

# SHENG TANG HOLDINGS LIMITED

## 聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the corresponding period in 2024, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2025*

|  | <i>Notes</i> | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue  | 4            | <b>161,915</b>                 | 150,023                 |
| Cost of sales and services   |              | <b>(145,678)</b>               | (140,243)               |
| <b>Gross profit</b>  |              | <b>16,237</b>                  | 9,780                   |
| Other income and gain, net   | 5            | <b>429</b>                     | 1,291                   |
| (Provision for)/reversal of impairment on contract assets  |              | <b>(18,479)</b>                | 885                     |
| Administrative expenses  |              | <b>(15,580)</b>                | (14,754)                |
| Gain arising from change in fair value of financial assets<br>at fair value through profit or loss |              | <b>121</b>                     | 71                      |
| Finance costs  | 6            | <b>(405)</b>                   | (366)                   |
| <b>Loss before income tax</b>  | 7            | <b>(17,677)</b>                | (3,093)                 |
| Income tax expense   | 8            | <b>(1,666)</b>                 | (47)                    |
| <b>Loss for the year</b>   |              | <b>(19,343)</b>                | (3,140)                 |
| <b>Other comprehensive income</b>  |              |                                |                         |
| Items that may be subsequently reclassified to profit or loss:                                     |              |                                |                         |
| Exchange differences on translation of foreign operation   |              | <b>71</b>                      | –                       |
| <b>Total comprehensive expense for the year, net of tax</b>  |              | <b>(19,272)</b>                | (3,140)                 |
| <b>Loss per share attributable to equity holders<br/>of the Company</b>                            |              |                                |                         |
| Basic and diluted  | 9            | <b>(HK\$1.43)</b>              | (HK0.30 cents)          |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

|   | <i>Notes</i> | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>                             |              |                                |                         |
| Property, plant and equipment                         |              | <b>7,235</b>                   | 6,151                   |
| Financial assets at fair value through profit or loss |              | <b>327</b>                     | 206                     |
| Deferred tax assets                                   |              | <b>–</b>                       | 1,505                   |
|   |              | <b>7,562</b>                   | 7,862                   |
| <b>Current assets</b>                                 |              |                                |                         |
| Inventories   |              | <b>6,270</b>                   | –                       |
| Contract assets                                       | <i>12</i>    | <b>77,128</b>                  | 88,181                  |
| Trade and other receivables                           | <i>11</i>    | <b>60,436</b>                  | 36,016                  |
| Bank balances and cash                                |              | <b>17,528</b>                  | 6,042                   |
|   |              | <b>161,362</b>                 | 130,239                 |
| <b>Current liabilities</b>                            |              |                                |                         |
| Contract liabilities                                  | <i>12</i>    | <b>2,108</b>                   | 2,708                   |
| Trade and other payables                              | <i>13</i>    | <b>43,259</b>                  | 64,221                  |
| Amount due to a director                              |              | <b>378</b>                     | 14,556                  |
| Lease liabilities                                     | <i>14</i>    | <b>1,901</b>                   | 1,182                   |
| Bank and other borrowings                             | <i>15</i>    | <b>9,390</b>                   | 4,922                   |
| Tax payable   |              | <b>136</b>                     | –                       |
|   |              | <b>57,172</b>                  | 87,589                  |

|  | <i>Notes</i> | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| <b>Net current assets</b>                    |              | <u>104,190</u>                 | <u>42,650</u>           |
| <b>Total assets less current liabilities</b> |              | <u>111,752</u>                 | <u>50,512</u>           |
| <b>Non-current liability</b>                 |              |                                |                         |
| Lease liabilities                            | <i>14</i>    | <u>1,762</u>                   | <u>1,114</u>            |
|  |              | <u>1,762</u>                   | <u>1,114</u>            |
| <b>Net assets</b>                            |              | <u><u>109,990</u></u>          | <u><u>49,398</u></u>    |
| <b>Capital and reserves</b>                  |              |                                |                         |
| Share capital                                | <i>16</i>    | 16,220                         | 12,600                  |
| Reserves                                     |              | <u>93,770</u>                  | <u>36,798</u>           |
| <b>Total equity</b>                          |              | <u><u>109,990</u></u>          | <u><u>49,398</u></u>    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## 1. GENERAL INFORMATION

Sheng Tang Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Unit 1901-1905, 19/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively referred as the “**Group**”) are multi-disciplinary contractors which are principally engaged in performing repair, maintenance, alteration and addition (“**RMAA**”) works, new construction works and corrosion protection works in Hong Kong, and distribution of dairy product in the Peoples’ Republic of China (“**PRC**”).

The Company’s shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 4 July 2018.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 27 March 2026.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated. The adoption of amended HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis except for investment in life insurance policies which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**” or “**HKD**”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (HK\$’000), except where otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

## **2.2 Going concern assumption**

During the year ended 31 December 2025, the Group incurred a loss and operating cash outflow of HK\$19,343,000 and HK\$57,058,000, respectively, and as at 31 December 2025, the Group has bank balances and cash of HK\$17,528,000 which is insufficient to settle all the current liabilities, which include trade and other payables of HK\$43,259,000, lease liabilities of HK\$1,901,000 and bank and other borrowings of HK\$9,390,000.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company, and the available sources of financing in assessing whether the Group and the Company will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's and the Company's financial position which include, but are not limited to, the followings:

- (a) implementing operation plans to enhance profitability and control costs and to generate adequate cash flows from operations; and
- (b) seeking other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures whether new and additional financing resources will be available as and when required.

The directors of the Company, based on a cash flow forecast of the Group covering a period not less than twelve months from the date of this announcement, which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis of accounting.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to meet its future working capital and financing requirements.

Should the going concern basis of accounting become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2025, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

#### 3.1 Amended HKFRS Accounting Standard that is effective for annual periods beginning on or after 1 January 2025

In the current year, the Group has applied for the first time the amended HKFRS Accounting Standards issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

|                       |                         |
|-----------------------|-------------------------|
| Amendments to HKAS 21 | Lack of Exchangeability |
|-----------------------|-------------------------|

The nature and impact of the amended HKFRS Accounting Standards that are applicable to the Group are described below:

##### *Amendments to HKAS 21 — Lack of Exchangeability*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.

As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendment did not have any impact on these consolidated financial statements.

### 3.2 Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

|   |  |
|---|--|
| HKFRS 18  | Presentation and Disclosure in Financial Statements <sup>2</sup>                                   |
| HKFRS 19 and its amendments                                   | Subsidiaries without Public Accountability: Disclosures <sup>2</sup>                               |
| Amendments to HKFRS 9 and HKFRS 7                             | Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>             |
| Amendments to HKFRS 9 and HKFRS 7                             | Contracts Referencing Nature-dependent Electricity <sup>1</sup>                                    |
| Amendments to HKFRS 10 and HKAS 28                            | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 21   | Translation to a Hyperinflationary Presentation Currency <sup>2</sup>                              |
| Annual Improvements to HKFRS Accounting Standards — Volume 11 | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>                          |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings Per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs.

HKFRS 18 and the consequential amendments to other HKFRSs will be effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's consolidated financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures:* The amendments have updated certain wordings in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKFRS 9 Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wordings in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKFRS 10 Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.
- *HKAS 7 Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's consolidated financial statements.

## 4. REVENUE AND SEGMENT REPORTING

### 4.1 Revenue

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue represents the consideration received and receivable from these activities.

The Group's revenue recognised during the year is as follows:

|                                     | <b>2025</b>            | 2024            |
|-------------------------------------|------------------------|-----------------|
|                                     | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| <b>Types of goods or services</b>   |                        |                 |
| RMAA works projects                 | <b>115,070</b>         | 137,582         |
| New construction works projects     | <b>1,093</b>           | 1,125           |
| Corrosion protection works projects | <b>12,585</b>          | 11,316          |
| Distribution of dairy products      | <b>33,167</b>          | –               |
|                                     | <b><u>161,915</u></b>  | <u>150,023</u>  |

#### *Timing of revenue recognition*

|                    | <b>2025</b>            | 2024            |
|--------------------|------------------------|-----------------|
|                    | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| At a point in time | <b>33,167</b>          | –               |
| Over time          | <b>128,748</b>         | 150,023         |
|                    | <b><u>161,915</u></b>  | <u>150,023</u>  |

#### *Remaining performance obligations*

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

|   | <b>2025</b>            | 2024            |
|---|------------------------|-----------------|
|   | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Remaining performance obligations expected to be satisfied: |                        |                 |
| Within one year   | <b>40,483</b>          | 73,589          |
| Over one year   | <b>12,698</b>          | 52,174          |
|   | <b><u>53,181</u></b>   | <u>125,763</u>  |

## 4.2 Segment information

The Group has determined the operating segments based on the information reported to the CODM for the purpose of allocating resources to segments and assessing their performance. For management purpose, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Provision of construction works — performing RMAA works, new construction works and corrosion protection works.
- Distribution of dairy products — distribution of sheep dairy products including milk powder and ultra-high temperature milk.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of head office and corporate expenses, bank interest income and non-lease related finance costs. This is the measure reported to the CODM, for the purposes of resource allocation and performance assessment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and non-lease related finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets as they are managed on a group basis.

Segment liabilities exclude bank and other borrowings and tax payable as these liabilities are managed on a group basis.

The following is an analysis of the Group's revenue and results by operating and reportable segments for both years ended 31 December 2025 and 2024:

|   | Provision of<br>construction works |                  | Distribution of<br>dairy products |                  | Total            |                  |
|---|------------------------------------|------------------|-----------------------------------|------------------|------------------|------------------|
|   | 2025<br>HK\$'000                   | 2024<br>HK\$'000 | 2025<br>HK\$'000                  | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| Revenue   | <u>128,748</u>                     | <u>150,023</u>   | <u>33,167</u>                     | <u>–</u>         | <u>161,915</u>   | <u>150,023</u>   |
| Segment results   | <u>(17,746)</u>                    | <u>(1,397)</u>   | <u>3,128</u>                      | <u>–</u>         | <u>(14,618)</u>  | <u>(1,397)</u>   |
| Unallocated and<br>corporate expenses                                   |                                    |                  |                                   |                  | (2,757)          | (1,389)          |
| Bank interest income  |                                    |                  |                                   |                  | 2                | –                |
| Finance costs (other<br>than interest expenses<br>on lease liabilities) |                                    |                  |                                   |                  | <u>(304)</u>     | <u>(307)</u>     |
| Loss before income tax  |                                    |                  |                                   |                  | <u>(17,677)</u>  | <u>(3,093)</u>   |
| Income tax expense  |                                    |                  |                                   |                  | <u>(1,666)</u>   | <u>(47)</u>      |
| Loss for the year   |                                    |                  |                                   |                  | <u>(19,343)</u>  | <u>(3,140)</u>   |

|  | Provision of<br>construction works |                  | Distribution of<br>dairy products |                  | Unallocated<br>and corporate |                  | Total            |                  |
|--|------------------------------------|------------------|-----------------------------------|------------------|------------------------------|------------------|------------------|------------------|
|  | 2025<br>HK\$'000                   | 2024<br>HK\$'000 | 2025<br>HK\$'000                  | 2024<br>HK\$'000 | 2025<br>HK\$'000             | 2024<br>HK\$'000 | 2025<br>HK\$'000 | 2024<br>HK\$'000 |
| <b>Assets and liabilities</b>                                |                                    |                  |                                   |                  |                              |                  |                  |                  |
| Segment assets   | <u>122,917</u>                     | <u>136,550</u>   | <u>43,404</u>                     | <u>–</u>         | <u>2,603</u>                 | <u>46</u>        | <u>168,924</u>   | <u>136,596</u>   |
| Segment liabilities  | <u>38,911</u>                      | <u>82,737</u>    | <u>8,547</u>                      | <u>–</u>         | <u>1,950</u>                 | <u>1,044</u>     | <u>49,408</u>    | <u>83,781</u>    |
| <b>Other segment information:</b>                            |                                    |                  |                                   |                  |                              |                  |                  |                  |
| Depreciation of property, plant<br>and equipment             | 1,493                              | 1,747            | 69                                | –                | –                            | –                | 1,562            | 1,747            |
| Provision for impairment on trade<br>and other receivables   | 2,041                              | 98               | –                                 | –                | –                            | –                | 2,041            | 98               |
| Provision for/(reversal of) impairment<br>on contract assets | 18,479                             | (885)            | –                                 | –                | –                            | –                | 18,479           | (885)            |
| Capital expenditure*   | <u>75</u>                          | <u>118</u>       | <u>33</u>                         | <u>–</u>         | <u>–</u>                     | <u>–</u>         | <u>108</u>       | <u>118</u>       |

\* Excluded the addition of right-of-use assets

### *Geographical information*

- (a) The following table provides an analysis of the Group's revenue generated from external customers by geographical market.

|           | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| Hong Kong | <b>128,748</b>                 | 150,023                 |
| The PRC   | <b>33,167</b>                  | –                       |
|           | <u><b>161,915</b></u>          | <u>150,023</u>          |

- (b) **Non-current assets**

|           | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| Hong Kong | <b>5,060</b>                   | 6,357                   |
| The PRC   | <b>2,502</b>                   | –                       |
|           | <u><b>7,562</b></u>            | <u>6,357</u>            |

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

### *Information about major customers*

Revenue from each of the major customers, which amounted to 10% or more of the Group's total revenue, is set out below:

|            | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|------------|--------------------------------|-------------------------|
| Customer A | <b>25,916</b>                  | 53,719                  |
| Customer B | <b>N/A*</b>                    | 31,732                  |
| Customer C | <b>27,368</b>                  | N/A*                    |

- \* The corresponding revenue for the year did not contribute over 10% of revenue to the Group.

*Note:* Revenue from these major customers are generated from provision for construction work business segment.

## 5 OTHER INCOME AND GAIN, NET

|   | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Bank interest income                              | 2                       | –                       |
| Gain on disposal of property, plant and equipment | –                       | 1,033                   |
| Compensation income                               | 344                     | –                       |
| Sundry income                                     | 83                      | 258                     |
|   | <u>429</u>              | <u>1,291</u>            |

## 6. FINANCE COSTS

|   | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest charges on bank and other borrowings | 304                     | 307                     |
| Interest charges on lease liabilities         | 101                     | 59                      |
|   | <u>405</u>              | <u>366</u>              |

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

|   | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>(a) Staff cost (including directors' remuneration)</b>             |                         |                         |
| Salaries, wages and other benefits                                    | 21,255                  | 24,965                  |
| Contributions to defined contribution plans                           | 1,055                   | 969                     |
|   | <u>22,310</u>           | <u>25,934</u>           |
| <b>(b) Other items</b>  |                         |                         |
| Auditor's remuneration — audit services                               | 900                     | 750                     |
| Depreciation of property, plant and equipment                         | 1,562                   | 1,747                   |
| — Right-of-use assets   | 1,273                   | 1,197                   |
| — Owned assets  | 289                     | 550                     |
| Lease charges in respect of:  |                         |                         |
| — Short term leases and leases with lease term shorter than 12 months | 555                     | 393                     |
| Provision for/(reversal of) ECL allowance, net on:                    | 20,520                  | (787)                   |
| — Contract assets   | 18,479                  | (885)                   |
| — Trade receivables   | 2,255                   | (1,748)                 |
| — Retention receivables   | (214)                   | 1,846                   |
|   | <u>(214)</u>            | <u>1,846</u>            |

## 8. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the Corporate Income Tax rate for all enterprises in the PRC is 25%. During the year ended 31 December 2025, a PRC subsidiary of the Group was subject to a preferential tax rate of 5% under Income Tax Reduction and Exemption Policies for Micro and Small Low-Profit Enterprises.

|                          | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--------------------------|-------------------------|-------------------------|
| <b>Current tax</b>       |                         |                         |
| Hong Kong Profits Tax    |                         |                         |
| — Current year           | —                       | —                       |
| PRC Corporate Income Tax |                         |                         |
| — Current year           | <u>161</u>              | —                       |
|                          | <b>161</b>              | —                       |
| <b>Deferred tax</b>      | <u>1,505</u>            | 47                      |
| Income tax expense       | <u><u>1,666</u></u>     | <u><u>47</u></u>        |

## 9. LOSS PER SHARE

The calculation of loss per share attributable to equity holders of the Company is based on the following:

|  | 2025                     | 2024                         |
|--|--------------------------|------------------------------|
| <b>Losses</b>  |                          |                              |
| Loss for the year attributable to equity holders of the Company<br>( <i>HK\$'000</i> ) | <u><u>(19,343)</u></u>   | <u><u>(3,140)</u></u>        |
| <b>Shares</b>  |                          |                              |
| Weighted average number of ordinary shares ( <i>in thousands</i> )                     | <b>1,348,953</b>         | 1,062,082                    |
| Loss per share   | <u><u>(HK\$1.43)</u></u> | <u><u>(HK0.30 cents)</u></u> |

The calculation of basic loss per share for the year is based on the loss of HK\$19,343,000 (2024: HK\$3,140,000) for the year attributable to equity holders of the Company, and the weighted average number of 1,348,953,000 (2024: 1,062,082,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2025 and 2024 was the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during the years.

## 10. DIVIDENDS

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

## 11. TRADE AND OTHER RECEIVABLES

|  | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>Trade and retention receivables</b>             |                                |                         |
| Trade receivables                                  | <b>34,871</b>                  | 17,068                  |
| Retention receivables                              | <b>16,160</b>                  | 16,262                  |
| Less: ECL allowance                                | <b>(9,194)</b>                 | (7,153)                 |
|  | <u><b>41,837</b></u>           | <u>26,177</u>           |
| <b>Deposits, prepayments and other receivables</b> |                                |                         |
| Prepayments ( <i>Note</i> )                        | <b>16,812</b>                  | 7,921                   |
| Deposits paid to suppliers and subcontractors      | <b>316</b>                     | 315                     |
| Security for issuance of performance bonds         | <b>567</b>                     | 684                     |
| Other deposits                                     | <b>904</b>                     | 919                     |
|  | <u><b>18,599</b></u>           | <u>9,839</u>            |
|  | <u><b>60,436</b></u>           | <u>36,016</u>           |

*Note:* As at 31 December 2025, prepayments mainly represented amounts prepaid to suppliers for purchase of dairy products of RMB9,197,000 (equivalent to approximately HK\$10,218,000) (2024: Nil).

All the trade and other receivables are denominated in HK\$ and RMB, and the directors of the Company considered that the fair values of trade and other receivables are not materially different from their carrying amounts.

As at 31 December 2025, retention receivables of HK\$5,027,000 (2024: HK\$5,427,000) included under current assets in the consolidated statements of financial position are expected to be recovered after one year.

As at 31 December 2025, certain trade receivables and a guarantee deposit included in other deposits of HK\$1,669,000 (2024: Nil) and HK\$400,000 (2024: HK\$300,000) were pledged to other borrowings (Note 15), respectively.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group usually grants credit period ranging from 30 to 60 days to customers other than retention receivables. The terms and conditions in relation to the release of retention vary from contract to contract, which will be subject to the expiration of the defect liability period. In general, the retention money will be released upon the expiration of the defect liability period, which is typically one year after completion of construction works.

The ageing analysis of the trade receivables based on the invoice dates is as follows:

|                     | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---------------------|--------------------------------|-------------------------|
| Within 30 days      | <b>20,671</b>                  | 4,774                   |
| 31 days to 60 days  | <b>4,179</b>                   | 6,676                   |
| 61 days to 90 days  | <b>204</b>                     | 817                     |
| 91 days to 365 days | <b>5,181</b>                   | 3,530                   |
| Over 365 days       | <b>4,636</b>                   | 1,271                   |
|                     | <b>34,871</b>                  | 17,068                  |

The ageing analysis of the trade receivables based on due dates is as follows:

|                              | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|------------------------------|--------------------------------|-------------------------|
| Not yet due                  | <b>24,543</b>                  | 8,301                   |
| Less than 30 days past due   | <b>500</b>                     | 3,531                   |
| 31 days to 60 days past due  | <b>1,492</b>                   | 704                     |
| 61 days to 90 days past due  | <b>177</b>                     | 1,067                   |
| 91 days to 365 days past due | <b>4,953</b>                   | 2,194                   |
| Over 365 days past due       | <b>3,206</b>                   | 1,271                   |
|                              | <b>34,871</b>                  | 17,068                  |

The movements in the net ECL allowance of trade and retention receivables are as follows:

|  | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| At the beginning of the year                                   | <b>7,153</b>                   | 8,422                   |
| Provision for/(reversal of) ECL allowance during the year, net | <b>2,041</b>                   | (1,269)                 |
| At the end of the year   | <b>9,194</b>                   | 7,153                   |

## 12. CONTRACT ASSETS/CONTRACT LIABILITIES

|                      | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|----------------------|--------------------------------|-------------------------|
| Contract assets      | <b>97,269</b>                  | 89,843                  |
| Less: ECL allowance  | <u>(20,141)</u>                | <u>(1,662)</u>          |
|                      | <b>77,128</b>                  | 88,181                  |
| Contract liabilities | <u>(2,108)</u>                 | <u>(2,708)</u>          |
|                      | <u><b>75,020</b></u>           | <u>85,473</u>           |

The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The amount of revenue recognised during the year ended 31 December 2025 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion and modification of contracts, is HK\$1,585,000 (2024: HK\$515,000).

Movements in the contract assets and the contract liabilities balances during the years ended 31 December 2025 and 2024 are as follows:

|   | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | <b>1,688</b>                   | 2,507                   |
| Transfers from contract assets recognised at the beginning of the year to receivables                 | <u><b>29,277</b></u>           | <u>31,239</u>           |

The balances of contract assets and contract liabilities are expected to be recovered/settled within one year.

The movements in the ECL allowance of contract assets are as follows:

|   | <b>2025</b><br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| At the beginning of the year                | <b>1,662</b>                   | 1,180                   |
| Provision for ECL allowance during the year | <u><b>18,479</b></u>           | <u>482</u>              |
| At the end of the year                      | <u><b>20,141</b></u>           | <u>1,662</u>            |

### 13. TRADE AND OTHER PAYABLES

|   | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Trade and retention payables</b>                 |                         |                         |
| Trade payables                                      | 26,108                  | 47,321                  |
| Retention payables                                  | 2,742                   | 3,486                   |
|   | <u>28,850</u>           | <u>50,807</u>           |
| <b>Other payables</b>                               |                         |                         |
| Accrued expenses and other payables                 | 11,585                  | 10,069                  |
| Provision for annual leave and long service payment | 2,824                   | 3,345                   |
|   | <u>14,409</u>           | <u>13,414</u>           |
|   | <u>43,259</u>           | <u>64,221</u>           |

The Group is granted by its suppliers and subcontractors a credit period ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

|                     | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Within 30 days      | 12,977                  | 21,412                  |
| 31 days to 60 days  | 5,920                   | 12,866                  |
| 61 days to 90 days  | 1,340                   | 3,567                   |
| 91 days to 365 days | 2,332                   | 5,006                   |
| Over 365 days       | 3,539                   | 4,470                   |
|                     | <u>26,108</u>           | <u>47,321</u>           |

As at 31 December 2025, retention payables of HK\$1,541,000 (2024: HK\$2,286,000) included under current liabilities in the consolidated statement of financial position are expected to be payable after one year.

All trade and other payables are denominated in HK\$ and RMB. The carrying values of trade and other payables are considered to be reasonable approximation of their fair values.

#### 14. LEASE LIABILITIES

|  | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Total minimum lease payments   |                         |                         |
| — Within one year  | 2,034                   | 1,273                   |
| — After one year but within two years                                | 953                     | 1,114                   |
| — After two years but within five years                              | 894                     | 29                      |
|  | <u>3,881</u>            | <u>2,416</u>            |
| Future finance charges on lease liabilities                          | (218)                   | (120)                   |
|  | <u>3,663</u>            | <u>2,296</u>            |
| Present value of lease liabilities                                   |                         |                         |
| Present value of minimum lease payments                              |                         |                         |
| — Within one year  | 1,901                   | 1,182                   |
| — After one year but within two years                                | 889                     | 1,085                   |
| — After two years but within five years                              | 873                     | 29                      |
|  | <u>3,663</u>            | <u>2,296</u>            |
| Less: Portion due within one year included under current liabilities | (1,901)                 | (1,182)                 |
|  | <u>1,762</u>            | <u>1,114</u>            |
| Portion due after one year included under non-current liabilities    |                         |                         |

#### 15. BANK AND OTHER BORROWINGS

|  | 2025<br><i>HK\$'000</i> | 2024<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loans, secured:  |                         |                         |
| — repayable within one year  | 4,658                   | 497                     |
| — not repayable within one year from the end of the reporting period<br>but contain a repayment on demand clause | 4,732                   | 4,425                   |
|  | <u>9,390</u>            | <u>4,922</u>            |
| Amounts shown under current liabilities  |                         |                         |

As at 31 December 2025 and 2024, all bank and other borrowings were denominated in HK\$.

The bank and other borrowings were secured by:

- (a) land and buildings with a net book amount of HK\$3,526,000 (2024: HK\$3,717,000) as at 31 December 2025;
- (b) corporate guarantee by the Company as at 31 December 2025 and 2024;
- (c) guarantee as provided by the HKMC Insurance Limited under the Small and Medium Enterprise Guarantee Scheme as at 31 December 2025 and 2024;
- (d) personal guarantee as provided by Mr. Heung Chung Sum (“**Mr. Heung**”), a director of the Company, as at 31 December 2025 and 2024;
- (e) a guarantee deposit of HK\$400,000 (2024: HK\$300,000) included in “Other deposits” under “Trade and other receivables” in the consolidated statement of financial position as at 31 December 2025 (Note 11); and
- (f) certain trade receivables of HK\$1,669,000 (2024: Nil) as at 31 December 2025 (Note 11).

## 16. SHARE CAPITAL

|  | <i>No. of shares</i>        | <i>HK\$'000</i>      |
|--|-----------------------------|----------------------|
| <b>Authorised:</b>   |                             |                      |
| Ordinary shares of HK\$0.01 each   |                             |                      |
| As at 1 January 2024, 31 December 2024, 1 January 2025<br>and 31 December 2025 | <u>10,000,000,000</u>       | <u>100,000</u>       |
| <b>Issued and fully paid:</b>  |                             |                      |
| As at 1 January 2024   | 1,050,000,000               | 10,500               |
| Share allotment on placing ( <i>Note (a)</i> )                                 | <u>210,000,000</u>          | <u>2,100</u>         |
| As at 31 December 2024 and 1 January 2025                                      | 1,260,000,000               | 12,600               |
| Share allotment on placing ( <i>Note (b)</i> )                                 | 252,000,000                 | 2,520                |
| Issue of new shares under debt capitalisation ( <i>Note (c)</i> )              | <u>110,000,000</u>          | <u>1,100</u>         |
| <b>As at 31 December 2025</b>  | <b><u>1,622,000,000</u></b> | <b><u>16,220</u></b> |

*Notes:*

- (a) On 20 November 2024, the Company entered into the placing agreement with the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best basis, up to 210,000,000 placing shares at the placing price at HK\$0.055 per placing share to certain independent placees. The gross proceeds from the placing amounted to HK\$11,550,000, and the net proceeds, after the deduction of the placing commission and other related expenses of approximately HK\$483,000, amounted to approximately HK\$11,067,000. The net proceeds from the placing are intended to be used (i) as to approximately HK\$2,000,000 for the repayment of bank borrowings; and (ii) as to approximately HK\$9,067,000 for the general working capital of the Group. The placing had been completed on 10 December 2024.

Details are set out in the Company's announcements dated 20 November 2024, 25 November 2024 and 10 December 2024.

- (b) On 18 August 2025, the Company entered into the placing agreement with the placing agent pursuant to which the Company had conditionally agreed to place, through the placing agent on a best basis, up to 252,000,000 placing shares at the placing price at HK\$0.20 per placing share to certain independent placees. The gross proceeds from the placing amounted to HK\$50,400,000, and the net proceeds, after the deduction of the placing commission and other related expenses of approximately HK\$1,700,000, amounted to approximately HK\$48,700,000. The net proceeds from the placing are intended to be used (i) as to approximately HK\$19,700,000 for the business operation and potential expansion of the construction business of the Group; (ii) as to approximately HK\$17,000,000 for development of the Group's business segment in the distribution of dairy products; (iii) as to approximately HK\$4,000,000 for repayment of existing bank borrowings; and (iv) as to approximately HK\$8,000,000 for the general working capital of the Group. The placing had been completed on 8 September 2025.

Details are set out in the Company's announcements dated 18 August 2025 and 8 September 2025.

- (c) On 26 September 2025, the Company and Mr. Heung entered into the capitalisation agreement, pursuant to which the Company had conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 capitalisation shares at the price of HK\$0.285 per capitalisation share for the settlement of part of the outstanding sum owed by the Company to Mr. Heung. The subscription amount in the sum of HK\$31,350,000 payable by Mr. Heung under the capitalisation agreement was satisfied by setting off against an equivalent amount of the outstanding sum on a dollar-for-dollar basis. The debt capitalisation had been completed on 27 November 2025.

Details are set out in the Company's announcements dated 26 September 2025, 31 October 2025, 3 November 2025 and 27 November 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group, a long-established multi-disciplinary contractor in Hong Kong, has built a strong reputation for delivering high-quality services in RMAA (repair, maintenance, alteration, and addition), new construction works, and corrosion protection works. Over the years, we have been entrusted with the management, implementation, and supervision of a wide range of projects, including the development of work programmes, procurement of materials, site operations, coordination with customers or their consultants, and ensuring the highest standards of quality control across all works carried out by our employees and subcontractors.

In our RMAA segment, we have consistently delivered repair, maintenance, alteration, modification, rehabilitation, civil, steel, and demolition works for diverse venues such as residential and commercial buildings, carparks, roads, footbridges, and theme parks in Hong Kong. Similarly, our new construction works have included noise mitigation projects, architectural metalwork, bus shelters, dangerous goods storage facilities, and innovative structures such as air balloons. For corrosion protection, the Group has provided cutting-edge solutions, including sacrificial anodes protection and impressed current systems.

Despite our strong track record, the year 2025 presented challenges due to the overall slowdown in Hong Kong's construction sector. This led to a decline in revenue from our traditional business segments, with the number of projects undertaken by the Group decreasing to 190 (2024: 238 projects). The contraction in the construction market, coupled with rising labour and material costs, has inevitably impacted the Group's performance in these areas.

In light of these challenges, the Group has taken a bold and strategic step to diversify its business portfolio. In 2025, we successfully entered a new and promising segment: the distribution of dairy products. This venture has already proven to be a transformative milestone for the Group, generating approximately HK\$33.1 million in revenue within just seven months of operation. The success of this new segment underscores our ability to identify and capitalize on emerging opportunities, and it reinforces our confidence in the long-term potential of this business line.

Looking ahead, the Group is cautiously optimistic about the future of the distribution of dairy products segment and is committed to making it a cornerstone of our business. In 2026, we plan to deepen our presence in the People's Republic of China (the "PRC") market by expanding our network of distributors, tapping into the vast growth potential of one of the world's largest consumer markets. Furthermore, we are excited to announce our plans to enter

the retail space, bringing our high-quality dairy products directly to end customers. This move reflects our belief in the value of this segment and our vision to create a strong and sustainable business that delivers long-term growth and profitability.

The Group is gradually shifting its core focus toward this new segment, while continuing to leverage our expertise in RMAA and corrosion protection works. This strategic transformation is not only a response to the challenges in the construction sector but also a forward-looking initiative to ensure the Group remains resilient and well-positioned for future opportunities.

The Directors firmly believe that this transition will bring significant benefits to all stakeholders of the Group. By capitalizing on the growth potential of the distribution of dairy products market and expanding our footprint in the PRC, we are confident that this strategic direction will unlock new revenue streams, enhance shareholder value, and secure the long-term sustainability of the Group. We are excited about the journey ahead and remain committed to delivering on our promise to create value for all our stakeholders.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue increased from approximately HK\$150.0 million for the year ended 31 December 2024 to approximately HK\$161.9 million for the year ended 31 December 2025, representing an increase of approximately 7.9%. Approximately HK\$33.1 million revenue was generated from the distribution of dairy segment, while the remaining are from the construction service amounted to HK\$128.8 million. Such decrease in position of construction works was mainly due to the decrease in number of projects of RMAA and new works projects undertaken by the Group as a result of the overall development in the construction industry in Hong Kong.

### **Cost of sales and services**

The cost of sales and services increased from approximately HK\$140.2 million for the year ended 31 December 2024 to approximately HK\$145.6 million for the year ended 31 December 2025, representing an increase of approximately 3.8%. Such increase was mainly attributable from the new segment and in line with the revenue increase during the year.

### **Gross profit**

Gross profit of the Group increased by approximately HK\$6.4 million from approximately HK\$9.8 million for the year ended 31 December 2024 to approximately HK\$16.2 million for the year ended 31 December 2025. The overall gross profit margin increased from

approximately 6.5% for the year ended 31 December 2024 to approximately 10.0% for the year ended 31 December 2025 as the projects undertaken by the Group during the year ended 31 December 2025 generally had higher gross profit margin, also the extent of increase in subcontracting charges, staff salary and construction material costs was outweighed by the increase in revenue for the year ended 31 December 2025.

### **Administrative expenses**

Administrative expenses of the Group increased by approximately HK\$0.8 million or 5.4% from approximately HK\$14.7 million for the year ended 31 December 2024 to approximately HK\$15.5 million for the year ended 31 December 2025.

Administrative expenses primarily consist of staff costs, depreciation, transportation and motor vehicle expense, professional service and other cost incurred for daily operation. The increase was mainly attributable from the distribution of dairy products which is newly developed in current year.

### **Other income**

Other income decreased by approximately HK\$0.9 million from HK\$1.3 million for the year ended 31 December 2024 to HK\$0.4 million for the year ended 31 December 2025. The amount in prior year mainly represented the gain on disposal of motor vehicles which the Group does not have such during the year.

### **Provision for/reversal of impairment on contract assets**

In current year, the Group provided approximately HK\$18.4 million provision for impairment on contract assets while in 2024 the Group reversed approximately HK\$0.8 million. The Group applies a simplified approach and individual assess approach in calculating ECL allowance and recognises a loss allowance based on lifetime ECL at each reporting period for contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL allowance, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

The individually impaired contract assets related to customers that were credit-impaired or in default payments and no receivables are expected to be recovered.

## **Finance costs**

The finance costs for the Group remain steady at HK\$0.3 million for the year ended 31 December 2024 and HK\$0.4 million for the year ended 31 December 2025.

## **Income tax expense**

No current income tax expense for the Group for the year ended 31 December 2024. For the year ended 31 December 2025, the tax expense for the year was solely derived from deferred tax and the income tax from the PRC's distribution of dairy products business.

## **Loss and total comprehensive expense for the year attributable to the owners of the Company**

As a result of foregoing, the Group recognised a loss and total comprehensive expense for the year of approximately HK\$19.3 million for the year ended 31 December 2025 as compared to loss and total comprehensive expense for the year attributable to the owners of the Company of approximately HK\$3.1 million for the year ended 31 December 2024.

Such increase was primarily attributable to the combined effect of (i) the increase in gross profit for the year ended 31 December 2025; (ii) increase in provision for impairment on contract assets which was incurred for the year ended 31 December 2025; and (iii) the increase in the administrative expenses for the year ended 31 December 2025.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The current ratio increased from approximately 1.4 times as at 31 December 2024 to approximately 2.8 times as at 31 December 2025.

As at 31 December 2025, the Group had bank and other borrowings of approximately HK\$9.3 million (2024: HK\$4.9 million). The gearing ratio, calculated based on the bank and other borrowings divided by total equity at the end of the year and multiplied by 100%, decreased from approximately 9.9% as at 31 December 2024 to approximately 8.5% as at 31 December 2025 due to the increase in total equity. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to maintain its business operation.

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **CAPITAL STRUCTURE**

The shares of the Company were successfully listed on GEM of the Stock Exchange on 4 July 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2025, the Company's issued share capital was HK\$16,200,000 and the number of its issued ordinary shares was 1,622,000,000 of HK\$0.01 each.

As at 31 December 2024, the Company's issued share capital was HK\$12,600,000 and the number of its issued ordinary shares was 1,260,000,000 of HK\$0.01 each.

## **COMMITMENTS**

The Group has no capital commitments as at 31 December 2024 and 2025.

## **SEGMENTAL INFORMATION**

The Group has entered into a new segment, distribution of dairy products during the year ended 31 December 2025. Segmental information is presented for the Group as disclosed in note 4.2 to this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 31 December 2025, the Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2025.

## **CONTINGENT LIABILITIES**

As at 31 December 2025, no contingent liabilities of the Group is noted.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's revenue generating operations are mainly transacted in HK\$ and RMB. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

## **CHARGE OF GROUP'S ASSETS**

As at 31 December 2025, the Group pledged certain amount of land and buildings, certain trade receivables and guarantee deposits to secure bank and other borrowings of the Group. For details, please refer to note 15 to this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2025, the Group employed a total of 64 employees (2024: 67 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$22.3 million for the year ended 31 December 2025 (2024: HK\$25.9 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

## USE OF PROCEEDS

The Company successfully completed the placement of new shares under the general mandate on 8 September 2025 (the “**Placing 2025**”). After deducting related expenses, the net proceeds from the Placing 2025 amounted to approximately HK\$48.7 million. A breakdown of the utilization of these net proceeds from the Placing 2025 date up to the date of this announcement is provided below:

|   | <b>Use of net<br/>proceeds as<br/>disclosed in the<br/>announcement<br/>dated<br/>18 August 2025<br/><i>HK\$ million</i></b> | <b>Actual use of net<br/>proceeds from<br/>placing 2025<br/>date to<br/>the date of this<br/>announcement<br/><i>HK\$ million</i></b> | <b>Expected<br/>timeline of full<br/>utilization of<br/>the balance</b> |
|---|--|---|---|
| Business operation for construction<br>business   | 19.7   | 10.0  | June 2026   |
| Development for distribution of<br>dairy products | 17.0   | 17.0  | –   |
| Repayment of bank borrowings                      | 4.0  | 4.0   | –   |
| General working capital                           | 8.0  | 6.0   | June 2026   |

The Company successfully completed the placement of new shares under the general mandate on 10 December 2024 (the “**Placing 2024**”). After deducting related expenses, the net proceeds from the Placing 2024 amounted to approximately HK\$11.2 million. A breakdown of the utilization of these net proceeds from the Placing 2024 date up to the date of this announcement is provided below:

|                              | <b>Use of net<br/>proceeds as<br/>disclosed in the<br/>announcement<br/>dated<br/>20 November<br/>2024<br/><i>HK\$ million</i></b> | <b>Actual use of net<br/>proceeds from<br/>placing 2024<br/>date to<br/>the date of this<br/>announcement<br/><i>HK\$ million</i></b> | <b>Expected<br/>timeline of full<br/>utilization of<br/>the balance</b> |
|------------------------------|--|---|---|
| Repayment of bank borrowings | 2.0  | 2.0   | –   |
| General working capital      | 9.2  | 9.2   | –   |

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE PRACTICES**

Since the Listing, the Board has recognised that the transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Heung Chung Sum currently assumes the role chairman and the chief executive officer of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2025.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2025.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2025.

## **DIVIDENDS**

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

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting is scheduled on Friday, 8 May 2026. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 5 May 2026 to Friday, 8 May 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 5 May 2026.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Chan Chi Hang, Dr. Ip Wai Hung and Mr. Ko, Wilson Wai Shun. The chairman of the Audit Committee is Mr. Chan Chi Hang, who has appropriate professional qualifications and experience in accounting matters.

## **REVIEW OF ANNUAL RESULTS**

The audit committee of the Company has reviewed the annual results for the year ended 31 December 2025 before the results were submitted to the Board for approval.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Company's auditor, D & Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by D & Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the D & Partners CPA Limited on the preliminary announcement.

## **APPRECIATION**

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, clients, business partners, and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staff for their commitment and contribution throughout the years.

By order of the Board  
**Sheng Tang Holdings Limited**  
**Heung Chung Sum**  
*Chairman and Executive Director*

Hong Kong, 27 March 2026

*As at the date of this announcement, the executive Director is Mr. Heung Chung Sum; the non-executive Directors are Ms. Heung Joe Yee, Ms. Xu Chunli, Mr. Xu Yongqiang and Mr. Liang Bin; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.*