

FINANCIAL INFORMATION

You should read this section in conjunction with our historical financial information as at and for the years ended 31 March 2025 and 31 March 2026 and the three months ended 30 June 2026 as set out in the Accountants’ Report, together with the accompanying notes. The Accountants’ Report has been prepared in accordance with HKFRSs. You should read the Accountants’ Report in its entirety and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please also refer to the sections headed “Risk Factors” and “Forward-looking Statements” in this document.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

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.

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, improvement works and rectification works in Hong Kong. In undertaking the demolition 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 disposal of salvage materials removed from the demolition sites to third party salvage materials buyers.

For FY2025, FY2026 and 3M2026, we recorded revenue of approximately HK\$77.3 million, HK\$136.8 million and HK\$43.2 million respectively. Our Group recorded net profit of approximately HK\$8.6 million, HK\$24.2 million and HK\$9.4 million for FY2025, FY2026 and 3M2026 respectively.

BASIS OF PRESENTATION

Please refer to Note 2 of the Accountants’ report set out in Appendix I to this document.

FINANCIAL INFORMATION

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group’s financial condition and results of operations have been and will continue to be affected by a number of factors, including those set forth below. The following factors are not exhaustive and our operating results and financial conditions may also be affected by the risk factors set forth in the section headed “Risk factors” in this document.

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

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

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

Our ability to maintain good business relationship with our customers and salvage materials buyers is crucial to our ongoing growth and profitability. Our demolition contracts are on a non-recurring and project basis. We may receive proceeds from disposal of salvage materials while we undertook demolition works at our demolition site. We have not entered into any long-term agreements with our customers or salvage materials buyers. The demand for our demolition services and salvage materials may change due to a number of factors, some of which may be beyond our control such as changes in their businesses, personnel, sourcing policies, economic conditions, import and export regulations, market supply and demand conditions of demolition services and/or recyclable demolition wastes and change in environmental and conservation regulations. In the event that there was a decrease in the demand for our demolition services or salvage materials and we are unable to identify new customers and/or salvage materials buyers, our Group’s results of operations and financial performance will be materially and adversely affected.

FINANCIAL INFORMATION

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

During the Track Record Period, a majority of our contract revenue was derived from projects secured by tender. We determine our tender or quotation price primarily by estimating our operating costs with a certain percentage of markup. For projects involving removal of salvage materials services, our tendering or quotation price will also have taken into account the discounted estimated value of the salvage materials which would be derived from the project. Our contracts with customers typically have a fixed and pre-determined fee throughout the contract period. Please refer to the section headed “Business — Our operational flow — Tender or quotation — Preparation of tender proposal or quotation — Pricing strategy” in this document for details of our pricing strategy. During the Track Record Period and up to the Latest Practicable Date, there was no cost overrun or loss-making project. Nonetheless, there is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, accidents, non-performance by our subcontractors, unexpected significant increase in costs of materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers and the Government and other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our Group’s financial condition, profitability and liquidity.

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

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

SENSITIVITY ANALYSIS

For FY2025, FY2026 and 3M2026, our net profit amounted to approximately HK\$8.6 million, HK\$24.2 million and HK\$9.4 million, respectively.

Fluctuation of the price of salvage materials

For FY2025, FY2026 and 3M2026, we derived 11.7%, 28.9%, 30.1% of our total revenue from the disposal of salvage materials such as ferrous metal, non-ferrous metal and recycled concrete aggregate to third party salvage materials buyers, respectively. The prices of salvage materials may be subject to fluctuation as a result of various factors beyond our control, such as the global economic and financial conditions, sourcing policies of the salvage materials buyers, import and export regulations and market supply and demand conditions of the relevant materials. In addition, as at the Latest Practicable Date,

FINANCIAL INFORMATION

our Group had not entered into long-term contracts with the third party salvage materials buyers for the supply of salvage materials, our selling prices of salvage materials are subject to market fluctuation from time to time. In the event there is a material decrease in the price of salvage materials, our profitability may be adversely affected.

The prices of salvage materials directly affect our revenue to be derived from disposal of salvage materials. The following table is for reference only and illustrates the impact of hypothetical fluctuations in the prices of salvage materials on our profits before taxation during the Track Record Period. The hypothetical fluctuation rates are set at 0.3% and 3.6%, which correspond to the approximate minimum and maximum CAGR for the prices of salvage materials engaged in the industry, respectively, from 2021 to 2025 as stated in the Frost & Sullivan Report (please refer to the section headed “Industry Overview” in this document), which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in prices of salvage materials	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>	3M2026 <i>HK\$'000</i>
+/- 0.3%	27	118	39
+/- 3.6%	326	1,421	468

Fluctuations in cost of services

Our cost of services refer to costs that are directly attributable to our projects. For FY2025, FY2026 and 3M2026, our cost of services amounted to approximately HK\$58.2 million, HK\$97.4 million and HK\$28.4 million, respectively.

Our (i) construction materials and (ii) direct labour costs represented a major portion of our cost of services during the Track Record Period. For FY2025, FY2026 and 3M2026, our costs of construction materials and direct labour costs in aggregate amounted to approximately HK\$5.9 million, HK\$26.1 million and HK\$7.9 million, which accounted for approximately 10.1%, 26.8% and 27.9% of our cost of services, respectively. Our ability to control and manage our subcontractor charges, construction material and direct labour costs will enhance our profitability.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our subcontractor charges on our profits before income tax during the Track Record Period. The hypothetical fluctuation rates are set at 5.0% and 10.0% with reference to the fluctuation in our historical costs of subcontractor charge engaged in the industry, respectively, from 2021 to 2025 as stated in the Frost & Sullivan Report (please refer to the section headed “Industry Overview” in this document), which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in subcontractor charges	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>	3M2026 <i>HK\$'000</i>
+/- 5.0%	1,941	1,953	568
+/- 10.0%	3,881	3,906	1,137

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our construction material on our profits before income tax during the Track Record Period. The hypothetical fluctuation rates are set at 1.6%, which correspond to the CAGR for the construction materials engaged in the industry, respectively, from 2020 to 2025 as stated in the Frost & Sullivan Report (please refer to the section headed “Industry Overview” in this document), which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in construction material	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>	3M2026 <i>HK\$'000</i>
+/- 1.6%	49	107	35

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our direct labour costs on our profits before income tax during the Track Record Period. The hypothetical fluctuation rates are set at 4.7% with reference to the fluctuation in our historical direct labour costs which correspond to the CAGR for the average monthly salary of major types of worker engaged in the industry, respectively, from 2021 to 2025 as stated in the Frost & Sullivan Report (please refer to the section headed “Industry Overview” in this document), which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in direct labour costs	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>	3M2026 <i>HK\$'000</i>
+/- 4.7%	211	996	277

MATERIAL ACCOUNTING POLICIES

Our historical financial information have been prepared in accordance with accounting policies which conform to the HKFRS. We have identified certain accounting policies that are material to the preparation of our financial information and are important in understanding our financial condition and results of operations. The material accounting policies are set out in note 4 to the Accountants’ Report in Appendix I to this document. The material accounting policies are summarized as follows:

Revenue from Demolition services

Revenue is recognised over time as the project owners simultaneously receives and consumes the benefits provided by our Group as the demolition services are performed. Progress towards completion of the demolition services is measured using the input method, based on costs incurred to date relative to the estimated total costs for each service.

FINANCIAL INFORMATION

Transaction price of a demolition services project includes net fixed amount received or receivable directly from the project owners and variable considerations with proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers. Variable revenue from proceeds from disposal of salvage materials are revised if market price of salvage materials change. Any resulting increases or decreases in estimated revenues are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management. Accumulated experience and recent market prices are used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

Certain contracts require our Group to arrange surety bonds to guarantee contractual performance and payment obligations to customers. Collateral deposits placed with certain surety companies for arranging surety bonds that included in deposits and prepayment.

If the value of the services rendered by our Group exceed the net payments billed, a contract asset is recognised. If the payments exceed the value of the services rendered, a contract liability is recognised.

Trade receivables and retention are recognised for amounts billed to project owners for services and salvage materials buyers for salvage materials. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of our accounting policies, which are described in note 5 to the Accountants’ Report in Appendix I to this document, estimates and assumptions concerning the future and judgements are made by the management of our Group in the preparation of our historical financial information. They affect the application of our accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other factors that are considered to be relevant. Revisions to accounting estimates are recognized in the period of revision.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following is a summary of the consolidated statements of comprehensive income of our Group for FY2025, FY2026, 3M2025 and 3M2026, derived from the accountants’ report set out in Appendix I to this document.

	FY2025 <i>HK\$'000</i>	FY2026 <i>HK\$'000</i>	3M2025 <i>HK\$'000</i> (Unaudited)	3M2026 <i>HK\$'000</i>
Revenue	77,280	136,800	29,970	43,190
Cost of services	<u>(58,239)</u>	<u>(97,399)</u>	<u>(21,158)</u>	<u>(28,359)</u>
Gross profit	19,041	39,401	8,812	14,831
Other income and other gains	491	776	139	30
Administrative and other operating expenses	(9,068)	(10,746)	(2,413)	(2,336)
[REDACTED]	—	—	—	[REDACTED]
Finance costs	<u>(198)</u>	<u>(149)</u>	<u>(42)</u>	<u>(39)</u>
Profit before income tax	10,266	29,282	6,496	11,399
Income tax expense	<u>(1,617)</u>	<u>(5,051)</u>	<u>(1,133)</u>	<u>(1,956)</u>
Profit and total comprehensive income for the year/period	<u><u>8,649</u></u>	<u><u>24,231</u></u>	<u><u>5,363</u></u>	<u><u>9,443</u></u>
Profit and total comprehensive income for the year/period attribute to:				
Owners of the Company	8,191	23,899	4,763	9,398
Non-controlling interests	<u>458</u>	<u>332</u>	<u>600</u>	<u>45</u>
	<u><u>8,649</u></u>	<u><u>24,231</u></u>	<u><u>5,363</u></u>	<u><u>9,443</u></u>

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

For FY2025, FY2026, 3M2025 and 3M2026, our revenue amounted to approximately HK\$77.3 million, HK\$136.8 million, HK\$30.0 million and HK\$43.2 million, respectively. The table below sets out our revenue during the Track Record Period by source:

	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:	<u>77,280</u>	<u>100.0</u>	<u>136,800</u>	<u>100.0</u>	<u>29,970</u>	<u>100.0</u>	<u>43,190</u>	<u>100.0</u>

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

For FY2025, FY2026, 3M2025 and 3M2026, our demolition works revenue amounted to approximately HK\$72.0 million, HK\$128.0 million, HK\$29.0 million and HK\$37.3 million, which contributed approximately 93.2%, 93.6%, 96.6% and 86.3% of our total revenue, respectively. Our demolition works revenue include (i) the contract sum received/receivable from the project owners for our provision of demolishing works services; and (ii) the proceeds received/receivable from third party salvage materials buyers for our disposal of salvage materials removed from the demolition sites.

Revenue from contract sum

Provision of our demolition works services and our contract sum are determined on a project basis. Contract sum is the net fixed amount we received from project owners for our projects.

Proceeds from disposal of salvage materials

Depending on the terms of the contract and scope of work to be provided in a particular project, the aggregate revenue derived from the project may include proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition site. Proceeds from our disposal of salvage materials varies according to the unit cost and volume of the salvage material disposed.

FINANCIAL INFORMATION

Our Group’s total revenue increased by approximately HK\$59.5 million or 77.0% from approximately HK\$77.3 million for FY2025 to approximately HK\$136.8 million for FY2026. Such increase during the year was mainly attribute to the increase of our demolition works revenue from contract sum of approximately HK\$25.6 million or 40.1% due to the revenue recognised from one sizeable projects, namely projects no. A, of approximately HK\$74.5 million for FY2026, compared to approximately HK\$15.6 million for FY2025. At the same time, our proceeds from disposal of salvage materials from Project No. A also increased by approximately HK\$29.0 million or 630.4% from approximately HK\$4.6 million for FY2025 to approximately HK\$33.6 million for FY2026. There were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial periods.

Our Group’s total revenue increased by approximately HK\$13.2 million or 44.1% from approximately HK\$30.0 million for 3M2025 to HK\$43.2 million for 3M2026. Such increase during the period was mainly attributable to the increase of our construction works revenue of approximately HK\$4.9 million due to (i) the new construction work of improvement in Tseung Kwan O approximately HK\$5.8 million and (ii) the increase of our proceeds from disposal of salvage materials by approximately HK\$7.0 million, which was in line with the number of sizeable projects undertaken during 3M2026. There were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial periods.

The following table sets forth the breakdown of our revenue by types of building for the Track Record Period indicated:

	FY2025		FY2026		3M2025		3M2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)							
Commercial buildings	20,788	26.9	108,159	79.1	26,194	87.4	29,577	68.5
Residential & Commercial buildings	17,755	23.0	18,369	13.4	753	2.5	12,969	30.0
Residential buildings	32,042	41.5	4,305	3.1	2,013	6.7	644	1.5
Others (<i>Note</i>)	<u>6,695</u>	<u>8.6</u>	<u>5,967</u>	<u>4.4</u>	<u>1,010</u>	<u>3.4</u>	<u>—</u>	<u>—</u>
Total:	<u>77,280</u>	<u>100.0</u>	<u>136,800</u>	<u>100.0</u>	<u>29,970</u>	<u>100.0</u>	<u>43,190</u>	<u>100.0</u>

Note: Others include industrial building, composite and school campus, etc.

FINANCIAL INFORMATION

We recorded approximately 26.9%, 79.1%, 87.4% and 68.5% of our total revenue was generated from projects for commercial buildings for FY2025, FY2026, 3M2025 and 3M2026, respectively. For FY2026 and 3M2026, the increase mainly due to our engagement of one sizable project, namely project no. A which recognised revenue of approximately HK\$108.1 million and approximately HK\$28.6 million respectively.

For FY2025, FY2026, 3M2025 and 3M2026, approximately HK\$17.8 million, HK\$18.4 million, HK\$0.8 million and HK\$13.0 million, respectively of our revenue were generated from projects for residential & commercial buildings. For FY2025 and FY2026, the revenue remained stable. For 3M2025 and 3M2026, such increase was mainly due to three new projects, namely project no. B, E, and Q which contributed approximately HK\$13.0 million.

For FY2025, FY2026, 3M2025 and 3M2026, approximately HK\$32.0 million, HK\$4.3 million, HK\$2.0 million and HK\$0.6 million, respectively of our revenue were generated from projects for residential buildings. Such decrease was mainly due to (i) the decrease in aggregated revenue of approximately HK\$8.1 million recognised for project no. C in FY2025 located in Wong Chuk Hang; and (ii) the completion of three demolition project no. D, H and J which contributed HK\$19.5 million during FY2025.

FINANCIAL INFORMATION

The following table sets forth the revenue of top five projects:

Project No.	Customer	Nature of project	Type of building/ structure	Commencement date (Note 2)	Actual/expected completion date (Note 3)	Estimated projects revenue as of 30 June 2026 Proceeds from disposal of salvage materials (if applicable) (HK\$'000)	Aggregate revenue recognised before Track Record Period (HK\$'000)	Breakdown of revenue recognised during the Track Record Period by year/period			Aggregate revenue recognised during Track Record Period (Note 4) (HK\$'000)	Cumulative GP margin for Track Record Period (Note 5) (%)
						Contract sum (HK\$'000)		Total (HK\$'000)	FY2025 (HK\$'000)	FY2026 (HK\$'000)	3M2026 (HK\$'000)	
A	Customer Group A	Demolition and hoarding works	Commercial	January 2025	September 2026	118,000	53,000	171,000	20,165	108,086	28,573	33.3
B	Customer Group A	Demolition and hoarding works	Residential and commercial	February 2025	June 2026	12,000	8,396	20,396	2	14,367	6,027	9.8
C	Customer Group B	Demolition and hoarding works	Residential	September 2024	July 2026	16,637	—	16,637	12,351	4,281	5	14.6
D	Customer Group C	Demolition and hoarding works	Residential	January 2024	October 2024	9,900	600	10,500	9,376	—	—	12.5
E	Customer Group D	Improvement works	Residential and commercial	November 2025	June 2026	8,548	—	8,548	—	2,725	5,823	43.3
Total						165,085	61,996	227,081	41,894	129,459	40,428	211,781

FINANCIAL INFORMATION

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. The commencement date for a particular project refers to the date of commencement as stated in the letter of award or the actual commencement of substantial works on site.
3. The actual completion date for a particular project refers to the date of completion of our works in such project as 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.
4. Depending on the nature of the project, terms of the contract and scope of work to be provided in a particular project, the aggregate contract revenue derived from the project may include (i) the contract sum received from our customers; and (ii) (for demolition projects only) proceeds received from salvage material buyers for our disposal of salvage materials removed from the demolition sites.
5. 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.

Cost of services

For FY2025, FY2026, 3M2025 and 3M2026, our cost of services amounted to approximately HK\$58.2 million, HK\$97.4 million, HK\$21.2 million and HK\$28.4 million, respectively. Our cost of services refer to costs that are directly related to our projects. During the Track Record Period, our cost of services mainly comprised of (i) subcontractor charges; (ii) direct labour costs; (iii) transportation expenses; (iv) government levies; and (v) construction materials. The table below sets forth a breakdown of our cost of services by nature and percentage contribution to total cost of services during the Track Record Period:

	FY2025		FY2026		3M2025		3M2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Subcontractor charges	38,808	66.6	39,061	40.1	9,643	45.6	11,369	40.1
Direct labour costs	4,482	7.7	21,186	21.8	5,144	24.3	5,893	20.8
Transportation expenses	1,259	2.2	8,049	8.3	708	3.3	3,457	12.2
Government levies	963	1.7	7,397	7.6	1,344	6.4	1,386	4.9
Construction materials	3,066	5.3	6,657	6.8	1,729	8.2	2,194	7.7
Machinery and equipment								
leasing expenses	2,163	3.7	6,403	6.6	1,015	4.8	1,761	6.2
Legal and professional fees	1,590	2.7	3,002	3.1	372	1.8	1,308	4.6
Insurance expenses	2,089	3.6	2,736	2.8	573	2.7	226	0.8
Depreciation	2,064	3.5	1,890	1.9	314	1.5	536	1.9
Utilities	653	1.1	506	0.5	187	0.9	5.0	—
Maintenance expenses	403	0.7	66	0.1	66	0.3	—	—
Others	699	1.2	446	0.4	63	0.2	224	0.8
Total cost of services	<u>58,239</u>	<u>100.0</u>	<u>97,399</u>	<u>100.0</u>	<u>21,158</u>	<u>100.0</u>	<u>28,359</u>	<u>100.0</u>

Note:

Others mainly represented our motor vehicle expenses and operating lease charges.

FINANCIAL INFORMATION

Subcontractor charges

Subcontractor charges represented the costs incurred for engaging subcontractors in relation to our demolition works. During the Track Record Period, we engaged subcontractors for carrying out ancillary services associated with our demolition works such as erection of temporary hoardings, scaffolding works and turfing. We recorded subcontracting charges of approximately HK\$38.8 million, HK\$39.1 million, HK\$9.6 million and HK\$11.4 million for FY2025, FY2026, 3M2025 and 3M2026, respectively, representing approximately 66.6%, 40.1%, 45.6% and 40.1% of our actual costs incurred under total cost of services for the respective years or periods.

Direct labour costs

Direct labour costs represented the labour costs directly incurred for the provision of our demolition works. They included the wages, salaries, bonuses and other benefits for our personnel at the project team as well as workers and machinery operators who are directly involved in our demolition projects. Accordingly, the amount of our direct labour costs incurred was positively corresponded to the amount of our demolition and other construction works and hence our revenue during the Track Record Period. We recorded direct labour costs of approximately HK\$4.5 million, HK\$21.2 million, HK\$5.1 million and HK\$5.9 million for FY2025, FY2026, 3M2025 and 3M2026, respectively, representing approximately 7.7%, 21.8%, 24.3% and 20.8% of our actual costs incurred under total costs of services for the respective years or periods.

Transportation expenses

Transportation expenses mainly represented (i) the expenses we incurred for the transportation of demolition waste resulting from our demolition works which we did not sell, including rental expenses of lorries, from the demolition sites to approved dumping grounds; and (ii) the fees for transportation of our machinery to or from work sites. We recorded transportation expenses of approximately HK\$1.3 million, HK\$8.0 million, HK\$0.8 million and HK\$3.5 million for FY2025, FY2026, 3M2025 and 3M2026, respectively, representing approximately 2.2%, 8.3%, 3.3% and 12.2% of our actual costs incurred under total cost of services for the respective years or periods.

Government levies

Government levies represented disposal charges for construction waste during asset disposal, decommissioning, or site clear-outs under Construction Waste Disposal Charging Scheme. We recorded government levies of approximately HK\$1.0 million, HK\$7.4 million, HK\$1.3 million and HK\$1.4 million for FY2025, FY2026, 3M2025 and 3M2026, respectively, representing approximately 1.7%, 7.6%, 6.4% and 4.9% of our actual costs incurred under total cost of services for the respective years or periods.

FINANCIAL INFORMATION

Construction materials

Construction materials mainly represented (i) the expenses for the purchase of machinery parts and consumables such as diesel fuels and other miscellaneous accessories including personal protective equipment such as reflective vests and safety helmets used by our on-site workers; (ii) the disposal expenses for disposal of demolition waste or hazardous waste; and (iii) structural steel, concrete and reinforcement steel. For FY2025, FY2026, 3M2025 and 3M2026, we recorded construction material costs of approximately HK\$3.1 million, HK\$6.7 million, HK\$1.7 million and HK\$2.2 million respectively, representing approximately 5.3%, 6.8%, 8.2% and 7.7% of our total actual costs incurred under total cost of services for the respective years or periods.

Machinery and equipment leasing expenses

Machinery and equipment leasing expenses which mainly represent rental costs for leasing machinery and equipment necessary for carrying out our demolition works; We recorded machinery and equipment leasing expenses of approximately HK\$2.2 million, HK\$6.4 million, HK\$1.0 million and HK\$1.8 million for FY2025, FY2026, 3M2025 and 3M2026, respectively, representing approximately 3.7%, 6.6%, 4.8% and 6.2% of our actual costs incurred under total cost of services for the respective years.

Our cost of services increased by approximately HK\$39.2 million or 67.3%, from approximately HK\$58.2 million for FY2025 to approximately HK\$97.4 million for FY2026, which was mainly due to the increase in our (i) direct labour costs; (ii) transportation expenses; (iii) government levies; and (iv) machinery and equipment leasing expenses:

- (i) our direct labour costs increased by approximately HK\$16.7 million from approximately HK\$4.5 million for FY2025 to approximately HK\$21.2 million for FY2026. This was mainly due to the increase in sizeable projects undertaken by us for FY2026 which involved more staff carrying out the increasing amount of works by us;
- (ii) our transportation expenses increased by approximately HK\$6.7 million from approximately HK\$1.3 million for FY2025 to approximately HK\$8.0 million for FY2026. This was mainly due to the increase of the expenses we incurred for the transportation of demolition waste;
- (iii) our government levies increased by approximately HK\$6.4 million from approximately HK\$1.0 million for FY2025 to approximately HK\$7.4 million for FY2026. This was mainly due to the increase in our disposal expenses of demolition waste and/or hazardous waste; and
- (iv) our machinery and equipment leasing expenses increased by approximately HK\$4.3 million from approximately HK\$2.1 million for FY2025 to approximately HK\$6.4 million for FY2026. This was mainly due to the increase of the expenses we incurred in machinery rental which was in line with our business expansion.

FINANCIAL INFORMATION

Our cost of services increased by approximately HK\$7.2 million or 34.0%, from approximately HK\$21.2 million for 3M2025 to approximately HK\$28.4 million for 3M2026, which was mainly due to the increase in our (i) subcontractor charges, (ii) and transportation expenses, (iii) direct labour costs, and (iv) machinery and equipment leasing expenses:

- (i) Our subcontractor charges increased by approximately HK\$1.8 million or 17.9% from approximately HK\$9.6 million for 3M2025 to approximately HK\$11.4 million for 3M2026. This was mainly due to a sizeable project, namely project no. A undertaken by us for 3M2026 which involved subcontractor to set up and strike temporary propping and shoring of adjacent structures;
- (ii) our transportation expenses increased by approximately HK\$2.7 million from approximately HK\$0.8 million for 3M2025 to approximately HK\$3.5 million for 3M2026. This was mainly due to the increase of the expenses we incurred for the transportation of demolition waste;
- (iii) our direct labour costs also increased by approximately HK\$0.8 million or 14.6% from approximately HK\$5.1 million for 3M2025 to approximately HK\$5.9 million for 3M2026 primarily due to the increased number of project-based workers employed by us in carrying out the increasing amount of works by us; and
- (iv) our machinery and equipment leasing expenses increased by approximately HK\$0.8 or 73.5% from approximately HK\$1.0 million for 3M2025 to approximately HK\$1.8 million for 3M2026, which was in line with our business expansion.

Gross profit

The table below sets out our gross profit during the Track Record Period by source:

	FY2025		FY2026		3M2025		3M2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)							
Commercial buildings	6,136	29.5	35,120	32.5	8,192	31.3	11,170	37.8
Residential and commercial buildings	5,601	31.5	2,789	15.2	314	41.7	3,568	27.5
Residential buildings	5,573	17.4	808	18.8	302	15.0	93	14.4
Others	1,731	25.9	684	11.5	4	0.4	—	—
Total:	19,041	24.6	39,401	28.8	8,812	29.4	14,831	34.3

Note: Others include industrial building, composite and school campus, etc.

FINANCIAL INFORMATION

Our gross profit was approximately HK\$19.0 million, HK\$39.4 million, HK\$8.8 million and HK\$14.8 million and our gross profit margin was approximately 24.6%, 28.8%, 29.4% and 34.3% for FY2025, FY2026, 3M2025 and 3M2026, respectively.

Our gross profit increased by approximately HK\$20.4 million or 106.9%, from approximately HK\$19.0 million for FY2025 to approximately HK\$39.4 million for FY2026. Our gross profit margin increased from approximately 24.6% for FY2025 to approximately 28.8% for FY2026, such increase was mainly due to project for commercial building, namely project no. A having a relatively high cumulative profit margin of approximately 32.5%, was recognised in FY2026, mainly attributable to the proceeds from the disposal of salvage materials. Our gross profit margin of residential and commercial building decrease from approximately 31.5% for FY2025 to approximately 15.2% for FY2026, mainly due to project no. B for the work of demolition with a relatively lower gross profit margin. In addition, our engagement of project no. E with awarded contract sum of approximately HK\$8.5 million with a relatively higher gross profit margin, primary due to the complexity.

Our gross profit increased by approximately HK\$6.0 million or 68.3%, from approximately HK\$8.8 million for 3M2025 to approximately HK\$14.8 million for 3M2026. Our gross profit margin increase from approximately 29.4% to 34.3% for 3M2025 and 3M2026, was higher than that of each of FY2025 and FY2026, which was mainly due to projects no. A, having relatively high cumulative gross profit margin of approximately 33.3% for 3M2026. Such project is commercial building in nature and generated comparatively a higher portion of salvage materials with higher value.

Our gross profit margin of residential and commercial building decrease from approximately 41.7% for 3M2025 to approximately 27.5% for 3M2026, mainly due to project no. B and Q for the work of demolition with a relatively lower gross profit margin, as building of residential nature normally generated comparatively less salvage materials than solely commercial.

FINANCIAL INFORMATION

Other income

Our other income comprised of (i) interest income from our bank accounts; (ii) government grants from the Hong Kong Government to subsidise our Group’s adoption of innovative construction methods and new technologies in the construction industry and for providing on-the-job training for youth graduates; (iii) sundry income.

The following table sets out the breakdown of other income during the Track Record Period:

	FY2025 <i>HK\$’000</i>	FY2026 <i>HK\$’000</i>	3M2025 <i>HK\$’000</i> (unaudited)	3M2026 <i>HK\$’000</i>
Bank interest income	4	1	1	—
Government grant (<i>note</i>)	—	437	—	—
Sundry income	<u>388</u>	<u>338</u>	<u>138</u>	<u>30</u>
Total	<u><u>392</u></u>	<u><u>776</u></u>	<u><u>139</u></u>	<u><u>30</u></u>

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

For FY2025, FY2026, 3M2025 and 3M2026, government grants received by us amounted to nil, approximately HK\$0.4 million, nil and nil respectively.

Our other income increased by approximately HK\$0.4 million or 100.0% from HK\$0.4 million for FY2025 to approximately HK\$0.8 million for FY2026 primarily due to the increase of government grants.

Our other income decreased by approximately HK\$0.1 million from approximately HK\$139,000 for 3M2025 to approximately HK\$30,000 for 3M2026. Such decrease was primarily due to the decrease in sundry income.

Other gains — net

The table below sets forth the components of our other gains during the Track Record Period:

	FY2025 <i>HK\$’000</i>	FY2026 <i>HK\$’000</i>	3M2025 <i>HK\$’000</i> (unaudited)	3M2026 <i>HK\$’000</i>
Gain on disposal of property and equipment	<u><u>99</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

FINANCIAL INFORMATION

During FY2025, our Group disposed of a property to a related company, controlled by Mr. Lo Cheuk Pui, with a consideration of HK\$3,000,000, which the directors of the Company considered the transaction is in the normal course of its business and mutually agreed between both parties. Gain on disposal of property of approximately HK\$99,000 was recognised in other income and other gains during the FY2025.

Our other gains decreased by approximately HK\$99,000 or 100.0% from approximately HK\$99,000 for FY2025 to nil for FY2026 primarily due to no disposal of property, plant and equipment for FY2026.

Administrative expenses

Our administrative expenses primarily consisted of (i) staff costs; (ii) depreciation expenses; and (iii) operating lease charges in respect of the land and office equipment during the Track Record Period. The following table sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2025		FY2026		3M2025		3M2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Staff costs	5,400	59.6	7,222	67.2	1,679	69.6	1,623	69.5
Entertainment	836	9.2	660	6.1	58	2.4	136	5.8
Office expenses	210	2.3	592	5.5	135	5.6	7	0.3
Donation	277	3.1	528	4.9	82	3.4	170	7.3
Legal and professional fees	490	5.4	344	3.2	133	5.5	115	4.9
Depreciation of right-of-use assets	319	3.5	306	2.8	76	3.1	76	3.3
Vehicle expenses	542	6.0	273	2.5	63	2.6	67	2.9
Audit fee	270	3.0	220	2.0	—	—	—	—
Depreciation of property, plant and equipment and investment property	197	2.2	209	1.9	55	2.3	33	1.4
Rent and rates	159	1.8	154	1.4	39	1.6	38	1.6
Insurance	94	1.0	139	1.3	65	2.7	37	1.6
Others	274	2.9	99	1.2	28	1.2	34	1.4
Total administrative expenses	<u>9,068</u>	<u>100.0</u>	<u>10,746</u>	<u>100.0</u>	<u>2,413</u>	<u>100.0</u>	<u>2,336</u>	<u>100.0</u>

Note:

Others represented expenses in relation to our transportation, local travelling, and overseas travelling expenses.

Staff costs included compensation and benefits provided to our administrative staff and our Directors. Please refer to Notes 12(a) and 12(b) of the accountants' report set out in Appendix I to this document for further details of the breakdown of the remuneration of our executive Directors and the five highest paid individuals during the Track Record Period.

FINANCIAL INFORMATION

Our administrative expenses increased by approximately HK\$1.6 million or 18.5%, from approximately HK\$9.1 million for FY2025 to approximately HK\$10.7 million for FY2026. Such increase was primarily due to the increased Directors’ remuneration. Our administrative expenses remained stable for 3M2025 and 3M2026.

Finance costs

Our finance costs comprised interest expenses on (i) bank borrowings and (ii) lease liabilities. Please refer to the paragraph headed “Indebtedness” in this section for details of our bank borrowings and lease liabilities.

	FY2025		FY2026		3M2025		3M2026	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Interest on bank borrowings	167	84.3	121	81.2	34	81.0	34	87.2
Interest on lease liabilities	31	15.7	28	18.8	8	19.0	5	12.8
Total	<u>198</u>	<u>100.0</u>	<u>149</u>	<u>100.0</u>	<u>42</u>	<u>100.0</u>	<u>39</u>	<u>100.0</u>

Our finance costs decreased slightly by approximately HK\$49,000 or 24.8% from approximately HK\$198,000 for FY2025 to approximately HK\$149,000 for FY2026 due to the decrease in interest expenses on bank borrowings.

Our finance costs decreased by approximately HK\$3,000 or 7.1% from approximately HK\$42,000 for 3M2025 to approximately HK\$39,000 for 3M2026. Such decrease was mainly due to the decrease in interest expense on our lease liabilities.

Income tax expense

For FY2025, FY2026, 3M2025 and 3M2026, we had income tax expense of approximately HK\$1.6 million, HK\$5.1 million, HK\$1.1 million and HK\$2.0 million, respectively. The taxation for the Track Record Period can be reconciled to the profit before taxation as below:

Under the two-tiered profits tax rates regime in Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying entity is calculated at 8.25% of the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated profits above HK\$2,000,000, taking into account the tax concession granted by the Government during the Track Record Period. Our effective tax rate is calculated by dividing income tax expense by profit before income tax, was approximately 15.8%, 17.2%, 17.4% and 17.2% for FY2025, FY2026, 3M2025 and 3M2026, respectively.

FINANCIAL INFORMATION

Our income tax expense increased by approximately HK\$3.5 million or 218.8% from approximately HK\$1.6 million for FY2025 to approximately HK\$5.1 million for FY2026. Such increase was primarily due to the increase of our profit before income tax.

Our income tax expenses increased by approximately HK\$0.8 million or 72.7% for 3M2026 as compared with 3M2025. Such increase was primarily due to the increase of our profit before income tax.

Our Directors have confirmed that all relevant taxes had been provided when due and there are no disputes or unresolved tax issues with the relevant tax authorities based on our submitted tax computations. Please refer to Note 11 of the accountants’ report set out in Appendix I to this document for further details.

Profit for the year

As a result of the cumulative effect of the above factors, our profit increased by approximately HK\$15.6 million or 181.4% from approximately HK\$8.6 million for FY2025 to approximately HK\$24.2 million for FY2026.

As a result of the cumulative effect of the above factors, our profit increased by approximately HK\$4.0 million or 74.1% from approximately HK\$5.4 million for 3M2025 to approximately HK\$9.4 million for 3M2026.

Profit margin

Our Group’s net profit margin was approximately 11.2% and 17.7% for FY2025 and FY2026, respectively. Our profit margin increased by approximately 6.5% for FY2026 which was mainly due to the increase in gross profit margin, which disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Gross profit and gross profit margin” in this section.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property and equipment

Our property and equipment as at 31 March 2025, 31 March 2026 and 30 June 2026 were approximately HK\$1.7 million, HK\$3.6 million and HK\$3.9 million, respectively. These property and equipment mainly related to (i) motor vehicles; and (ii) site equipment which comprised of our head office building.

The following table sets out the respective values of our Group’s property and equipment as at the respective dates indicated:

	Owned property HK\$'000	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Site equipment HK\$'000	Total HK\$'000
Cost						
At 1 April 2024	4,234	442	897	1,246	9,245	16,064
Additions	—	5	—	226	118	349
Disposals	(4,234)	—	—	—	—	(4,234)
Written-off	—	(368)	—	—	—	(368)
At 31 March 2025 and 1 April 2025	—	79	897	1,472	9,363	11,811
Additions	—	—	—	—	3,959	3,959
At 31 March 2026 and 1 April 2026	—	79	897	1,472	13,322	15,770
Additions	—	—	17	—	919	936
At 30 June 2026	—	79	914	1,472	14,241	16,706
Accumulated depreciation						
At 1 April 2024	1,333	390	620	1,246	5,967	9,556
Charge for the year	—	20	132	45	2,063	2,260
Disposals	(1,333)	—	—	—	—	(1,333)
Written-off	—	(362)	—	—	—	(362)
At 31 March 2025 and at 1 April 2025	—	48	752	1,291	8,030	10,121
Charge for the year	—	16	125	68	1,890	2,099
At 31 March 2026 and at 1 April 2026	—	64	877	1,359	9,920	12,220
Charge for the period	—	5	11	17	536	569
At 30 June 2026	—	69	888	1,376	10,456	12,789
Net carrying amount						
At 31 March 2025	—	31	145	181	1,333	1,690
At 31 March 2026	—	15	20	113	3,402	3,550
At 30 June 2026	—	10	26	96	3,785	3,917

FINANCIAL INFORMATION

Our property and equipment increased by approximately HK\$1.9 million or 110.1% from approximately HK\$1.7 million as at 31 March 2025 to approximately HK\$3.6 million as at 31 March 2026, which was primarily due to the additions of site equipment of approximately HK\$4.0 million, which was partially offset by the depreciation provided for such year of approximately HK\$2.2 million.

Our property and equipment increased by approximately HK\$0.3 million or 8.3% from approximately HK\$3.6 million as at 31 March 2026 to approximately HK\$3.9 million as at 30 June 2026, which was primarily due to additions of site equipment of HK\$0.9 million which was partially offset by the depreciation provided for the period of approximately HK\$0.6 million.

Right-of-use assets

Right-of-use assets represent the capitalisation of the rental payments under the leases of properties. During the Track Record Period, The Group leased various offices for its operations. Lease contracts are entered into for fixed term of three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors.

Our right-of-use assets as at 31 March 2025, 31 March 2026 and 30 June 2026 were approximately HK\$0.7 million, HK\$0.4 million and HK\$0.3 million, respectively. The following table sets forth the details of our right-of-use assets as at the dates indicated:

	<i>HK\$'000</i>
Cost	
At 1 April 2024	1,072
Additions	<u>918</u>
At 31 March 2025, 1 April 2025, 31 March 2026 and 30 June 2026	<u>1,990</u>
Accumulated depreciation	
At 1 April 2024	983
Charge for the year	<u>319</u>
At 31 March 2025 and at 1 April 2025	1,302
Charge for the year	<u>306</u>
At 31 March 2026	1,608
Charge for the period	<u>76</u>
At 30 June 2026	<u>1,684</u>
Net book value	
At 31 March 2025	<u><u>688</u></u>
At 31 March 2026	<u><u>382</u></u>
At 30 June 2026	<u><u>306</u></u>

FINANCIAL INFORMATION

Our leases are recognised as right-of-use assets and corresponding liability at the date of which the leased assets are available for use by our Group. Right-of-use asset arising from a lease is initially measured at cost on a present value basis and is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. The fluctuation of our right-of-use assets were principally due to the additions of the properties and property and equipment under finance leases and the depreciation charge recognised during the year/period.

Contract assets

Our contract assets as at 31 March 2025, 31 March 2026 and 30 June 2026 were approximately HK\$22.3 million, HK\$23.2 million, and HK\$21.9 million, respectively. The table below sets out the breakdown of our contract assets as at 31 March 2025 and 2026 and 30 June 2026:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
Uncertified work in progress	18,525	19,752	18,387
Retention receivables	<u>3,755</u>	<u>3,481</u>	<u>3,481</u>
Total contract assets	<u><u>22,280</u></u>	<u><u>23,233</u></u>	<u><u>21,868</u></u>

The movements of the uncertified work in progress are as follows:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
At the beginning of the year/period	9,970	18,525	19,752
Uncertified services provided during the year/period	60,207	115,434	38,919
Certified and billed work in progress	<u>(51,652)</u>	<u>(114,207)</u>	<u>(40,284)</u>
At the end of the year/period	<u><u>18,525</u></u>	<u><u>19,752</u></u>	<u><u>18,387</u></u>

As at 1 April 2024, contract assets from contracts with customers amounted to approximately HK\$10.0 million.

Our right to payment for services transferred to our customer is determined based on (i) the estimated total transaction price; and (ii) the progress of the demolition project (which is determined based on the proportion of costs incurred to-date to the estimated total costs for each demolition project). Due to the contiguous and inseparable demolition works performed by us, the estimated total transaction price includes not only the fixed amount of contract sum received or receivable directly from the project owners, but also a variable consideration in the form of proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers.

FINANCIAL INFORMATION

The contract assets primarily relate to our Group’s rights to consideration for work completed but not billed at the reporting date. The contracts of our Group can be billed to the customers once the work completed by our Group is certified by qualified independent third parties every one to two months. This arrangement prevents the build-up of significant contract assets. The contract assets are transferred to receivables when the rights become unconditional and our Group has billed to the customers.

We generally do not receive any sums as prepayment for our demolition projects from our customers. For our demolition projects, we generally incur large amount of costs at the early stage of the projects for purchasing materials, setting up temporary hoardings, machinery and equipment leasing expenses and providing our services before payments are received from our customers. We will submit various payment applications to our customers based on work done throughout the project execution stage in accordance with our actual work progress.

The following table sets out the breakdown of our contract assets by projects as at 30 June 2026:

Project No.	Contract assets as at 30 June 2026 HK\$’000	Subsequently billed up to the Latest Practicable Date HK\$’000	Remaining unbilled balance as at the Latest Practicable Date HK\$’000
A	14,314	2,998	11,316
E	2,048	—	2,048
Q	1,107	—	1,107
Others	<u>918</u>	<u>—</u>	<u>918</u>
Total	<u>18,387</u>	<u>2,998</u>	<u>15,389</u>

FINANCIAL INFORMATION

The contract assets also includes retention receivables which payment are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage at 10% of the contract sum, and subject to a limit as prescribed in the contract. The retention receivables should be released to our Group six to twelve months after the completion of the projects pursuant to the provisions of the relevant contracts, or an earlier day as agreed by the customers. The ageing of the retention receivables, based on the date of certification, are as follows:

	As at 31 March		As at
	2025	2026	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	3,755	2,758	2,758
31 to 90 days	—	530	—
91 to 180 days	—	193	530
181 to 365 days	—	—	193
	<u>3,755</u>	<u>3,481</u>	<u>3,481</u>

Retentions receivables relate to amount withheld by customers from progress payments due to us for demolition services provided. Retention receivables amounted to approximately HK\$3.8 million, HK\$3.5 million and HK\$3.5 million as at 31 March 2025, 31 March 2026 and 30 June 2026 respectively. The fluctuation of retention receivables were due to the timing of withholding retention monies by our customers and the release thereof.

The following tables set out the ageing analysis of our contract assets as at 30 June 2026:

	Contract	Subsequently	Remaining
	assets as at	billed up to	unbilled balance
	30 June 2026	the Latest	as at the Latest
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	7,576	441	7,135
31 to 90 days	10,741	2,998	7,743
91 to 180 days	<u>3,551</u>	<u>—</u>	<u>3,551</u>
Total	<u>21,868</u>	<u>3,439</u>	<u>18,429</u>

FINANCIAL INFORMATION

As at the Latest Practicable Date (based on our Group’s management accounts), approximately HK\$3.4 million, or 15.7%, of the contract assets as at 30 June 2026 has been subsequently billed. Having considered, among others, (i) the substantial lag time between the commencement of our works and the issuance of the relevant progress billing to our customers as mentioned above; (ii) the status and progress of the respective projects; and (iii) the credit history and the financial condition of the respective customers individually, our Directors consider that the outstanding amount as at 30 June 2026 are recoverable and no provision has been made.

Trade receivables

Our trade receivables as at 31 March 2025, 31 March 2026 and 30 June 2026 were approximately HK\$8.4 million, HK\$6.1 million and HK\$1.4 million respectively, and mainly consisted of trade receivables from third parties and retentions. The table below sets out the breakdown of our trade receivables as at 31 March 2025 and 2026 and 30 June 2026:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
Trade receivables	<u>8,393</u>	<u>6,119</u>	<u>1,409</u>

Our trade receivables are all generated from third parties represented amounts receivable from (i) our customers who are the project owners for our provision of demolition and other construction works services; and (ii) salvage materials buyers for our sales of salvage materials. For receivables from our customers who are the project owners, trade receivables as at the reporting date represent demolition services certified and billed to the customers with a credit terms of 30 days. For receivables from our salvage materials buyers, the amount of receivables are subject to a credit terms of 30 days. During the Track Record Periods, proceeds due from customers and salvage materials buyers were normally settled on cash basis. Our Group had no provision for impairment of our trade receivables as at 31 March 2025, 31 March 2026 and 30 June 2026.

To manage credit risks associated with trade receivables, we adopted risk control to assess the credit quality of our customers and salvage materials buyers, during which we would carefully assess and consider various factors including but not limited to the relevant customer’s size and background, credit history, financial condition and reputation, which we consider are essential factors for us to determine the credibility of such customers and the credit terms to be offered to our customers. We do not hold any collateral as security over these balances.

FINANCIAL INFORMATION

The following table sets out the breakdown of our trade receivable by projects as at 30 June 2026:

Project no	Trade receivables as at 30 June 2026 <i>HK\$'000</i>	Subsequently billed and settled up to the Latest Practicable Date <i>HK\$'000</i>	Remaining unbilled balance as at the Latest Practicable Date <i>HK\$'000</i>
E	1,409	1,409	—

The following tables set out the ageing analysis of our trade receivables as at 30 June 2026:

	Trade receivables as at 30 June 2026 <i>HK\$'000</i>	Remaining unsettled balance as at the Latest Practicable Date <i>HK\$'000</i>
1 to 30 days	1,409	—
31 to 90 days	—	—
Total	1,409	—

The following table sets out the trade receivables turnover days for the Track Record Period:

	FY2025	FY2026	3M2026
Trade receivables turnover days <i>(Note)</i>	29.2	19.4	7.9

Note: Trade receivables turnover day equals ending balance of trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period.

FINANCIAL INFORMATION

Trade receivables turnover days were approximately 29.2 days, 19.4 days and 7.9 days For FY2025, FY2026 and 3M2026 respectively. The change in our trade receivables turnover days was generally in line with the fluctuation of our trade receivables from third parties during the years. Our trade receivables turnover days decreased to approximately 19.4 days for FY2026 which was mainly due to the decrease in trade receivables but increase in revenue. Our trade receivables turnover days further decreased to approximately 7.9 days for 3M2026 was mainly due to our Group’s continuous effort to strengthen the collection of trade receivables.

The following table sets out the contract assets and trade receivables turnover days for the Track Record Period:

	FY2025	FY2026	3M2026
Contract assets and trade receivables turnover days ^(Note)	55.2	40.0	27.7

Note: Contract assets and trade receivables turnover day equals to the ending balance of contract assets and costs and trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period.

Contract assets and trade receivables turnover days were approximately 55.2 days, 40.0 days and 27.7 days For FY2025, FY2026 and 3M2026, respectively. Our contract assets and trade receivables turnover days decreased to approximately 40.0 days for FY2026 which was mainly due to (i) the decrease in trade receivables as mentioned above; and (ii) the relatively stable in contract assets, despite the fact that our Group has significant increase in revenue recognised in FY2026 as there were more sizable on-going projects at 31 March 2026 which have made substantial progress of the contract activity ahead of the total amount of progress billings. Our contract assets and trade receivables turnover days further decreased at approximately 27.7 days for 3M2026 which was mainly due to (i) the decrease in trade receivables as mentioned above; and (ii) the relatively stable in contract assets, despite the fact that our Group has significant increase in revenue recognised in 3M2026.

As at the Latest Practicable Date (based on our Group’s management accounts), approximately HK\$1.4 million or 100.0% of the trade receivables outstanding as at 30 June 2026 has been subsequently settled. Having considered, among others, the credit history and the financial condition of the respective customers individually, our Directors consider that these outstanding trade receivable balances as at 30 June 2026 are recoverable and we have made adequate provision for trade receivables during the Track Record Period.

FINANCIAL INFORMATION

Deposits, other receivables and prepayments

The following table sets out the breakdown of deposits, other receivables and prepayments as at the dates indicated:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
Deposits for surety bonds	1,397	669	669
Other receivable <i>(note)</i>	639	339	339
Prepayments	6	19	18
Prepaid [REDACTED]	—	—	[REDACTED]
Rental and utility expenses	299	202	224
Deposits	<u>220</u>	<u>175</u>	<u>156</u>
Total deposits, other receivables and prepayments	<u><u>2,561</u></u>	<u><u>1,404</u></u>	<u><u>1,886</u></u>

Note: Other receivable represented the receivable from the disposed site equipment.

Deposits for surety bonds represent collateral deposits placed with certain surety companies. Our Group has entered into certain surety bonds with surety companies in the ordinary course of demolition projects to guarantee contractual performance and payment obligations to customers.

Our deposits, other receivables and prepayments decreased by approximately HK\$1.2 million as at 31 March 2026 primarily due to the decrease in the value of deposits paid to customers for tenders or secured contracts, that are fully refundable by customers upon completion of contractual demolition obligations.

Our deposits, prepayments and other receivables increased by approximately HK\$0.5 million as at 30 June 2026 which was mainly due to the [REDACTED] prepaid for the purpose of the [REDACTED].

Cash at banks

The carrying amounts of cash at banks are denominated in the following currencies:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
HK\$	8,530	28,887	26,907
RMB	<u>—</u>	<u>43</u>	<u>43</u>
	<u><u>8,530</u></u>	<u><u>28,930</u></u>	<u><u>26,950</u></u>

FINANCIAL INFORMATION

Trade payables

The following table sets out the breakdown of our trade payables as at the dates indicated:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
Trade payables	11,621	4,197	2,744

Trade payables represented payables to third parties incurred in relation to the purchase of machinery parts and consumables and subcontractor charges. Our Group’s trade payables to third parties are non-interest bearing and the credit terms of our trade payables to third parties granted by our subcontractors and suppliers were generally range from 0 to 90 days after the issuance of invoice. Our trade payables to third parties decreased from approximately HK\$11.6 million as at 31 March 2025 to approximately HK\$4.2 million as at 31 March 2026, and further decreased to HK\$2.7 million for 30 June 2026, respectively, which was primarily due to the decrease in trade payables to third parties.

The following table sets forth our trade payables turnover days during the Track Record Period:

	FY2025	FY2026	3M2026
Trade payables turnover days ^(Note)	53.4	29.6	11.1

Note: Trade payables turnover days equals ending balance of trade payables to third parties divided by cost of services for the relevant year/period multiplied by the number of days in the relevant year/period.

Trade payables turnover days were approximately 53.4 days, 29.6 days and 11.1 days for FY2025, FY2026 and 3M2026 respectively. Our trade payables turnover days decreased to approximately 29.6 days for FY2026 which was mainly due to the payment effort of our Group. Our trade payables turnover days further decreased to approximately 11.1 days for 3M2026 was mainly due to the decrease in trade payables to third parties.

As at the Latest Practicable Date (based on our Group’s management accounts), approximately HK\$1.1 million or 38.3% of the trade payables outstanding as at 30 June 2026 has been subsequently settled.

FINANCIAL INFORMATION

Accruals and other payables

The following table sets out the breakdown of our accruals and other payables as at the dates indicated:

	FY2025 HK\$'000	FY2026 HK\$'000	3M2026 HK\$'000
Payroll payables	131	221	272
Professional service fees payable	949	1,060	1,078
Dividend payable	—	—	9,000
Accrued [REDACTED]	—	—	[REDACTED]
Others	<u>372</u>	<u>150</u>	<u>150</u>
Total accruals and other payables	<u>1,452</u>	<u>1,431</u>	<u>11,950</u>

Payroll payables

Payroll payables represented expenses which had been incurred but not yet paid such as salary payable to our staff and workers. As at 31 March 2025, 31 March 2026 and 30 June 2026, the increase of balances of payroll payables were primarily due to our increase of demolition works and business growth.

Professional service fee payable

Professional service fee payable represented the amount owed to professional third-party advisors for services that have already been rendered. The changes in our professional service fee payable represented the amount of professional service fee being paid as at the reporting dates.

Others

Others mainly represented provision made for litigation cases of HK\$150,000 and these cases were still in progress as at the Latest Practicable Date.

Amounts due from shareholders

We recorded the amounts due from shareholders of approximately HK\$27.6 million, HK\$28.7 million and HK\$16.4 million as at 31 March 2025, 31 March 2026 and 30 June 2026 respectively, which represented advanced to Mr. Lo Cheuk Pui, Mr. Lo Siu Kai, Ms. Mak Wai Chun, Mr. Lo Kam Kenny and Mr. Lo Siu Tong. Details of outstanding balance as at each reporting date are set out in note 29(b) to the Accountants' Report in Appendix I. The amounts due from shareholders are unguaranteed, unsecured, interest-free and repayable on demand. Such decrease mainly due to the offset of dividend.

FINANCIAL INFORMATION

Amounts due from related companies

We recorded the amounts due from related companies of approximately HK\$0.9 million, HK\$7.1 million and HK\$4,000 as at 31 March 2025, 31 March 2026 and 30 June 2026 respectively, which represented advanced to Uni Construction Company Limited, controlled by Mr. Lo Cheuk Pui and Lek Hin Demolition Company Limited, a non-controlling interest of Power Construction. The amounts due from related companies are unsecured, interest-free and repayable on demand.

Provision for long service payment

Provision for long service payment represented the long service payment obligations for our employees in Hong Kong.

The Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) in June 2022, which came into effect from 1 May 2025. The Amendment Ordinance abolishes the statutory right of an employer to reduce its long service payment and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the Mandatory Provident Fund scheme (also known as the “**offsetting mechanism**”).

Pension costs are assessed using the projected unit credit cost method. The pension costs are spread over the service lives of employees. A full valuation of the defined benefit obligation is made based on the projected unit credit cost method.

Please refer to Note 25 to the Accountants’ Report in Appendix I for details of our provision for long service payment.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from our internal generated funds, bank loans and other borrowings. Our primary uses of cash are for capital expenditures on machinery and equipment and payment to our employees, suppliers, subcontractors for working capital needs. Upon the [REDACTED], our source of funds will be a combination of internal generated funds, bank loans and other borrowings and net [REDACTED] from the [REDACTED].

As at 30 June 2026, being the latest practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately HK\$27.0 million.

FINANCIAL INFORMATION

Net current assets

The following table sets forth the breakdown of our Group’s current assets and liabilities as at the dates indicated:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	2026
			HK\$'000
Current assets			
Trade receivables	8,393	6,119	1,409
Contract assets	22,280	23,233	21,868
Deposits, other receivables and prepayments	2,561	1,404	1,886
Amounts due from related companies	897	7,130	4
Amounts due from shareholders	27,636	28,734	16,375
Cash at banks	<u>8,530</u>	<u>28,930</u>	<u>26,950</u>
Total current assets	<u>70,297</u>	<u>95,550</u>	<u>68,492</u>
Current liabilities			
Trade payables	11,621	4,197	2,744
Contract liabilities	172	6,317	865
Accruals and other payables	1,452	1,431	11,950
Lease liabilities	274	290	294
Bank borrowings	4,488	3,751	5,585
Income tax payables	<u>4,403</u>	<u>9,153</u>	<u>10,492</u>
Total current liabilities	<u>22,410</u>	<u>25,139</u>	<u>31,930</u>
Net current assets	<u><u>47,887</u></u>	<u><u>70,411</u></u>	<u><u>40,970</u></u>

As at 31 March 2025, 31 March 2026, and 30 June 2026, our net current assets amounted to approximately HK\$47.9 million, HK\$70.4 million and HK\$36.6 million.

Our net current assets increased from approximately HK\$47.9 million as at 31 March 2025 to approximately HK\$70.4 million as at 31 March 2026 primarily due to the increase of our current assets as a result of (i) an increase in cash at banks of approximately HK\$20.4 million; (ii) an increase in amounts due from related companies of approximately HK\$6.2 million during the year; (iii) a decrease in trade receivables of approximately HK\$2.3 million, and (iv) an increase in income tax payables of approximately HK\$4.8 million.

Our net current assets decreased from approximately HK\$70.4 million as at 31 March 2026 to approximately HK\$36.6 million as at 30 June 2026 primarily due to the decrease of our current assets as a result of (i) the decrease in amounts due from related companies of approximately HK\$7.1 million; (ii)

FINANCIAL INFORMATION

the decrease in amount due from shareholders of approximately HK\$12.3 million; (iii) the decrease in trade receivables of approximately HK\$4.7 million; (iv) the increase in other payables of approximately HK\$10.6 million; and (v) the decrease in contract liabilities of approximately HK\$5.4 million.

For reasons for the fluctuations of the balance sheet items mentioned above, please refer to the paragraph headed “Principal components of consolidated statements of financial position” in this section.

Cash flows

The following table sets forth a condensed summary of our consolidated statements of cash flows for the Track Record Period:

	FY2025 HK\$'000	FY2026 HK\$'000	3M2026 HK\$'000
Operating cash flows before working capital changes	13,007	31,835	12,083
Changes in working capital	(5,982)	(1,916)	207
Cash generated from operations	7,025	29,919	12,290
Income tax paid	(68)	(137)	(536)
Net cash generated from operating activities	6,957	29,782	11,754
Net cash generated used in investing activities	(1,239)	(8,195)	(3,451)
Net cash used in financing activities	(1,302)	(1,187)	(12,306)
Net increase/(decrease in cash and cash equivalents	4,416	20,400	(4,003)
Cash and cash equivalents at beginning of year/period	4,114	8,530	28,930
Cash and cash equivalents at end of year/period	8,530	28,930	24,927

Net Cash from Operating Activities

For FY2025, FY2026 and 3M2026, we recorded profit before taxation of approximately HK\$10.3 million, HK\$29.3 million and HK\$11.4 million, net cash generated from operating activities of approximately HK\$7.0 million, HK\$29.8 million and HK\$11.8 million respectively. Net cash generated from operating activities primarily consisted of profit before taxation, being adjusted for depreciation of property and equipment, right-of-use assets, gain on disposal of property and equipment, interest income, interest expense and net effect of changes in working capital.

For FY2025, we recorded net cash generated from operating activities of approximately HK\$7.0 million, primarily as a combined effect of (i) approximately HK\$13.0 million operating profit before working capital changes; and (ii) the decrease of amounts due from related companies of approximately HK\$4.3 million, which was partially offset by (i) the increase in trade receivables of approximately HK\$4.4 million; and (ii) the increase in contract assets of approximately HK\$10.1 million and (iii) decrease in contract liabilities of approximately HK\$2.8 million.

For FY 2026, we recorded net cash generated from operating activities of approximately HK\$29.8 million, primarily as a combined effect of (i) approximately HK\$31.8 million operating profit before working capital changes; (ii) decrease in trade receivables of approximately HK\$2.3 million; (iii) increase in contract liabilities of approximately HK\$6.1 million which was partially offset by (i) the

FINANCIAL INFORMATION

decrease in trade payables of approximately HK\$7.4 million, (ii) the increase in contract assets of approximately HK\$1.0 million; and (ii) the increase in due from related companies of approximately HK\$3.1 million.

For 3M2026, we recorded net cash generated from operating activities of approximately HK\$11.8 million, primarily as a combined effect of (i) approximately HK\$12.1 million operating profit before working capital changes; (ii) the decrease in trade receivables of approximately HK\$4.7 million, and which was partially offset by (iii) the decrease of trade payable of approximately of HK\$1.5 million and the decrease in contract liabilities of approximately HK\$4.4 million.

Cash flows used in investing activities

The following table sets forth the net cash generated from/(used in) investing activities during the Track Record Period:

For FY2025, our net cash used in investment activities was approximately HK\$1.2 million which was mainly in relation to the proceeds from disposal of a property of approximately HK\$3.0 million, which was partially offset by (i) our purchases of property and equipment of approximately HK\$0.3 million and (ii) advances to shareholders of approximately HK\$2.6 million.

For FY2026, our net cash used in investment activities was approximately HK\$8.2 million which was mainly in relation to (i) the advance to shareholders of approximately HK1.1 million, (ii) our purchases of site equipment of approximately HK\$4.0 million and (iii) advances to related companies of approximately HK\$3.1 million.

For 3M2026, our net cash generated used in investing activities was approximately HK\$3.5 million which was mainly in relation to (i) decrease in advance to shareholders of approximately HK\$1.6 million which was partially offset by (ii) the purchases of property and equipment of approximately HK\$0.9 million, and (iii) advances to related companies of approximately HK\$4.1 million.

Cash flows used in financing activities

The following table sets forth the information on our cash flow used in financing activities during the Track Record Period:

For FY2025, our net cash used in financing activities was approximately HK\$1.3 million and principally representing (i) interest paid of bank borrowings of approximately HK\$0.2 million; (ii) repayment of obligation under leases of approximately HK\$0.3 million; and (iii) repayment of bank borrowings of approximately HK\$0.7 million.

For FY2026, our net cash used in financing activities was approximately HK\$1.2 million and principally representing (i) repayment of obligation under leases of approximately HK\$0.3 million; and (ii) repayment of bank borrowings of approximately HK\$0.7 million.

For 3M2026, our net cash used in financing activities was approximately HK\$12.3 million and principally representing payment of dividend of HK\$12.0 million.

FINANCIAL INFORMATION

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources presently available to our Group, cash generated from our operation, available banking facilities and the estimated net [REDACTED] to be received by us from the [REDACTED], our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this document.

Our Directors further confirm that they are not aware of any other factors that would have a material impact on our Group’s liquidity.

INDEBTEDNESS

As at 30 June 2026, the latest practicable date for the purpose of the indebtedness statement above, our Group had outstanding indebtedness of approximately HK\$5.9 million which comprised bank borrowings and lease liabilities. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing.

Bank Borrowings

The table bellows sets out our Group’s bank borrowings as at the respective financial position dates:

	As at 31 March		As at
	2025	2026	30 June
	HK\$’000	HK\$’000	2026
			HK\$’000
Secured term loans from bank contain			
a repayment on demand clause (shown under			
current liabilities)	4,488	3,751	3,562
Secured bank overdraft repayment on demand			
clause	—	—	2,023
	<u>4,488</u>	<u>3,751</u>	<u>5,585</u>

Term loans repayable on demand are carried at amortised cost and denominated in HK\$ as at the end of each reporting date which bear variable interests at the bank’s best lending rate minus 2.25% per annum. Bank overdraft bears variable interests at higher of HIBOR plus a premium at 1.5% per annum or prime rate of the bank minus 0.375%. As at 31 March 2025 and 2026 and 30 June 2026, the effective interest rates of these borrowings are at 2.76%, 2.53% and ranging from 2.80% to 4.88% per annum, respectively.

At 31 March 2025 and 2026 and 30 June 2026, the bank borrowings were (i) secured by certain properties owned by a related company, of which Mr. Lo Kam Kenny, Mr. Lo Cheuk Pui, and Mr. Lo Siu Kai are the directors and beneficiary owners of the related company; (ii) guaranteed by the

FINANCIAL INFORMATION

Controlling Shareholders; and/or (iii) HKMC Insurance Limited. This term loan will be repaid by our Group upon [REDACTED] and the guarantee and indemnity provided by Controlling Shareholders will also be released upon [REDACTED].

The term loans are granted to the Group under the SME Financing Guarantee Scheme of HKMC Insurance Limited and are secured by the personal guarantee from Mr Lo Kam Kenny and Mr Lo Cheuk Pui in aggregate amount of HK\$6.0 million.

In addition, the Group obtained (i) a revolving loan facility in the amount of HK\$5.5 million and an overdraft facility in the amount of HK\$2.5 million from Nanyang Commercial Bank Limited (the “NCB Loan Facilities”). As at 31 March 2026 and 2025, none of the NCB Loan Facilities was utilised by the Company. The Nanyang Commercial Bank Limited Loan Facilities are secured by (i) the personal guarantee of HK\$8.0 million each from Controlling Shareholders (ii) the building premises of a related company situated in Hong Kong.

As at the Latest Practicable Date, our Group obtained banking facilities totaling of approximately HK\$14.0 million granted by banks in Hong Kong and we had available unutilised banking facilities of approximately HK\$6.0 million.

Lease liabilities

Lease liabilities represent the aggregate lease payment obligations not yet fulfilled under the lease agreements. During the Track Record Period, we leased the land on which our head office building was located. By adopting the HKFRS 16 “Lease”, leases are recognised as right-of-use assets, and corresponding liability at the date on which the leased assets are available for use by our Group. The following table sets forth the details of our current and non-current lease liabilities:

	As at 31 March		As at
	2025	2026	30 June
	HK\$'000	HK\$'000	HK\$'000
Current Portion	274	290	294
Non-current Portion	<u>399</u>	<u>82</u>	<u>—</u>
Total	<u><u>673</u></u>	<u><u>372</u></u>	<u><u>294</u></u>

* Our lease liabilities decreased from approximately HK\$0.7 million as at 31 March 2025 to approximately HK\$0.4 million as at 31 March 2026 which was mainly due to our repayment.

FINANCIAL INFORMATION

Contingent liabilities

On 19 July 2023, an individual who was employed by a subcontractor drove a heavy goods vehicle to transport construction waste materials from a construction site and was involved in an accident on a public road. The individual alleged that the accident was caused by an imbalance in the loading of construction waste materials in the skip of the vehicle. As such, the individual filed a civil litigation claim against Riseship Construction in the District Court for compensation for his injury on 13 May 2026.

In the view of the legal counsel, the litigation risk of the Group is low, due to (i) the individual was not an employee of the Group, and therefore the Group is remote from the individual and the accident; (ii) the accident occurred away from the site; (iii) the individual bore primary statutory duty to inspect the load and ensure the vehicle was safe before departure; (iv) preliminary police investigation suggests error of the individual; (v) the claim was brought outside the statutory period; and (vi) no other similar incidents happened in the site. The directors of the Company, based on the opinion of legal counsel, considered that the Group has a strong defence and is remote from the events giving rise to the claim and believed that no provision for the claim should be recognised at this stage.

As at the Latest Practicable Date, other than the above, our Group did not have other contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

Our Directors confirm that, since the Latest Practicable Date and up to the date of this document, there has been no material change in the above indebtedness statement. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) there was no material covenant on any of outstanding indebtedness or any breach thereof; and (ii) our Group had not experienced any default in repayment of bank loans and other borrowings.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	FY2025	FY2026	3M2026
Gross profit margin (%) <i>(Note 1)</i>	24.6	28.8	34.3
Profit margin (%) <i>(Note 2)</i>	11.2	17.7	21.9
Interest coverage ratio (times) <i>(Note 3)</i>	52.8	197.5	293.3
	As at 31 March 2025	2026	As at 30 June 2026
Current ratio (times) <i>(Note 4)</i>	3.1	3.8	2.1
Quick ratio (times) <i>(Note 5)</i>	3.1	3.8	2.1
Gearing ratio (%) <i>(Note 6)</i>	10.4	5.6	14.6
Net debt to equity ratio (times) <i>(Note 7)</i>	0.1	0.1	0.1
Return on total assets (%) <i>(Note 8)</i>	11.9	24.3	38.9
Return on equity (%) <i>(Note 9)</i>	17.5	32.9	23.5

Notes:

- Gross profit margin is calculated as gross profit for the year/period divided by revenue.
- Profit margin is calculated as profit for the year/period divided by revenue.
- Interest coverage ratio is calculated as profit before finance costs and income tax divided by finance costs for the respective year/period.
- Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
- Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.
- Gearing ratio is calculated as obligations under borrowings and lease liabilities divided by total equity as at the respective reporting dates.
- Net debt to equity ratio is calculated as net debts (i.e. total borrowings, including lease liabilities and payables incurred not in the ordinary course of business) divided by total equity as at the respective reporting dates.
- Return on total assets is calculated as profit for the year/period divided by the total assets as at the respective reporting dates.
- Return on equity is calculated as profit for the year/period divided by the total equity as at the respective reporting dates.

Gross profit margin

Our gross profit margin was approximately 24.6%, 28.8% and 34.3% For FY2025, FY2026 and 3M2026 respectively. For analysis of our gross profit margin, please refer to the paragraph headed “Principal components of the consolidated statements of comprehensive income — Gross profit and gross profit margin” in this section.

FINANCIAL INFORMATION

Profit margin

Our profit margin was approximately 11.2%, 17.7% and 21.9% For FY2025, FY2026 and 3M2026, respectively. For analysis of our net profit margin, please refer to the paragraph headed “Principal components of the consolidated statements of comprehensive income — Net profit and net profit margin” in this section.

Interest coverage ratio

Our interest coverage ratio increased from approximately 52.8 times for FY2025 to approximately 197.5 times for FY2026. Such increase was primarily due to the increase in our operating profit since our finance cost remain nearly the same. Our interest coverage ratio further increased to approximately 293.3 times for 3M2026 due to increase in our operating profit and the decrease of our finance cost for 3M2026.

Current ratio and quick ratio

The current ratio remained stable at approximately 3.1, 3.8 and 2.1 as at 31 March 2025 and 2026 and 30 June 2026, respectively.

Our quick ratio as at 31 March 2025 and 2026 and 30 June 2026 remained stable as approximately 3.1, 3.8 and 2.1 and was same as the current ratio.

Gearing ratio

Our gearing ratio decreased from approximately 10.4% as at 31 March 2025 to approximately 5.6% as at 31 March 2026. The decrease was mainly attributable to increase in total equity as a result of profit generated in FY2026. Our gearing ratio increased from approximately 5.6% as at 31 March 2026 to approximately 14.6% as at 30 June 2026. The increase was mainly attributable to decrease in total equity as a result of dividend declared/paid in 3M2026.

Net debt to equity ratio

Our net debt to equity ratio remained stable at approximately 0.1, 0.1 and 0.1 as at 31 March 2025 and 2026 and 30 June 2026 given the changes in the net debt were in line with the changes in the total equity.

Return on total assets

Our return on total assets increased from approximately 11.9% as at 31 March 2025 to approximately 24.3% as at 31 March 2026 which was mainly due to the increase in our gross profit for the same year. Our return on total assets in increase to approximately 38.9% as at 30 June 2026 which was mainly due to the decrease in total assets in 3M2026.

FINANCIAL INFORMATION

Return on equity

Our return on equity increased from approximately 17.5% as at 31 March 2025 to approximately 32.9% as at 31 March 2026, and decreased to approximately 23.5% as at 30 June 2026 primarily due to the change in our profit during the relevant years/period as explained above.

CONTRACTUAL COMMITMENTS

Capital commitments

Our capital commitments primarily relate to the acquisition of plant and equipment. As at 31 March 2025 and 2026 and 30 June 2026, we had no significant capital commitments contracted in respect of the acquisition of plant and equipment.

OFF-BALANCE SHEET ARRANGEMENTS

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving another entity under which we have made guarantees or any obligation arising out of a material variable interest in another entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging, or research and development arrangements with us. During the Track Record Period and up to 30 June 2026, save as the contingent liabilities disclosed above, we did not have any off-balance sheet arrangements.

CAPITAL EXPENDITURES

During the Track Record Period, our Group’s capital expenditures principally consisted of expenditures for additions of property and equipment for our operations.

For FY2025, FY2026 and 3M2026, our Group incurred capital expenditures of approximately HK\$0.3 million, HK\$4.0 million and HK\$0.9 million mainly for the additions of furniture and equipment, motor vehicles and site equipment. Our Directors consider that the continued investments in site equipment and motor vehicles are necessary in order to, among others, cater for demolition works of different scales and complexities and improve our capacity and technical capability in performing our demolition works. In particular, our expenditures for additions of property and equipment for FY2025, FY2026 and 3M2026, was in line with the increasing demand of our demolition services.

RELATED PARTY TRANSACTIONS

For details of related party transactions, please refer to Note 29 of the accountants’ report set out in Appendix I to this document. Our Directors confirm that the transactions set forth therein was conducted in accordance with the terms as agreed between us and the respective related parties, and on an arm’s length basis and did not distort our results of operation for the Track Record Period or make our historical results not reflective of our future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the Track Record Period, we are principally subject to interest rate risk, credit risk and liquidity risk. Please refer to Note 31 to the Accountants’ Report for further details.

FINANCIAL INFORMATION

DIVIDENDS AND DIVIDEND POLICY

For FY2025, FY2026, 3M2025 and 3M2026, the Group declared dividends of nil, nil, nil and HK\$43.0 million, respectively.

During 3M2026, members of our Group declared dividends of approximately HK\$21.0 million and of approximately HK\$22.0 million to their then shareholders, which will be settled in cash and offsetting against the aggregate amounts due from our Controlling Shareholders to our Group, respectively.

We do not have any formal dividend policy or predetermined dividend payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors, subject to certain restrictions under Cayman Islands law, and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. Our Company may declare dividend (a) out of profits of our Company if our Company has sufficient profits, realised or unrealised, unless such is contrary to the accounting principles adopted by our Company or (b) out of the share premium of our Company if, in each case, following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of our Company and may make provision for losses.

We have not adopted any predetermined dividend payout ratio to be effective after the [REDACTED].

DISTRIBUTABLE RESERVES

As at 30 June 2026, our Company did not have any distributable reserves available for distribution to equity holders.

[REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to the paragraph headed “A. [REDACTED] Statement of Adjusted Consolidated Net Tangible Assets” set out in Appendix II to this document.

[REDACTED]

The total amount of [REDACTED] represents professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] is estimated to be approximately HK\$[REDACTED] [REDACTED] (based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised), representing approximately [REDACTED]% of our estimated gross [REDACTED] from the [REDACTED] (based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised). We estimate that our [REDACTED], comprising (i) [REDACTED] expenses, including [REDACTED], of approximately HK\$[REDACTED] [REDACTED]; and (ii) [REDACTED] expenses of approximately HK\$[REDACTED] [REDACTED], including (a) fees paid and payable to legal advisers and the Reporting Accountants of approximately HK\$[REDACTED] [REDACTED]; and (b) other fees and expenses of approximately HK\$[REDACTED] [REDACTED]. The [REDACTED] of: (i) approximately HK\$[REDACTED]

FINANCIAL INFORMATION

[REDACTED] is directly attributable to the [REDACTED] of the [REDACTED] and is to be accounted for as a deduction from equity in accordance with the relevant accounting standards; and (ii) approximately HK\$[REDACTED] [REDACTED] has been or is to be charged to the consolidated statements of profit or loss. Expenses in relation to the [REDACTED] are non-recurring in nature.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which would have given rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period and up to the date of this document as there were no material changes to our business model and the general economic and regulatory environment in which we operate.

For our recent development subsequent to the Track Record Period, please see the paragraph headed “Summary — Recent Development and No Material Adverse Change”.

Our Directors confirm that, save for the expenses in connection with the [REDACTED], since 30 June 2026 and up to the date of this document, there had been no material adverse change in our financial or trading position, and there had been no event which would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

Decline in financial performance for FY2027

Our Group expects a substantial decrease in net profit for FY2027 as compared to that for FY2026, which is mainly due to the impact of a higher [REDACTED] and addition to depreciation of machinery.