used comply with the relevant statutory safety requirements.

PROPERTIES

As at the Latest Practicable Date, our Group did not own any property and we leased the following property which was material to our business operations:

Address	Lessor	Approximate gross floor area *(Note)*	Use of the property	Term of tenancy	Monthly rental
Office No. 1, 19/F, Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong	An Independent Third Party	1,421 square feet	Office	14 July 2024 to 13 July 2027	HK$27,500 (exclusive of Government rent and rates, management fee, air conditioning charge and other outgoings)

Note: The approximate gross floor area represents the gross floor area set out in the relevant tenancy agreement signed with the lessor or is based on our Directors' best estimation.

Save as disclosed above, our Group did not have any other property interests as at the Latest Practicable Date.

Sale of property during Track Record Period

On 24 July 2024, our Group as vendor sold a property situated at Office No. 1, 11th Floor, Seaview Plaza, No. 283 Shau Kei Wan Road, Hong Kong to UNI Real Estate as purchaser, for a consideration of HK$3.0 million. Our Group disposed of the said property in view that we had already leased from a lessor who was an Independent Third Party the office premises situated at Office No. 1, 19/F, Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong as our head office which was sufficient for the purpose of our business operations and we did not require a separate office space at the location of the said disposed property. Our Directors confirm that the terms and conditions of the sale and purchase of the Disposed Property were entered into between our Group and UNI Real Estate after arm's length negotiations and the consideration was determined having regard to, among other things, the then prevailing market prices of office and commercial properties in the vicinity of the property being disposed and the condition and costs of repair of the said property.

As confirmed by our Directors, and on the basis of the advice of the Hong Kong legal advisors of our Company, the above-mentioned sale of property was in compliance with all applicable laws and regulations of Hong Kong in all material respects.

Save as disclosed above, our Group did not own any other property and did not acquire or dispose of any other property during the Track Record Period.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 17 full-time employees (including two executive Directors), all of whom were directly employed by our Group in Hong Kong. The following table sets forth a breakdown of the number of our Group's employees by functions as at the Latest Practicable Date:

	As at the Latest Practicable Date
Executive Directors and senior management	6
Project management and supervision	7
Human resources and administration	3
Accounting and finance	1
Total	**17**

Relationship with our staff

Our Directors consider that we have maintained good relationship with our employees. Save as disclosed in the paragraph headed "Legal proceedings and potential claims" in this section below, our Group has not experienced any material disputes with our employees or any work stoppage or similar incidents causing disruption to our operations due to labour disputes during the Track Record Period. In addition, we have not experienced any difficulties in recruitment and retention of experienced core staff or skilled personnel during the Track Record Period.

Recruitment policy and training

We generally recruit our employees from the open market and by referrals and make recruitment decisions by reference to factors such as the experience, qualifications and expertise required for our business operations. We assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development. For details of our future plans in relation to the recruitment of additional personnel, please refer to the section headed "Future Plans and **[REDACTED]**" in this document.

In order for our new employees to familiarise with their respective job requirements and the relevant rules and regulations, they are required to attend training programmes prior to or upon commencement of employment. Our Group also provides various training to its employees from time to time, including but not limited to training on occupational health and safety and environmental issues in

relation to our work. Such training courses include our internal training as well as courses organised by external parties such as the Construction Industry Council and the Occupational Safety and Health Council.

Remuneration policy

Our Group entered into separate employment contracts with each of our employees in accordance with the applicable employment laws of Hong Kong.

Depending on the seniority and position of the employees, the remuneration packages offered to our Group's employees may include basic salary, bonuses and/or other cash allowances or subsidies. We determine the remuneration packages of our employees mainly based on the employee's qualifications, relevant experience, position and seniority. We conduct regular review on salary raises, bonuses and promotions based on the performance of each employee.

Requirements under the Immigration Ordinance

Pursuant to section 38A of the Immigration Ordinance, a construction site controller (namely, the principal or main contractor and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site) shall take all practicable steps to (i) prevent having illegal immigrants from being on site and (ii) prevent illegal workers who are not lawfully employable from taking employment on site. For further information, please refer to the paragraph headed "Regulatory Overview — Laws and regulations in relation to labour, health and safety — Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)" in this document.

We have implemented the following measures to prevent having illegal immigrants from being on site and to prevent illegal workers from taking employment on site:

(i) for each candidate seeking employment at our Group, our human resources and administrative officers shall inspect and take copy of the original of his/her Hong Kong identity card and/or other documentary evidence showing that he/she may be lawfully employed in Hong Kong;

(ii) our subcontractors are required to hire only persons who may be lawfully employed to work on site and to prevent any illegal worker to enter the site; and

(iii) our site foremen are responsible for inspecting the personal identification document of each worker and shall refuse any person who does not possess proper personal identification document from entering the site.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date: our Group has not been (i) involved in any employment of illegal workers (whether directly or indirectly via subcontracting to the best of our Director's knowledge, information and belief) in respect of work sites over which we had or have control or of which we are or were in charge; and (ii) subject to any prosecution of any offences under the Immigration Ordinance.

INSURANCE

During the Track Record Period and as at the Latest Practicable Date, our Group had maintained insurance policies as set out in the following paragraphs. Our Directors consider that the existing insurance coverage is adequate and consistent with applicable legal and regulatory requirements and the industry norm having regard to our Group's current operations and the prevailing industry practice.

Employees' compensation insurance

Pursuant to section 40 of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Pursuant to section 24 of the Employees' Compensation Ordinance, our Group is liable to pay compensation to any injured employees of a subcontractor who are injured in the course of employment with the subcontractor. Nevertheless, under section 24 of the Employees' Compensation Ordinance, we are entitled to be indemnified by the subcontractor who, as the actual employer of the injured employee, would have been liable to pay compensation to the injured employee.

During the Track Record Period, we have taken out employees' compensation insurance policies pursuant to section 40 of the Employees' Compensation Ordinance covering the liabilities of our Group and our subcontractors with respect to work injuries of employees, typically with a maximum coverage of not less than HK$200 million on a per incident basis in accordance with the requirements of the Employees' Compensation Ordinance.

Contractors' all risks insurance

During the Track Record Period, as a main contractor, we were responsible for purchasing the contractors' all risks insurance policies covering the liabilities of our Group and our subcontractors arising out of the performance of the subcontracted works for each of our projects, including liabilities in relation to potential damage to the buildings or structures under our Group's works or subcontracted works, potential bodily injury to third parties and damage to properties of third parties. Such contractors' all risks insurance policies are generally valid throughout the entire contract period for the relevant projects.

Other insurances

During the Track Record Period, our Group also maintained insurance for our motor vehicles and office, and life and medical insurance for our employees.

Our Directors confirm that, during the Track Record Period, all of the insurance policies maintained by our Group were obtained from Independent Third Parties.

INTELLECTUAL PROPERTY

For details of our intellectual property rights as at the Latest Practicable Date, please refer to the section headed "B. Further information about the business of our Group — 2. Intellectual property rights of our Group" in Appendix IV to this document.

Our Directors believe that we have taken all reasonable steps and measures to protect our intellectual property rights against any potential infringements. As at the Latest Practicable Date, we were not aware of any significant infringement of our intellectual property rights nor any threatened claims or commenced proceedings against us on the ground of infringement of intellectual property rights owned by third parties.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activity.

However, it is part of our Group's business strategy to further enhance our quality, efficiency and safety standards through the research and development of innovative technologies for integration in our operations. As at the Latest Practicable Date, we have entered into two memoranda of understanding with external service providers in Hong Kong in relation to the research and development of (i) an automated vibration monitoring system which integrates IoT and reinforcement learning for structural health monitoring of temporary propping used in top-down mechanical demolition works and (ii) an AI-enhanced site safety monitoring system for the identification and prevention of potential safety risks and hazards, respectively. For further details, please refer to the paragraph headed "Business strategies — Further enhancing our quality, efficiency and safety standards" in this section above and the section headed "Future Plans and **[REDACTED]**" in this document.

QUALIFICATIONS AND CERTIFICATIONS

The Directors our confirm that, during the Track Record Period and up to the Latest Practicable Date: (i) our Group has maintained all the necessary licenses, qualifications, and certifications which are required to carry on our business operations in Hong Kong; (ii) our Group has not experienced any refusal of registration or renewal of the licenses, qualifications and certifications which are necessary for its business operations; and (iii) to the best of their information, knowledge and belief, the Directors are not aware of any material impediments for our Group to renew any of its licenses, qualifications, and certifications upon expiry of the same.

Licences and permits

As confirmed by our Directors, our Group has obtained all licences, permits and approvals which were required to carry on our business activities during the Track Record Period and up to the Latest Practicable Date.

The following table sets out the major registrations, licences and permits held by our Group as at the Latest Practicable Date:

Relevant governmental or regulatory authority	Registrations, licences and permits	Category	Type(s) of works covered	Holder	Grant date/ latest renewal date	Expiry date
Buildings Department	Registered specialist contractor	Demolition works	Provision of services in specialised works of the demolition works category, including temporary works which are associated with the execution of respective types of general building works and specialist works.	Riseship Construction	23 January 2024	26 March 2027
Buildings Department	Registered general building contractor	N/A	Provision of services in carrying out general building works and street works which do not include any specialised works in the designated categories. Registered general building contractor may also carry out all types of minor works as stipulated in Part 2 of Schedule 1 of the Building (Minor Works) Regulation.	Riseship Construction	9 September 2024	6 November 2027
Buildings Department	Registered minor works contractor	Type A (alteration and addition works); Classes I, II and III *(Note)*	Minor works including alteration and addition works as set out in the Building (Minor Works) Regulation.	Riseship Construction	17 March 2025	1 June 2028
Electrical and Mechanical Services Department	Registered electrical contractor	N/A	Electrical works in relation to the installation, commissioning, inspection, testing, maintenance, modification or repair of a low voltage or high voltage fixed electrical installation.	Riseship Construction	6 August 2026	10 August 2029

Note: Classes I, II and III refer to the degree of complexity and risk, with Class I being high, Class II being medium and Class III being low.

The above registrations, licences and/or permits are subject to periodic review and renewal, and we must continue to meet the relevant eligibility criteria in order to maintain the above registrations, licences and permits. Our Group will renew all existing registrations, licences and permits accordingly before their respective expiry dates.

Other qualifications

As at the Latest Practicable Date, our Group also held the qualifications set out in the below table which our Directors consider to be material to our business:

Relevant governmental or regulatory authority	Qualification	Category/status	Holder	Grant date/ latest renewal date	Expiry date
Housing Authority	List of Demolition Contractors	Probationary *(Note 1)*	Riseship Construction	30 October 2024	N/A *(Note 2)*
Urban Renewal Authority	List of Demolition Contractors	Confirmed	Riseship Construction	2 May 2024	N/A *(Note 3)*
Construction Industry Council	Specialist trade contractor	Group 2 (demolition works)	Riseship Construction	5 October 2025	11 September 2026 *(Note 4)*

Notes:

1. We have been granted probationary status as an approved demolition contractor of the Housing Authority. The probationary status allows us to undertake not more than two demolition contracts awarded by the Housing Authority at any one time. A probationary contractor may apply for confirmation within three years from satisfactory completion of one contract with minimum value of HK$2 million for demolition works awarded as main contractor for demolition contract or demolition sub-contractor for piling/building contract with demolition works after inclusion in the list. As at the Latest Practicable Date, our Group had not completed such contract for demolition works awarded by the Housing Authority and had not made an application to the Housing Authority for confirmation.

2. While there is no specific expiration date, our retention in the list of demolition contractors of the Housing Authority is subject to renewal on a triennial basis (normally in March or April of the year for processing of renewal), at which time we will be required to indicate our intention to be retained in the list and submit the requisite documents within the prescribed time to demonstrate our continuous compliance with the retention criteria.

3. While there is no specific expiration date, our retention in the list of demolition contractors of the Urban Renewal Authority is subject to regular review and annual update requirements.

4. On 20 August 2026, we obtained the new certificate issued by the Construction Industry Council, which will come into effect on 12 September 2026 and expire on 11 September 2029.

The above qualifications are subject to periodic review and/or renewal, and we must continue to meet the relevant eligibility criteria in order to maintain the above qualifications. Where applicable, our Group will renew the above qualifications before their respective expiry dates.

Key personnel

In order to maintain our registrations with the Buildings Department and the above qualifications, Riseship Construction, our principal operating subsidiary, must at all times maintain at least one authorised signatory to act for it for the purposes of the Buildings Ordinance and at least one technical director to carry out certain duties, including but not limited to ensuring that our works are carried out in accordance with the Buildings Ordinance.

Set out below are the authorised signatory and technical directors of Riseship Construction for purposes of the Buildings Ordinance as at the Latest Practicable Date:

Registration	Category	Authorised Signator(ies)	Technical Director(s)
Registered specialist contractor	Demolition works	Mr. Lo Kam Kenny Mr. Lo Cheuk Pui Mr. Lo Siu Kai	Mr. Lo Kam Kenny
Registered general building contractor	N/A	Mr. Lo Kam Kenny Mr. Lo Cheuk Pui	Mr. Lo Kam Kenny
Registered minor works contractor	Type A (alteration and addition works); Classes I, II and III*(Note)*	Mr. Lo Siu Kai	Mr. Lo Kam Kenny

For further details on the biographies of the above key personnel, being our Directors and members of senior management, please refer to the section headed "Directors and Senior Management" in this document.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we have maintained the necessary number of technical directors and authorised signatories for all existing registrations as required under the Buildings Ordinance.

In the event that our Group is unable to maintain at least one authorised signatory and one technical director due to the departure of the above-mentioned personnel, our registrations with the Buildings Department may be affected. However, our Directors consider that such risk is not material because of the following reasons:

(i) we have been able to satisfy the minimum requirement of having at least one authorised signatory and one technical director throughout the Track Record Period and up to the Latest Practicable Date;

(ii) we had at least two authorised signatories as at the Latest Practicable Date (save for our registration as a minor works contractor for Classes I, II and III in the alteration and addition works category), which is more than the statutory requirement of having at least one authorised signatory; and

(iii) although we only had one technical director as at the Latest Practicable Date, our Group has other employees and officers who possess the relevant qualifications and experience meeting the requirements imposed by the Building Authority for the position of technical director. On 21 August 2026, Mr. Lo Cheuk Pui submitted an application to the Buildings Department for registration as an additional technical director of Riseship Construction. Having considered the qualifications and the requirements imposed by the Building Authority for the position of technical director, the availability of qualified employees and officers of our Group who meet the relevant requirements for the position of technical director, our Directors are of the view that there will be no material difficulty in identifying and retaining a qualified person to take up the role of technical director of Riseship Construction within a reasonable period of time should such need arise.

Working capital

We are required to maintain certain prescribed minimum levels of working capital in order to maintain our qualifications set out in the paragraph headed "Qualifications and certifications — Other qualifications" in this section above. For details of such minimum working capital requirements, please refer to the paragraph headed "Regulatory Overview — Laws and regulations in relation to contractor licensing regime and operation" in this document.

As confirmed by our Directors, our Group has maintained sufficient levels of working capital in fulfilment of the relevant regulatory requirements during the Track Record Period and up to the Latest Practicable Date.

For details of our working capital management policies and measures, please refer to the paragraph headed "Working capital management" in this section below.

Certifications

The below table sets out various certifications obtained by us as at the Latest Practicable Date:

Nature	Certification	Awarding institution	Scope	Holder	Period of validity
Quality management system accreditation	ISO 9001: 2015	SGS Hong Kong Limited	• Demolition of buildings and structures with demolition design • Building activities to keep, restore and improve the facilities of buildings and surroundings except emergency service	Riseship Construction	20 June 2025 to 19 June 2028

Nature	Certification	Awarding institution	Scope	Holder	Period of validity
Environmental management system accreditation	ISO 14001: 2015	SGS Hong Kong Limited	• Demolition of buildings and structures with demolition design • Building activities to keep, restore and improve the facilities of buildings and surroundings except emergency service	Riseship Construction	20 June 2025 to 19 June 2028
Occupational health and safety management system accreditation	ISO 45001: 2018	SGS Hong Kong Limited	• Demolition of buildings and structures with demolition design • Building activities to keep, restore and improve the facilities of buildings and surroundings except emergency service	Riseship Construction	20 June 2025 to 19 June 2028

The maintenance of the above certifications is subject to the continuing satisfactory operation of our Group's management system and surveillance audits. Our Directors confirm that, as at the Latest Practicable Date, they were not aware of, nor did they expect, any circumstances or difficulties that would significantly hinder or delay the renewal of these certifications.

WORKING CAPITAL MANAGEMENT

To ensure our Group is able to attain the minimum level of working capital our business operations and maintenance of our qualifications, our Group has adopted a prudent treasury management policy to (i) ensure that our Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt our Group's daily business obligations; (ii) maintain sufficient level of funds to settle our Group's capital commitments when they fall due; (iii) maintain adequate liquidity to cover our Group's operation cash flow, project expenditures and administrative expenses; and (iv) streamline our Group's operational processes to achieve savings in project-related costs, maintenance and other operating costs.

In particular, we have adopted the following measures to manage our liquidity and working capital positions:

(i) our financial controller is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements;

(ii) as a general policy, we only procure goods and services from our suppliers and subcontractors (such as renting of machinery and equipment and purchase of construction work services from our subcontractors) on an as-needed basis according to the requirements and schedule of the project to prevent excessive purchases; and

(iii) we closely monitor our working capital to ensure that our financial obligations can be fulfilled when due, by, among other things, ensuring healthy bank balances and cash for payment of our short-term working capital needs, performing monthly review of our trade receivables and ageing analysis, and following up closely to ensure prompt receipt of amounts due from our customers, and performing monthly review of our trade payables and ageing analysis to ensure that payments to our suppliers and subcontractors are made on a timely basis.

Our Group expects to finance its operation and capital requirements by utilising its existing financial resources. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, our Group did not receive any notice from banks and financial institutions for early payment of outstanding banking facilities. In the event that any additional funds are required, our Group will obtain banking facilities and our Group does not expect it will encounter any material difficulty in securing banking facilities from banks and financial institutions.

Our Group expects to generate more stable stream of cash flows from operating activities as it expands its operation scale and undertakes more projects. As a result of our Group's increased operational efficiency as well as quality of service, our Directors believe that our Group will be able to capture more business opportunities and expand its market share, thereby generating more cash flows from operations. In addition, our Group expects to receive net **[REDACTED]** from the **[REDACTED]** which are estimated to be approximately HK$**[REDACTED]** (on the basis of the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**), which will be deployed to achieve our future plans as set out in the section headed "Future Plans and **[REDACTED]**" in this document.

Our Group will continue to adopt a prudent approach to ensure we maintain sufficient levels of working capital and cash flow to fulfill our financial obligations and meet the capital requirements for our business operations.

QUALITY MANAGEMENT

We believe that our commitment to quality services is crucial to our reputation and continual success. We place strong emphasis on service quality by implementing a comprehensive quality control system. Riseship Construction has obtained certification certifying its quality management to be in compliance with the requirements of the ISO 9001:2015 standard. In accordance with the requirements of the ISO 9001:2015 standard, our Group has developed and implemented a quality management manual which stipulates procedures and control in relation to quality management system, proper filing, communication with customers, revision on quality manual and procedures, employees' training, internal and external audits, evaluation and procurement of materials and subcontracting services and non-conforming works management.

The quality control measures adopted by our Group include the followings:

Designation of project management team

A project management team is assigned for every project based on the project nature and the relevant expertise and experiences required. The project management team is headed by the project manager who is responsible for the overall management of the project, including but not limited to liaising and communicating with our customers, coordinating and providing guidance to the other team members, overseeing the progress, budget and quality of services rendered. Depending on our customers' requests, we are generally required to submit biweekly progress reports to our customers throughout the project implementation. Our biweekly progress reports are prepared by the project management team which will report on the project status and any issue identified throughout the project implementation.

Quality control on our services

To ensure that our works meet the required standard, our project manager and site manager are responsible for monitoring the quality of work done by our subcontractors and supervising their workmanship and quality. Our project manager makes visits to construction sites for which he is responsible and monitors the work quality, the progress of work and ensures that works are completed according to schedule.

Furthermore, our project management team communicate frequently with our executive Directors who closely monitor the progress of each project and discuss issues identified to ensure our works: (i) meet our customers' requirements; (ii) are completed within the time stipulated in the contract and the budget allocated for the project; and (iii) comply with all relevant laws and regulations applicable to the works.

Our Directors confirm that, save as disclosed in the paragraph headed "Customers — Relationship with our customers" in this section above, during the Track Record Period and up to the Latest Practicable Date, we had not received any complaint or claim for compensation of material nature from our customers due to quality issue in relation to the services performed by us or works performed by our subcontractors.

Works performed by subcontractors

Our Group maintains an approved list of subcontractors which is reviewed and updated on a regular basis. We select our subcontractors having regard to, among other things, their quality of services, delivery time, qualifications, skills and technique, reputation, track record, prevailing market price, and availability of resources in accommodating our requests.

For our Group's quality control measures over our subcontractors, please refer to the paragraph headed "Business — Suppliers and subcontractors — Control over subcontractors" above in this document.

Quality control on construction materials and machinery and equipment

We closely monitor the quality of materials and machinery and equipment used. To ensure the quality of such supplies, prior to ordering, our quantity surveyor will ensure that the materials, machinery and equipment are sourced from our approved suppliers to ensure overall quality of supplies and that the same are in compliance with the relevant requirements and standards under applicable laws, regulations and guidelines of the relevant regulatory authorities. For instance, since the issue of the Practice Note for Registered Contractors No. 85 on 19 December 2025, we have taken steps to ensure that any protective materials such as protective nets, screens, tarpaulins and plastic sheeting installed on scaffolding of external walls of buildings and structures at our work sites meet the required standards of fire retardant performance. For further 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.

Upon arrival of the ordered supplies, the materials or machinery and equipment will be inspected by our on-site project management team and/or engineers prior to utilisation. During the inspection, we will check (i) whether the quantity, types and specifications are correct, (ii) whether there are any observable defects, and (iii) whether such machinery complies with the relevant statutory safety requirements. Any materials, machinery or equipment which are defective or fall short of the product specifications would be returned to the suppliers or subcontractors for replacement. From time to time, our customers may also inspect the materials and machinery used by us at project sites and verify the specifications.

During the Track Record Period and up to the Latest Practicable Date, there were no material disputes between our Group and our suppliers and subcontractors with respect to the quality of construction materials and machinery and equipment supplied by our suppliers and subcontractors.

Collecting feedback from customers

Our executive Directors and senior management team regularly communicate with and collect feedback from our customers. We would follow up and respond to the feedback from our customers in a timely manner with a view to maintain and continually improve our service standard. Throughout the project implementation, we would be invited to attend progress meetings held by our customers from time to time to resolve any issues identified in the projects.

OCCUPATIONAL HEALTH AND SAFETY

It is our Group's policy to prioritise occupational health and work safety in all aspects of our operations as it is our concern not to put our employees, our subcontractors and the general public in hazards. We aim to accomplish work safety, prevent work accidents and maintain high standards of health and safety for our employees and individuals involved in the delivery of our services, while taking all reasonably practicable measures to protect the general public and from any potential hazards which may arise from our activities.

To this end, we have implemented occupational health and safety measures as required by relevant occupational health and safety laws, rules and regulations, details of which are set out in the paragraph headed "Regulatory Overview — Laws and regulations in relation to labour, health and safety" in this document. Our occupational safety and health management system has been certified to be compliance with the ISO 45001:2018 standard.

Our chief executive officer, safety supervisor and safety and environmental coordinator are responsible for setting the overall targets and the regular review and updates to our occupational health and safety policies, while our project management team is responsible for overseeing the day-to-day implementation of our occupational health and safety policies and ensuring that we comply with applicable occupational health and safety standards and laws.

With a view of enhancing the awareness of work safety and occupational hazards in the construction industry, our Group has put in place a safety manual which is reviewed from time to time to incorporate the best practices and to address and improve specific areas of our safety management system. We require our employees and our subcontractors' employees to follow our workplace safety rules as set out in our safety manual. Our workplace and safety rules identify common safety and health hazards and recommendations on prevention of workplace accidents. We also provide suitable personal protective equipment such as safety helmet and safety boots to our employees based on the type of works undertaken by them.

Our on-site project management team regularly provides guidance to our workers and subcontractors on proper and safe working practices. We also hold meetings with our subcontractors from time to time to discuss the implementation of safety measures and follow up with any safety issues identified during the course of project execution.

Work safety measures

The work safety measures implemented by our Group to ensure high standards of safety and prevent workplace accidents include, without limitation, the following:

(i) regular site inspections are carried out by our safety supervisor and safety officer to ensure strict compliance with the statutory occupational health and safety laws, rules and regulations;

(ii) our safety supervisor and safety officer shall assist our executive Directors to establish, approve and ensure the implementation of our work safety measures and arrange regular meetings to review the implementation of our work safety measures;

(iii) our safety supervisor and safety officer shall advise our senior management team on the legal requirements in respect of occupational health and safety matters, including but not limited to anticipating possible workplace hazards and recommend relevant prevention procedures, providing statistics and analysis on work place accidents and make recommendations for improvement, reporting and investigating any works accidents, determining their causes and making recommendations on measures for preventing recurrence;

(iv) our project management team shall ensure that our work safety measures are incorporated into our proposed construction methods from the planning stage, and are subsequently adhered to throughout project implementation;

(v) our site manager shall co-operate with our safety supervisor and safety officer to establish on-site safety practices and ensure that all new comers to the construction sites are aware of their obligations to comply with such practices;

(vi) all site personnel will undergo initial induction trainings covering core topics such as work safety measures, relevant health and safety regulations, emergency, common hazards of work sites, accident reporting and first aid procedures. Other matters such as working at height, proper use of personal protective equipment and safe use of machinery and equipment are also covered in the trainings;

(vii) all workers are required to hold a valid construction industry safety training certificate and construction workers registration card before they enter the site; and

(viii) in view of the new regulatory requirements in relation to prohibition of smoking on construction sites which took effect on 17 July 2026 as set out in the paragraph headed "Regulatory Overview — Laws and regulations in relation to labour, health and safety — Amendments to the Construction Site (Safety) Regulations (Chapter 59I of the Laws of Hong Kong) ("**CSSR**")", we have implemented measures to prevent staff and workers (including those of our subcontractors) from smoking on our construction sites, such as providing trainings and/or reminders to ensure awareness of the smoking ban, placing "no smoking" signs at various locations on our construction sites and ongoing monitoring and surveillance by our on-site personnel.

In addition, we are committed to the integration of the Smart Site Safety System (SSSS) into our operations. As set out in the Development Bureau Technical Circular No. 3/2023 issued by the Works Branch of the Development Bureau of the Government, the SSSS comprises (i) smart safety devices for monitoring high-risk construction activities and identifying safety hazards, (ii) a communication network for transmission of data collected from smart devices, and (iii) a centralized management platform for data analysis and alerts generation, as well as facilitating follow-up actions with potential hazards and abnormalities identified. In accordance with Practice Note for Registered Contractors No. 80 issued by the Buildings Department in March 2025, with effect from 1 July 2025, for a development project of which the estimated total cost of building works exceeds HK$30.0 million, conditions requiring the provision of qualified supervision by the adoption of the unsafe acts/dangerous situation alert system for mobile plant operation danger zone and the unsafe acts/dangerous situation alert system for tower crane lifting zone under the SSSS would be imposed under the Buildings Ordinance upon granting (i) the first approval of plans or major revision of plans, and/or (ii) the first consent to the commencement and carrying out of building works (including demolition works, site formation works, excavation and lateral support works, foundation works, pile cap works, superstructure works and alteration and addition project that involves structural works) which involve the use of mobile plants and/or tower cranes. In view of the foregoing, we have entered into a memorandum of understanding with an external service provider in relation to the research and development of an AI-enhanced site safety monitoring system for the identification and prevention of potential safety risks and hazards. For further details, please refer to the paragraph headed "Business strategies — Further enhancing our quality, efficiency and safety standards" in this section above and the paragraph headed "Future Plans and **[REDACTED]** — **[REDACTED]**" in this document.

Further, pursuant to the Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong), a contractor in relation to construction work with a contract value of HK$100 million or more or having an aggregate of 100 or more workers in a day working in one or more construction sites is obliged to appoint a safety auditor to conduct a safety audit on the contractor's safety management system at least once in every six months. During the Track Record Period, we have complied with such safety audit requirement where applicable to our Group. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, no material deficiencies in relation to workplace safety has been identified by the safety auditors and our safety management system had continually fulfilled the relevant safety regulations in all material respects.

Accident recording and handling system and our safety compliance record

In the event that there is an accident at our work site, we will require any injured worker or person who witnessed the accident to report to our on-site management team for the purposes of collecting information for processing employees' compensation claims as well as compliance with the relevant laws and regulations in Hong Kong regarding the reporting of all work injuries at our sites to the Labour Department. To ensure proper recording and handling of work injuries, we have adopted the below general procedures:

(a) Fact finding and follow-up actions

  (i) Our safety supervisor and/or safety officer will investigate the accident by visiting the accident scene, examining the equipment and/or material involved and taking statements from the injured worker, witness(es) of the accident and other personnel in relation to the project.

  (ii) Remedial actions will be taken by our project management team to remove imminent danger and to prevent occurrence of similar accidents in the future. Our safety supervisor and/or safety officer will also carry out follow-up inspection to ensure that remedial works are implemented.

(b) Reporting

  (i) Our safety supervisor and/or safety officer will prepare a work injury report and, if it is a reportable case under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), submit the same to the Labour Department within the statutory prescribed period. For details of the reporting requirements, please refer to the paragraph headed "Regulatory Overview — Laws and regulations in relation to labour, health and safety — Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)" of this document.

  (ii) Our human resources and administrative staff will report to the insurance company and, where the claim is significant or otherwise considered necessary, consult external legal advisers.

(c) Settlement or litigation

Settlement of any claim will normally be handled by the insurance company. If the insurance company and the injured person (or their respective representatives) do not agree on the settlement amount, the matter may proceed to litigation, which would typically be handled by the insurance company and its legal advisers.

Work accidents

During the Track Record Period and up to the Latest Practicable Date, there were four accidents involving our employees and/or our subcontractors' employees which gave rise or may give rise to potential employees' compensation claims and/or personal injury claims, and two accidents which occurred prior to the commencement of the Track Record Period but which were settled or commenced against our Group during the Track Record Period as set out below:

Date of accident	**Details of the accident**	**Total amount claimed/settled (if applicable)** *(HK$'000)*	**Status as at the Latest Practicable Date**
19 December 2025	Scalp laceration and left wrist contusion during material transportation	N/A *(Note 1)*	No active claim *(Note 1)*
10 December 2025	Left-sided rib crack resulting from a slip	N/A *(Note 2)*	No active claim *(Note 2)*
22 November 2025	Left index finger injury during material transportation	211	Ongoing *(Note 3)*
29 May 2025	Right ankle fracture during material transportation	205	Settled *(Note 4)*
19 July 2023	Left wrist fracture while driving a heavy goods vehicle	Unliquidated damages together with interest and costs	Ongoing *(Note 5)*
21 December 2022	Right calf laceration, right lower limb sprain, right leg and right calf injuries caused by falling object at construction site	88	Settled *(Note 6)*

Notes:

1. As at the Latest Practicable Date, the Labour Department had issued notice to our subcontractor (being the employer of the injured person at the relevant time) of its decision to cease to follow the case upon notification by the subcontractor to the Labour Department that the relevant employee did not intend to make a claim for compensation.

2. As at the Latest Practicable Date, the Labour Department had issued notice to the injured person and the subcontractor (being the employer of the injured person at the relevant time) of its decision to cease to handle the case on the ground that the injured person had failed to provide the requisite information.

3. As at the Latest Practicable Date, the employee's compensation claim had been transmitted to the insurer for its handling.

4. As at the Latest Practicable Date, the employee's compensation claim made by the injured person had been paid in full, and no further claim had been made by the injured person.

5. For details, please refer to the paragraph headed "Legal proceedings and potential claims — Ongoing litigations against our Group as at the Latest Practicable Date" in this section above.

6. The employees' compensation proceedings commenced by the injured person were discontinued upon the application of the claimant in May 2024 on the ground that the claim (including costs of the action) had been settled with the insurer of our Group out of court.

For further details of the employees' compensation claims under the Employees' Compensation Ordinance and personal injury claims under common law, please refer to the paragraph headed "Legal proceedings and potential claims" in this section below. Save as disclosed above, our Group did not experience any significant incidents or accidents in relation to workers' safety during the Track Record Period and up to the Latest Practicable Date.

We have taken out insurance in compliance with applicable laws and regulations with a view to providing sufficient coverage for such work-related injuries for employees and we have not incurred any material liabilities as a result thereof. As such, these incidents did not and are not expected to have a material impact on our Group's operations. For further details of our insurance policies, please refer to the paragraph headed "Insurance" in this section above.

Work accident rates

The following table sets out a comparison of the industrial accident rate per 1,000 workers and the industrial fatality rate per 1,000 workers in the construction industry in Hong Kong between our Group and the industry average during the years/periods indicated:

	Construction industry average in Hong Kong *(Note 1)*	**Our Group** *(Notes 2 and 3)*
From 1 January 2024 to 31 December 2024		
Accident rate per 1,000 workers	24.8	0
Fatality rate per 1,000 workers	0.114	0
From 1 January 2025 to 31 December 2025		
Accident rate per 1,000 workers	N/A *(Note 4)*	1.5
Fatality rate per 1,000 workers	N/A *(Note 4)*	0
From 1 January 2026 to the Latest Practicable Date		
Accident rate per 1,000 workers	N/A *(Note 4)*	0
Fatality rate per 1,000 workers	N/A *(Note 4)*	0

Notes:

1. The statistics are extracted from the Occupational Safety and Health Statistics Bulletin Issue No. 25 (August 2025) published by Occupational Safety and Health Branch of the Labour Department.

2. Our Group's accident rate is calculated as the number of industrial accidents during the year/period multiplied by 1000, and divided by the monthly average number of construction site workers in our Group's projects during the relevant financial year/period.

3. The above data provided includes the employees of our Group and employees and workers of subcontractors during the years/periods indicated.

4. The relevant data have not been published as at the Latest Practicable Date.

Based on the available information and after considering the historical accident rates in the construction industry, our Directors consider that, in the calendar year ended 31 December 2024, the accident rate at our Group's construction sites was less than the industry average in Hong Kong. Further, no fatal injury was recorded at our Group's construction sites during the Track Record Period.

Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, our Group had fully complied, in all material aspects, with all relevant laws, rules and regulations relating to health and safety and that our Group had not been investigated or received any official complaints or sanctions by any relevant authorities, in respect of any violation of applicable laws or regulations in respect of health and safety.

ENVIRONMENTAL COMPLIANCE

Our operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control and waste disposal during the Track Record Period. For details of the regulatory requirements, please refer to the paragraph headed "Regulatory Overview — Laws and regulations in relation to environmental protection" in this document.

Our Group is committed to environmental protection by conducting our business in an environmentally responsible manner. Apart from following the environmental protection policies required by our customers, we have established an environmental management system which has been certified to be in compliance with the ISO 14001:2015 standard. This system, which is required to be followed by our Group's employees and the employees of our subcontractors, serves to provide a framework for action and for the setting of the environmental objectives and targets.

Our project management team (including, in particular, our project manager and safety and environmental coordinator) are responsible for supervising the implementation of the system. Generally, our Group would identify the environmental issues and assess the associated impact on certain aspects for its projects including but not limited to, use of materials and resources, waste disposal, water pollution and noise control, and if necessary, a project environmental management plan will be devised.

Specifically, the measures and procedures adopted by our Group in relation to environmental protection and compliance include, among others:

Area	Measures
Air pollution control	• Application of water or dust suppression chemicals on dusty materials immediately prior to any loading, unloading or transfer operation • Restrict stockpiling of dusty materials at the access road • Switch off engines of vehicles during any idle time
Noise control	• Use powered mechanical equipment for work from 7:00 a.m. to 7:00 p.m. during weekdays but not at any time on general holidays (including Sundays) • Erection of noise barrier
Water pollution control	• Discharge waste water according to regulatory requirements • Reuse and recycle waste water
Waste disposal	• Dispose all waste according to regulatory requirements • Dispose refuse to recycling bins and inert or noninert construction waste materials to rubbish collection point • Provide proper chemical waste storage, such as anti-spillage type container • Separate empty cans, contaminated rags and paper for disposal and label each hazardous substance

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no material non-compliance with the applicable laws and regulations in relation to environmental protection that resulted in prosecution being brought against or penalty being imposed on our Group.

INTERNAL CONTROL AND RISK MANAGEMENT

We endeavour to uphold the integrity of our business by maintaining internal control and risk management systems and procedures. Our Board is responsible for establishing and maintaining such systems and procedures and reviewing their effectiveness. Following the **[REDACTED]**, we will continue to enhance our risk management and internal control systems through the following measures:

(i) independent oversight by our three independent non-executive Directors, who provide independent advice and oversight on our governance, risk management and internal controls;

(ii) an audit committee comprised of our independent non-executive Directors, with responsibility for overseeing the financial reporting process, the internal control and risk management systems and the audit process;

(iii) written internal control policies and procedures covering corporate governance, finance and accounting, internal approval and review, with periodic review and Board approval; and

(iv) engagement of external professional advisers, including our compliance adviser, Patrons Capital Limited (with effect from the **[REDACTED]**), as well as legal advisers, tax advisers and/or internal control consultants as appropriate, to support our compliance and risk management framework and to provide regular training to our employees.

For further details of our corporate governance measures, please refer to the paragraph headed "Corporate governance" in this section below.

Internal control review by external consultant

In preparation for the **[REDACTED]**, we have engaged a third party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal controls such as cash and treasury management, financial reporting and accounting and management systems (the "**Internal Control Review**"). The selected areas reviewed included enterprise-level controls and business process controls, such as revenue and receivables, procurement and payables, financial reporting and corporate governance. The Internal Control Consultant has then performed a follow-up review to review the status of the management actions taken by our Group to address the findings of the Internal Control Review (the "**Follow-up Review**").

The Internal Control Review and the Follow-up Review were conducted based on the information provided by our Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Our Directors confirm that the internal control measures implemented by our Group are adequate and effective to ensure a proper internal control system of our Group.

CORPORATE GOVERNANCE

Our Company will comply with the CG Code. We have established procedures for developing and maintaining internal control systems covering areas such as corporate governance, operations management, compliance matters, financial reporting, as appropriate for our business operations. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. In particular, we have adopted the following internal control measures to enhance our corporate governance:

(i) Our Board includes three independent non-executive Directors, whose backgrounds and profiles are set out in the section headed "Directors and Senior Management" in this document, to ensure transparency in management and fairness in business decisions and operations. Our independent non-executive Directors contribute to the enhancement of corporate value by providing advice and oversight based on their extensive administrative experience and specialised knowledge.

(ii) Our Directors will review and provide recommendation on our risk management related policies and procedures, and review the effectiveness and adequacy of our risk management activities annually.

(iii) We have established three Board committees, namely, the audit committee, the nomination committee and the remuneration committee, with respective terms of reference in compliance with the CG Code. For details, please refer to the paragraph headed "Directors and Senior Management — Board committees" in this document.

(iv) We have established an audit committee which comprises three independent non-executive Directors to review and monitor the effectiveness of our financial controls, internal control and risk management systems. Our internal control system will be reviewed by our internal audit personnel or independent internal control consultant on an annual basis to ensure that effective internal control procedures are in place. For details on our internal control policies and measures, please refer to the paragraph headed "Internal control and risk management" in this section above.

(v) Each of our Directors has attended a training session held on 6 August 2026 conducted by our legal advisers as to Hong Kong law in relation to, among other things, the obligations, on-going corporate governance requirements and the duties of directors of a company listed on the Stock Exchange. Our Group will continue to arrange various trainings to update the knowledge of our Directors, senior management and relevant employees on the applicable laws and regulations.

(vi) We have appointed Patrons Capital Limited as our compliance adviser to advise us on compliance matters in relation to the GEM Listing Rules.

(vii) Our Directors will review our corporate governance measures and our compliance with the CG Code each financial year and comply with the code provisions and the "comply or explain" principle in our corporate governance reports to be included in our annual reports after the **[REDACTED]**.

LEGAL PROCEEDINGS AND POTENTIAL CLAIMS

Save as disclosed below, our Directors confirm that no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had been involved in certain claims, litigations, pending or threatened claims against our Group. The claims against us typically relate to employees' compensation claims and personal injury claims. Our Directors are of the view that occurrence of employees' compensation claims and personal injury claims is not uncommon in our industry. During the Track Record Period and as at the Latest Practicable Date, our Directors were not named as defendants or potential defendants in the litigations or potential litigations against our Group set out below, and our Directors had no personal involvement in these litigations and would not be personally held liable.

We have taken out compulsory insurance in relation to our liabilities as an employer under section 40 of the Employees' Compensation Ordinance and when we became aware of claims against us, we will hand over those cases to our insurers as required under the insurance policies. During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we did not experience situations where our insurers had avoided covering our liability under employees' compensation claims and personal injury claims against us and therefore, we did not incur additional liability of material importance as a result of employees' compensation claims and personal injury claims not being covered by our insurance policies.

Ongoing litigations against our Group as at the Latest Practicable Date

Personal injury proceedings

As at the Latest Practicable Date, our Group was involved in the following ongoing personal injury proceedings against our Group:

Nature of the claim	Date of the accident/alleged accident	Particulars of the claim	Total amount claimed	Insurance coverage
Personal injury	19 July 2023	An employee of a subcontractor of our Group sustained left wrist fracture while driving a heavy goods vehicle transporting a skip of construction waste materials from a construction site of our Group	Unliquidated damages together with interest and costs	Pending *(Note)*

Note: As at the Latest Practicable Date, our Group was in discussion with the insurer regarding coverage of this claim under the employees' compensation and contractors' all risks insurance policies purchased by our Group, and the final decision of the insurer remained pending.

Due to the nature of employees' compensation and personal injury claims, the specific claim amounts may not be specified when court proceedings were first commenced. As the final settlement amounts of the employees' compensation or personal injury claim would depend on the individual facts and circumstances of the proceedings and be decided by the court, we are not in a position to assess the likely quantum or our maximum liability exposure from such claims. Our Directors are therefore of the view that the above ongoing proceedings have no material financial and operational impact on our Group.

Potential litigations against our Group as at the Latest Practicable Date

Potential litigation in relation to employee's compensation claims and common law personal injury claims

Potential claims refer to those accidents for which no claims have been commenced against us but are within the limitation period of two years (for employees' compensation claims) or three years (for personal injury claims) from the dates of the relevant accidents pursuant to the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong).

As at the Latest Practicable Date, there were a total of four recorded work injury accidents resulting in injuries to our employees and/or our subcontractors' employees which might give rise to potential employees' compensation and/or personal injury claims against our Group. For further details, please refer to the paragraph headed "Occupational health and work safety — Work accidents" in this section above. The table below sets out a summary of the expiry of limitation period of the aforesaid work injury accidents:

Year	Number of employees' compensation claims which limitation period will expire	Number of personal injury claims which limitation period will expire
From the Latest Practicable Date to 31 December		
2026	0	0
2027	4	0
2028	0	4
2029	0	0
Total:	4	4

These accidents occurred during the usual and ordinary course of our business and have not caused any material disruption to our business. Our Directors are of the view that any potential claims arising from the work injury accidents will be covered by our relevant insurance policies and, to the extent that such amount is not covered by the relevant insurance policies, it will be indemnified by our Controlling Shareholders pursuant to the Deed of Indemnity. Accordingly, our Directors are of the view that the aforementioned potential claims would not result in any material impact on the operations, financial results or financial position of our Group.

No provision for litigation claims

We have taken out insurance policies in compliance with the applicable laws and regulations with a view to providing sufficient coverage for such work-related injuries for employees, and we have not incurred any material liabilities as a result thereof during the Track Record Period and up to the Latest Practicable Date. As such, these incidents did not and are not expected to have a material impact on our Group's operations. For further details of our insurance policies, please refer to the paragraph headed "Insurance" above in this section.

Regarding the ongoing or potential employees' compensation and personal injury claims, no provision was made in the financial statements of our Group, having considered: (i) the uncertainties as to whether the potential claims will be commenced; (ii) the coverage of insurance policies; (iii) the uncertainties in the total amount that will be involved for such claims, if any; and (iv) the indemnity given by our Controlling Shareholders as mentioned below.

Indemnity given by our Controlling Shareholders

Mr. Lo Cheuk Pui and Legacy Capital, being our Controlling Shareholders, have entered into a Deed of Indemnity in favour of our Company (for ourselves and each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, any claims, fines, payments, actions, damages, judgements, proceedings, costs and expenses which would be incurred accrued or suffered by our Group as a result of (i) breach or non-compliance with any applicable laws, rules and regulations; and (ii) any outstanding and potential litigations (including any civil or criminal litigations) or claims against our Group on or before the date on which the **[REDACTED]** becomes unconditional, including but not limited to the incidents and proceedings referred to in the paragraphs headed "Legal proceedings and potential claims". Please refer to the paragraph headed "Statutory and General Information — E. Other Information — 1. Tax and other indemnities" in Appendix IV to this document for details of the Deed of Indemnity.

COMPLIANCE

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident which was material or systematic in nature, and our Group has obtained all the approvals, permits, consents, licences and registrations required for our business and operations in Hong Kong and all of them remain valid and in force.