

GME

GME Group Holdings Limited
駿傑集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8188)

Annual Report 2025



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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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*This Annual Report, for which the directors (the “**Director(s)**”) of GME Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chuang Chun Ngok Boris (*Chairman*)
Mr. Chuang Wei Chu

Non-executive Director

Ms. Chuang Yau Ka

Independent non-executive Directors

Mr. Lam Man Bun Alan
Mr. Lau Chun Fai Douglas
Ir Ng Wai Ming Patrick

AUDIT COMMITTEE

Mr. Lau Chun Fai Douglas (*Chairman*)
Mr. Lam Man Bun Alan
Ir Ng Wai Ming Patrick

REMUNERATION COMMITTEE

Mr. Lam Man Bun Alan (*Chairman*)
Mr. Chuang Chun Ngok Boris
Mr. Lau Chun Fai Douglas
Ir Ng Wai Ming Patrick

NOMINATION COMMITTEE

Ir Ng Wai Ming Patrick (*Chairman*)
Mr. Chuang Chun Ngok Boris
Ms. Chuang Yau Ka (*appointed on 22 August 2025*)
Mr. Lam Man Bun Alan
Mr. Lau Chun Fai Douglas

COMPLIANCE OFFICER

Mr. Chuang Chun Ngok Boris

COMPANY SECRETARY

Mr. Sze Kevin Chun Kit HKFCG(PE) FCPA
E-mail: companysecretary@gmehk.com
Fax: +852 3105 1881

AUTHORISED REPRESENTATIVES

Mr. Chuang Chun Ngok Boris
Mr. Sze Kevin Chun Kit

REGISTERED OFFICE

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P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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333 Lockhart Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CORPORATE INFORMATION

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

CLKW LAWYERS LLP
Rooms 1901A, 1902 & 1902A
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Central
Hong Kong

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Citibank, N.A., Hong Kong Branch

Dah Sing Bank, Limited

DBS Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

COMPANY WEBSITE

www.gmehk.com

STOCK CODE

8188

INVESTOR RELATIONS

E-mail: ir@gmehk.com
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WHISTLEBLOWING

E-mail: whistleblowing@gmehk.com

FINANCIAL CALENDAR

Date for the closure of register of members for the annual general meeting of the Company:
Monday, 18 May 2026
to Friday, 22 May 2026 (both days inclusive)

Date for the annual general meeting of the Company:
Friday, 22 May 2026

Date for the closure of register of members for the proposed final dividends*
Friday, 29 May 2026 to Monday, 1 June 2026
(both days inclusive)

Payment date of proposed final dividends*
Thursday, 18 June 2026

* subject to the approval of the shareholders of the Company at the annual general meeting of the Company

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the “**Board**”), I present this annual report (the “**Annual Report**”) and the audited, consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”).

BUSINESS REVIEW AND OUTLOOK

Despite a challenging macro economic environment, The Government of The Hong Kong Special Administrative Region of the People's of China (the “**Hong Kong Government**”) budget deficits and general sentiment of the construction industry market in 2025, I am pleased to report the Group was able to maintain healthy financial results with revenue of approximately HK\$941,112,000 and profit and total comprehensive income attributable to the owners of the Company (the “**Net Profit**”) of approximately HK\$87,274,000. While revenue increased approximately 15.4% over the past year, our Net Profit margin fell to approximately 9.3% from approximately 10.6% over the previous year due to the persistently weak construction market in general and specifically, the public works sector.

Looking forward, despite the challenges aforementioned above, we retain a positive outlook for 2026.

For our subcontractor business, we have a strong backlog of projects worth approximately HK\$975,956,000 carried over from 2025. More importantly, we have secured projects in the biggest public infrastructure projects in Hong Kong, including 13 contracts in Northern Metropolis, 1 contract at Hong Kong Airport (Third Runway), 3 contracts at WENT-X and 1 contract from Mass Transit Railway (“**MTR**”). We believe we are in a solid position to obtain further contracts from these projects during the course of 2026 and beyond. In addition, we have a solid tender pipeline covering other major public works in Hong Kong such as I-PARK2, Tung Chung New Town Extension and new MTR stations, etc.

Underpinning the Group's healthy performance is our business model. Our team has worked tirelessly to transform from a tunnel construction specialist during our listing in 2017 to vertically and horizontally integrate into a full spectrum construction services provider in 2025 – during which time our revenue has quintupled and our Net Profit increased by approximately 14 fold. We are proud to announce that the Group has secured all of the 5 key Group 2 licenses for structural and tunnel works at the Development Bureau of Hong Kong Government and Hong Kong Construction Industry Council. Coupled with our full coverage of the construction services value chain (from engineering, project planning to implementation with our own workforce), I am confident that this model can help the Group maintain its competitive advantage and produce superlative results into the future.

Lastly, as an indicator of our continued success, the Group received two awards in 2025, namely: (1) The Most Popular Enterprises for Global Talent Award at the Innovating Hong Kong Global Talent Carnival 2025 on 29 March 2025, organised by Innovating Hong Kong Carnival Limited; and (2) IFAPC Potential Development 2025 at the Outstanding Listed Companies Award 2025 ceremony on 11 December 2025, organised by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC) and HOY TV.

And subsequent to the Reporting Period, the Company received the ListCo Excellence Awards 2025 on 13 January 2026 at the ceremony jointly organised by am730, PR Asia Consultants Limited and the ListCo Excellence Awards Organising Committee.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment, contribution and dedication. I would also like to express my deep gratitude to all of the Group's business partners, customers, suppliers, bank enterprises and the shareholders of the Company (the "**Shareholder(s)**") for their continuous support.

Chuang Chun Ngok Boris
Chairman

Hong Kong, 27 March 2026

FINANCIAL HIGHLIGHTS

A summary of the financial results and the total assets, total liabilities and net assets of the Group for the last five financial years, as extracted from the audited financial statements of this Annual Report and the audited financial statements of prior years' annual reports of the Company are as follows:

Financial Results	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	941,112	815,181	549,554	440,528	443,548
Gross profit	151,373	158,150	110,022	13,927	32,373
Profit before income tax expense	105,403	104,334	70,863	4,757	11,049
Net Profit	87,274	86,171	61,479	5,804	10,451

Assets and Liabilities	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	370,686	319,557	273,097	156,946	148,349
Total liabilities	161,193	148,049	142,026	87,350	84,555
Net assets	209,493	171,508	131,071	69,596	63,794

Notes:

The summary of the financial results of the Group for the years ended 31 December 2021, 2022 and 2023 and the total assets, total liabilities and net assets of the Group as at 31 December 2021, 2022 and 2023 have been extracted from the prior years' annual reports of the Company.

This summary does not form part of the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the "**Consolidated Financial Statements**").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of underground construction services in Hong Kong and mainly serves main contractors in public sector infrastructure projects. Public sector projects refer to the projects in which the main contractors are employed by Hong Kong Government, its statutory bodies or statutory corporations. The Group has also been involved in some private sector projects, which have covered all other types of engagements. Good Mind Engineering Limited (“**GMEHK**”), an indirect wholly-owned subsidiary of the Company, is a Group 2 Registered Specialist Trade Contractor with various trade qualifications under the Construction Industry Council (“**CIC**”), GMEHK is a well established subcontractor engaged in civil engineering works which operates solely in Hong Kong. Best Build Construction Company Limited (“**Best Build**”), an indirect wholly-owned subsidiary of the Company, holds a license issued by the Development Bureau of the Hong Kong Government for carrying out Roads and Drainage Works (Group B). Best Build is expected to be highly valuable in strengthening the Group’s operational development, thereby creating a business synergy effect that enhances the overall performance of the Group’s business.

The Group provides underground construction services, in particular, tunnel construction services (including excavation, shotcreting, shutter design and fabrication, tunnel lining services, shafts, advanced and structural works) and utility construction (mainly the construction and refurbishment of underground public utility works such as road and drainage works) and others (mainly structural works related to tunnel construction and construction of service buildings and support structure for the public). The Group also provides programme design, costing and management for underground construction services. As a result, the Group works routinely with its key clients in pre-tenders for various underground construction projects.

Since 2014, the Group has been focusing on the development of a complete suite of tunnel construction services, which has laid a solid foundation for the Group’s growth and a strong advantage in securing contracts. The Group is constantly evaluating opportunities within the underground construction industry and seeking profitable areas in which it can develop, broaden or commence operation. Other than tunnel works, the Group has also participated in earthworks, bridge works and construction of service buildings. The Group considers that diversification is necessary under the current market condition, and continues to explore opportunity in other fields of the construction industry. As at the date of this Annual Report, the Group had submitted certain number of tenders to main contractors, the results of which were still pending.

Despite a challenging macro economic environment, the Hong Kong Government budget deficits and general sentiment of the construction industry market in 2025, the Group is pleased to report it was able to maintain healthy financial results with revenue of approximately of HK\$941,112,000 and Net Profit of approximately HK\$87,274,000. While revenue increased by approximately 15.4% over the past year, its Net Profit margin fell to approximately 9.3% from approximately 10.6% over the previous year due to the persistently weak construction market in general and specifically, the public works sector.

Looking forward, despite the challenges aforementioned above, the Group retains a positive outlook for 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2025, the Group had secured 24 public sector projects (2024: 19) of approximately HK\$738,302,000 (2024: approximately HK\$665,707,000) and one private sector projects (2024: two) of approximately HK\$264,000 (2024: approximately HK\$497,000) with aggregate secured contract sums and confirmed variation orders (the **“Newly Awarded Contracts”**).

During the year ended 31 December 2025, the Group had been engaged in 50 public sector projects (2024: 51) and two private sector projects (2024: five), including the Newly Awarded Contracts. More importantly, the Group has secured projects in the biggest public infrastructure projects in Hong Kong, including 13 contracts in Northern Metropolis, 1 contract at Hong Kong Airport (Third Runway), 3 contracts at WENT-X and 1 contract from MTR. The Group believe it is in a solid position to obtain further contracts from these projects during the course of 2026 and beyond. In addition, the Group has a solid tender pipeline covering other major public works in Hong Kong such as I-PARK2, Tung Chung New Town Extension and new MTR stations, etc. The total backlog of the Newly Awarded Contracts and contracts carried over from 2025 to be recognised as revenue after the Reporting Period was approximately HK\$975,956,000 (2024: approximately HK\$890,067,000).

Underpinning the Group’s healthy performance is our business model. The Group has worked tirelessly to transform from a tunnel construction specialist during its listing in 2017 to vertically and horizontally integrate into a full spectrum construction services provider in 2025 – during which time its revenue has quintupled and Net Profit increased approximately 14 fold. We are proud to announce that the Group has secured all of the 5 key Group 2 licenses for structural and tunnel works at the Development Bureau of the Hong Kong Government and CIC. Coupled with its full coverage of the construction services value chain (from engineering, project planning to implementation with its own workforce), the Group is confident that this model can help the Group maintain its competitive advantage and produce superlative results into the future.

During the Reporting Period, the Company received “The Most Popular Enterprise for Global Talent Award” on 29 March 2025 at the Innovating Hong Kong Global Talent Carnival 2025 organised by Innovating Hong Kong Carnival Limited, which acknowledged the Company’s outstanding contributions to the construction industry and its active participation in promoting global talent development.

Besides, the Company received another award from the Hong Kong Institute of Financial Analysts and Professional Commentators Limited and HOY TV, namely IFAPC Potential Development 2025 on 11 December 2025 at the Outstanding Listed Companies Award 2025 ceremony, which recognises listed companies for their excellence in corporate governance, sustainable growth, and innovative capabilities, highlighting the high-quality development and resilience of Hong Kong’s financial market.

Subsequent to the Reporting Period, the Company received the ListCo Excellence Awards 2025 on 13 January 2026 at the ceremony jointly organised by am730, PR Asia Consultants Limited and the ListCo Excellence Awards Organising Committee. It establishes industry benchmarks of excellence and recognises listed companies whose exceptional performance is widely acknowledged by the business and investment sectors, thereby providing a valuable reference for investors in both Hong Kong and Mainland China.

To maintain consistent quality services for all customers, the Group has established a formal quality management system which is certified to be in compliance with the requirements of ISO 9001:2015. The Group has in-house quality assurance requirements specifying, amongst other things, specific work procedures for performing various types of works, responsibilities of personnel of different levels, and accident reporting. Compliance with these quality assurance requirements is mandatory for all workers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is reliant on the availability of public sector civil engineering projects in Hong Kong, which, by their nature, are procured by a limited number of main contractors. Due to the non-recurring nature of civil engineering projects, there is no guarantee that the Group will be able to secure new business from past or existing customers on a recurring basis. Accordingly, the number and scale of projects, and the revenue from public sector projects, may vary from period to period, which may make it difficult for the Group to forecast the future business volume and the amount of revenue.

The Group operates solely in Hong Kong and reports no income outside Hong Kong during the Reporting Period. Accordingly, the Group's business, financial results and prospects are affected by the policies of the Hong Kong Government, and the political environment, economic and legal developments in Hong Kong. The budgeting and funding approval process for public infrastructure and construction projects may be lengthened, and the project timelines may be delayed. The Hong Kong Government's policy and public spending patterns on the civil engineering construction industry may also affect the availability of construction projects in Hong Kong.

The Group's historical results may not be indicative of its future performance, which may vary from period to period in response to a variety of factors beyond the Group's control, including general economic conditions, regulations about the underground construction industry in Hong Kong and the ability to secure new business in the future. Besides, adverse weather conditions, natural disasters, potential wars, terrorist attacks, riots, epidemics, pandemics and other disasters are beyond the Group's control and may also affect the Group's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK OF TUNNEL AND CONSTRUCTION INDUSTRY IN HONG KONG

It is expected that demand for tunnel and underground construction services in Hong Kong will remain strong in 2026, as construction work at the Northern Metropolis, the MTR, and Hong Kong International Airport along with several cavern tunnels is underway.

The Hong Kong Government announced the awards and the commencement of several infrastructure projects in the Northern Metropolis during the Reporting Period. These cover (i) Kwu Tung North New Development Area, Remaining Phase: Site Formation and Infrastructure Works (South), (ii) Improvement Works of Fanling Highway (Kwu Tung Portion) and Associated Works, (iii) Fanling North New Development Area, Remaining Phase: Site Formation and Infrastructure Works (East), (iv) Hung Shui Kiu/Ha Tsuen New Development Area Second Phase Development, and (v) San Tin Technopole. Projects related to the Northern Metropolis will be implemented gradually in the coming years.

MTR has embarked on a significant new phase of railway investment and development, with plans to invest approximately HK\$100 billion to expand its network and foster new communities. These initiatives are expected to provide additional employment opportunities for workers and boost the local economy during construction. Additionally, MTR will allocate substantial resources for the maintenance, enhancement, and renewal of its railway assets, with expenditures exceeding HK\$65 billion over the next five years, starting from 2023. Five MTR new station projects have also been launched and under construction since 2024. These include Tung Chung Line extension, Kwu Tung Station on the East Railway Line, Northern Link, Oyster Bay Station and Tuen Mun South extension. The Group has already received tenders from its existing main contractor clients, and its experience in previous MTR works is expected to provide a competitive edge in tendering these new projects.

The Hong Kong Airport Authority has unveiled its new development brand, 'SKYTOPIA', as part of its Airport City Blueprint. A substantial budget of HK\$100 billion is allocated to developing land and marine resources near Hong Kong International Airport. The project may introduce a driverless transportation system connecting to the Hong Kong Port of Hong Kong-Zhuhai-Macao Bridge, Tung Chung Station, and Airport City. Phase 2 development of AsiaWorld-Expo is also planned, along with marine sports, luxury hotels, promenades, and other sports complexes.

The Group will continue to focus on growing its tunnel construction services business, which it expects to be its major growth driver and a long-term, sustainable revenue stream. The Group is one of the selected few subcontractors with experience in tunnel construction in Hong Kong and is well-positioned to capitalise on the opportunities arising from these public infrastructure projects.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily generated from public sector projects for the provision of (i) tunnel construction services; and (ii) utility construction services and others for the year ended 31 December 2025. The following table sets out the breakdown of the Group's revenue by project types for the periods indicated:

	For the year ended 31 December			
	2025 HK\$'000	2025 % of total revenue	2024 HK\$'000	2024 % of total revenue
Public sector projects				
– Tunnel construction services	202,445	21.5	545,082	66.9
– Utility construction services and others	737,457	78.4	250,171	30.7
Sub-total	939,902	99.9	795,253	97.6
Private sector projects	1,210	0.1	19,928	2.4
Total	941,112	100.0	815,181	100.0

The Group's revenue increased from approximately HK\$815,181,000 for the year ended 31 December 2024 to approximately HK\$941,112,000 for the year ended 31 December 2025, representing an increase of approximately HK\$125,931,000 or 15.4%. Such significant increase in revenue was mainly attributable to the gearing up of the construction works for the Group's non-tunnel construction projects during the Reporting Period.

Cost of services

The Group's cost of services mainly consisted of (i) staff costs; (ii) construction materials and supplies; (iii) subcontracting costs; (iv) short-term lease of plant and machinery; (v) depreciation charges; and (vi) other expenses.

The Group's cost of services increased from approximately HK\$657,031,000 for the year ended 31 December 2024 to approximately HK\$789,739,000 for the year ended 31 December 2025, representing an increase of approximately HK\$132,708,000 or 20.2%. Such increase was mainly due to: (i) an increase in the staff costs from approximately HK\$286,864,000 for the year ended 31 December 2024 to approximately HK\$296,539,000 for the year ended 31 December 2025, representing an increase of approximately HK\$9,675,000 or 3.4%; and (ii) an increase in the construction materials and supplies from approximately HK\$210,738,000 for the year ended 31 December 2024 to approximately HK\$397,044,000 for the year ended 31 December 2025, representing an increase of approximately HK\$186,306,000 or 88.4%.

The purchase arrangements for construction materials and supplies, subcontracting costs, and the short-term lease of plant and machinery depend on the terms of the contracts, which may vary on a project-by-project basis. The increase in staff costs was due to the increase in the number of skilled construction workers employed by the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The gross profit and gross profit margin of the Group for the year ended 31 December 2025 was approximately HK\$151,373,000 and 16.1%, respectively (2024: approximately HK\$158,150,000 and 19.4%, respectively). The decrease in gross profit was primarily due to the persistently weak construction market in general and specifically, the public work sector.

Other income

The Group's other income was approximately HK\$4,934,000 for the year ended 31 December 2025 (2024: approximately HK\$1,642,000), which was mainly attributable to receipt of the government grants of approximately HK\$2,537,000 (2024: approximately HK\$1,092,000) mainly from the Construction Innovation and Technology Fund ("**CITF**") launched by the CIC in Hong Kong during the Reporting Period.

Administrative expenses

The Group's administrative expenses mainly comprised (i) staff costs and benefits; (ii) Directors' remuneration; (iii) depreciation expenses; (iv) office expenses; and (v) professional fees.

The Group's administrative expenses increased from approximately HK\$40,961,000 for the year ended 31 December 2024 to approximately HK\$47,017,000 for the year ended 31 December 2025, representing an increase of approximately HK\$6,056,000 or 14.8%. The staff costs and benefits for the year ended 31 December 2025 were approximately HK\$22,341,000 (2024: approximately HK\$15,566,000), representing an increase of approximately HK\$6,775,000 or 43.5%. The Directors' remuneration was approximately HK\$4,545,000 (2024: approximately HK\$4,032,000) during the Reporting Period. The increase in administrative expenses was in line with the increase in revenue during the Reporting Period. The increase in staff costs and benefits was mainly due to i) the salary increment of existing staff; ii) the increased number of technical staff to handle the increased workload; iii) the share-based payment under the share scheme approved on 24 May 2024 and adopted on 29 May 2024 (the "**Share Scheme**") with respect to grants to nine employees of a total of 4,600,000 Shares on 14 June 2024, of which 4,000,000 Shares were vested on 14 June 2025 and issued to seven employees on 16 June 2025, and 600,000 Shares were lapsed as at 31 December 2025 (the "**2024 Share Award**"); and iv) the share-based payment under the Share Scheme granted to seven employees of a total of 4,832,000 Shares on 24 November 2025 (the "**2025 Share Award**"). The total vesting period for the 2025 Share Awards granted to all grantees ranges from 12 months to 36 months. The Shares pursuant to the 2025 Share Awards will vest in three batches, with (a) 50% on 24 November 2026; (b) 25% on 24 November 2027; and (c) the remaining 25% on 24 November 2028.

Finance costs

The Group's finance costs increased from approximately HK\$3,141,000 for the year ended 31 December 2024 to approximately HK\$3,576,000 for the year ended 31 December 2025 due to the increase in interest expenses on the bank borrowings during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax

The Group generated income only in Hong Kong and was subject only to Hong Kong profits tax.

The income tax for the year ended 31 December 2025 mainly resulted from the profits tax for the assessable profits during the Reporting Period.

Net Profit

The Group's Net Profit for the year ended 31 December 2025 was approximately HK\$87,274,000 (2024: approximately HK\$86,171,000), representing a slightly increase of approximately HK\$1,103,000.

Dividends

The Directors recommended a final dividend of HK\$4.00 cents per Share (2024: HK\$4.00 cents) for the year ended 31 December 2025, based on the basic earnings per Share of approximately HK\$18.19 cents (2024: approximately HK\$17.73 cents). With an interim dividend of HK\$5.0 cents per share (2024: HK\$4.00 cents per Share) paid on Friday, 31 October 2025. The total interim and final dividends for the year ended 31 December 2025 amounted to HK\$9.00 cents per Share (2024: HK\$8.00 cents per Share).

Liquidity, financial resources and funding

As at 31 December 2025, the Group's cash at banks and in hand amounted to approximately HK\$18,393,000 (2024: approximately HK\$26,410,000), which were denominated in Hong Kong dollar. Such decrease was mainly due to the cash used in the operating activities during the Reporting Period.

On 23 August 2021, GMEHK received a banking facility letter of a revolving loan granted by a licensed bank in Hong Kong of HK\$18,000,000 at an interest rate of 1% per annum below the Hong Kong Prime Rate under the SME Financing Guarantee Scheme, which is secured by personal guarantees executed by Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka. On 9 December 2022, GMEHK entered into another bank facility letter with the same bank, for which the bank provided bank facilities of revolving loan and import invoice financing for two construction contracts of GMEHK up to an aggregate amount of HK\$30,000,000 at an interest rate of the Hong Kong Prime Rate, which is secured by personal guarantees executed by Chuang Chun Ngok Boris and Mr. Chuang Wei Chu, the executive Directors, and a corporate guarantee by the Company. Pursuant to this facility letter, Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka shall at all time collectively maintain not less than 50% of the issued share capital of the Company. Besides, Mr. Chuang Chun Ngok Boris shall remain as the chairman of the Company.

During the Reporting Period, the Group obtained i) a term loan of approximately HK\$20,143,000 (as at 31 December 2024: nil), from the same licensed bank in Hong Kong at an interest rate of 0.4% per annum below the Prime Rate to pay profits tax for the year of assessment 2023/2024 with the maturity in March 2026; and ii) a term loan of approximately HK\$22,938,000 (as at 31 December 2024: nil), at an interest rate of one-month Hong Kong Inter-bank Offered Rate plus 1.5% to pay profits tax for the year of assessment 2024/2025 from the same licensed bank in Hong Kong with maturity in November 2026. Mr. Chuang Chun Ngok Boris and the Company provided the guarantees for the term loans above (collectively, the "**Tax Loans**").

MANAGEMENT DISCUSSION AND ANALYSIS

On 17 January 2024, another licensed bank in Hong Kong granted bank facilities of (i) an export invoice financing of HK\$12,000,000 at an interest rate of 2.00% per annum over the bank's cost of funding and (ii) a revolving short-term loan of HK\$6,000,000 at an interest rate of 2.25% per annum over the bank's cost of funding. These banking facilities are secured by the corporate guarantee given by the Company, pledged bank deposits of HK\$3,000,000, and fixed and floating charges over receivables of a construction project of GMEHK.

During the Reporting Period, the Group cancelled the bank facilities of another licensed bank in Hong Kong with HK\$6,000,000 revolving loan and HK\$12,000,000 export invoice discounting. The pledged bank deposit for this bank facility of HK\$3,000,000 was released.

As at 31 December 2025, the total available bank facilities (excluding the Tax Loans) of the above was approximately HK\$66,000,000 (as at 31 December 2024: HK\$84,000,000), and the total drawdown from such bank facility letters was approximately HK\$54,000,000 (as at 31 December 2024: HK\$46,000,000). The Group had unutilised bank facilities of HK\$12,000,000 as at 31 December 2025 (as at 31 December 2024: HK\$38,000,000).

As at 31 December 2025, the lease liabilities amounted to approximately HK\$6,402,000 (as at 31 December 2024: approximately HK\$8,612,000), which represented the lease arrangement of the Group's office equipment, leased buildings, machinery and motor vehicles.

The Group's gearing ratio, which is calculated by total debts less cash at bank and pledged bank deposits divided by total equity attributable to the owners of the Company, was approximately 33% as at 31 December 2025 (as at 31 December 2024: 18% restated in 2025). Total debts are the total bank borrowings, promissory notes and lease liabilities.

The Group did not carry out any hedging activities by using any financial instruments during the Reporting Period.

Capital structure

As at 31 December 2024 and 2025, the capital structure of the Company comprised issued share capital and reserves.

Commitments

Save as disclosed in note 40 to the consolidated financial statements of the Company, there were no capital commitments (2024: approximately HK\$176,000) for the acquisition of property, plant and equipment as at 31 December 2025.

Significant investments, material acquisitions or disposal of subsidiaries and associated companies

There were no significant investments, material acquisitions or disposal of subsidiaries and associated companies by the Company for the year ended 31 December 2025.

Future plans for material investments and capital assets

The Group did not have other plans for material investment or capital assets as at 31 December 2025.

Contingent liabilities

As at 31 December 2025, there were a number of labour claims lodged against the Group arising from the ordinary course of its civil engineering construction business. No specific claim amount has been specified in the applications of these claims.

MANAGEMENT DISCUSSION AND ANALYSIS

It is anticipated that the outflow of resources required in settling these claims, if any, is remote and furthermore, these claims are usually covered by insurance maintained by the relevant main contractors. Therefore, the ultimate liability under these claims would not have a material adverse impact on the financial position or performance of the Group. No provision for the contingent liabilities in respect of the litigations is necessary.

Please refer to the note 39 to the Consolidated Financial Statements for details.

Foreign currency exposure

The Group's reporting currency is Hong Kong dollar. During the years ended 31 December 2024 and 2025, the Group's transactions were mainly denominated in Hong Kong dollar. The Company therefore considers the Group is exposed to minimal foreign exchange risk.

Charges on the Group's assets

As at 31 December 2025, the Group had pledged bank deposits of HK\$3,000,000 to secure the export invoice financing bank facility as of 31 December 2025 (2024: pledged bank deposit of HK\$6,000,000).

Information on employees

As at 31 December 2025, the Group had 1,276 employees (2024: 588), which comprises 9 management staff (2024: 8), 51 technical and construction site staff (2024: 20), 24 accounting, administration, and human resources staff (2024: 21) and 1,192 general and skilled construction workers (2024: 539), all of which are located in Hong Kong.

The employee remuneration package is based on previous working experience and the actual performance of each individual employee. Apart from the basic salary, discretionary bonus and allowance will be granted to employees based on their individual performance subject to the executive Directors' approval. The total staff costs (included in cost of services and administrative expenses) and Directors' remuneration amounted to approximately HK\$323,425,000 for the year ended 31 December 2025 (2024: approximately HK\$306,462,000), representing an increase of approximately HK\$16,963,000. Such increase mainly resulted from the increase in staff costs in the cost of services and administrative expenses during the Reporting Period.

Depending on the nature of works and the need of the projects, the Group hired more skilled workers, resulted in increase in average workers headcount during the Reporting Period. The Group will provide trainings to the existing and newly joined employees from time to time. The Group's customers may also require the Group's employees to attend their own on-site occupational safety trainings.

Events after the Reporting Period

Of the repurchased Shares during the Reporting Period, 104,000 Shares had not been cancelled as at 31 December 2025. Subsequent to the Reporting Period, the Group further repurchased 224,000 Shares from the Stock Exchange. The total repurchased Shares yet to be cancelled were 328,000 and were subsequently cancelled on 23 January 2026. As at the date of this Annual Report, the Company did not hold any repurchased Shares yet to be cancelled.

Save as disclosed, no other event has occurred after 31 December 2025 and up to the date of this Annual Report which would have a material effect on the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHUANG, Chun Ngok Boris (莊峻岳先生), aged 50, is the chairman, an executive Director and the compliance officer of the Company. Mr. Chuang Chun Ngok Boris's primary responsibilities include the overall management and administration of the business and daily operations of the Group. He joined the Group in May 2002 and had participated in the business of the Group since 2004.

Mr. Chuang Chun Ngok Boris has been an associate of the Chartered Institute of Arbitrators since December 2002, a member of The Chartered Institute of Building in the United Kingdom since December 2002, and a chartered building professional in Australia since November 2002. He has also become an associate of the Hong Kong Institute of Arbitrators since December 2002 and a member of The Institution of Highways and Transportation since April 2003 respectively. He received a Greater Bay Area outstanding Young Entrepreneur Award (第五屆粵港澳大灣區傑出青年企業家) on 27 August 2024.

Mr. Chuang Chun Ngok Boris graduated from the University of Melbourne, Australia in December 1998 with a degree of Bachelor of Planning and Design and from Monash University, Australia in September 1998 with a degree of Bachelor of General Studies. He has also completed the Postgraduate Diploma in Construction Project Management provided by the University of Greenwich in the United Kingdom in August 2005 through distance learning. Before joining the Group, Mr. Chuang Chun Ngok Boris worked at Ove Arup & Partners Hong Kong Limited, a wholly-owned subsidiary of Arup Group Limited.

Mr. Chuang Chun Ngok Boris is the son of Mr. Chuang Wei Chu, an executive Director and one of the controlling Shareholders (the "**Controlling Shareholder(s)**"), and the brother of Ms. Chuang Yau Ka, who is a non-executive Director and one of the Controlling Shareholders.

Mr. CHUANG, Wei Chu (莊偉駒先生), aged 78, is an executive Director. Mr. Chuang Wei Chu's primary responsibilities include the overall development, strategic planning and major business decisions of the Group. He is the founder of GMEHK in September 1994, and has over 45 years of experience in the civil engineering industry.

Mr. Chuang Wei Chu became a member of American Society of Civil Engineers in 1973 and a fellow member of American Society of Civil Engineers in 2001.

Prior to establishing the Group, Mr. Chuang Wei Chu had worked for Hsin Chong Construction Company Limited, Kwan On Building Contractors Limited and Lam Construction Company Limited.

Mr. Chuang Wei Chu is the father of Mr. Chuang Chun Ngok Boris, the chairman of the Board and one of the Controlling Shareholders, and Ms. Chuang Yau Ka, who is a non-executive Director and a Controlling Shareholder.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. CHUANG, Yau Ka (莊柔嘉女士), aged 47, has been the public relations officer of GMEHK since 1 June 2016 and non-executive Director since 24 May 2024. She is mainly responsible for dealing with the media and stakeholders' enquiries, which align with the corporate strategies and culture. She is also responsible for the internal communications of the Group to promote employee engagement and alignment with the Group's strategic direction. She is also one of the Controlling Shareholders.

Ms. Chuang Yau Ka obtained a Bachelor of Social Science (Journalism and Communications) from the Chinese University of Hong Kong in May 2000 and a Master in Education from the Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in June 2004.

Ms. Chuang Yau Ka is (i) the daughter of Mr. Chuang Wei Chu, who is an executive Director and one of the Controlling Shareholders; (ii) the sister of Mr. Chuang Chun Ngok Boris, who is the chairman of the Board and one of the Controlling Shareholders; and (iii) the daughter of Ms. To Yin Ping, who is the spouse of Mr. Chuang Wei Chu and a Controlling Shareholder. Save as disclosed above, Ms. Chuang Yau Ka has no other relationship with any Directors, senior management of the Company (the **"Senior Management"**), substantial Shareholder of the Company or Controlling Shareholder.

Please refer to the section headed "Directors' and Chief Executives' Interest and Short Positions in Shares, Underlying Shares and Debentures" in this Annual Report for details of the Directors' interests in the share capital of the Company which fall to be disclosed under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (**"SFO"**).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAM, Man Bun Alan (林文彬先生), aged 73, is an independent non-executive Director for more than nine years since 10 February 2017. Mr. Lam is currently a practising solicitor in Hong Kong and the sole proprietor of Alan Lam, Yam & Pe. He has been practising law in Hong Kong for over 45 years. Mr. Lam was respectively admitted to practice as a solicitor of the High Court of Hong Kong in June 1979, the Supreme Court of England and Wales in May 1983, the Supreme Court of the Australian Capital Territory in April 1989 and the Supreme Court of Republic of Singapore in May 1990. He has been an accredited general mediator of the Law Society of Hong Kong since June 2011 and an accredited general mediator of Hong Kong Mediation Accreditation Association Limited from July 2015.

Mr. Lam was not a director in other listed companies for the last three preceding years.

Mr. LAU, Chun Fai Douglas (劉俊輝先生), aged 53, is an independent non-executive Director for more than nine years since 10 February 2017. Mr. Lau has over 25 years of experience in auditing and accounting.

Mr. Lau is a certified practising accountant of the Australian Society of Certified Practising Accountants (now known as CPA Australia), a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia (now known as Chartered Accountants Australia and New Zealand) and a member of the Institute of Chartered Accountants in England and Wales. Mr. Lau is also the founding member of the Institute of Accountants Exchange in Hong Kong since May 2006.

Mr. Lau has been an independent non-executive director of Chanjet Information Technology Company Limited (stock code: 1588) since September 2011 and Ausnutria Dairy Corporation Ltd (stock code: 1717) from January 2015 to April 2022.

Ir NG, Wai Ming Patrick (吳惠明工程師), aged 66, is an independent non-executive Director for more than nine years since 10 February 2017. Ir Patrick Ng has over 40 years of experience in building, civil, environmental and geotechnical engineering projects.

Ir Patrick Ng had served on the Contractors Registration Committee Panel and Contractors Registration Committee of the Buildings Department in Hong Kong. He was the academic adviser of the Department of Civil Engineering of Chu Hai College of Higher Education. He was a member of the Election Committee of the National People's Congress, the People's Republic of China for the year 2012. He was the member of the 11th Nanning Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣西省南寧市第十一屆委員會).

Ir Patrick Ng is appointed as the Member of Appeal (Building) Tribunal under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong); and Member of the Authorised Persons', Registered Structural Engineers' and Registered Geotechnical Engineers' Disciplinary Board Panel under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong).

Ir Patrick Ng is currently a Registered Professional Engineer (Building, Civil, Environmental, Geotechnical) under the Engineers Registration Board, an Authorised Person, and a Registered Geotechnical Engineer and Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). He is a member and a fellow of the Hong Kong Institution of Engineers since May 1988 and February 1998 respectively, and is currently an Authorised Signatory on the Register of General Building Contractors and the Register of Specialist Contractors (Sub-register of Foundation Works Category, Sub-register of Demolition Works Category, Sub-register of Site Formation Works Category and Sub-register of Ground Investigation Field Works Category).

Ir Patrick Ng was not a director in other listed companies for the last three preceding years.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed, each of the Directors, confirmed, to the best of his/her knowledge, information and belief having made all reasonable enquiries, there was no information relating to him/her required to be disclosed under Rule 17.50A(1) of the GEM Listing Rules.

Save as disclosed, each of the Directors had no other relationship with any Directors, Senior Management, substantial Shareholders or Controlling Shareholders as at the date of this Annual Report.

SENIOR MANAGEMENT

Mr. SZE, Kevin Chun Kit (施俊傑先生), aged 39, has been the company secretary of the Company (the “**Company Secretary**”) since March 2016 and has served as the Chief Financial Officer of the Group since February 2025. He joined the Group in March 2016 as Finance Director. He has over 15 years of experience in accounting and is primarily responsible for the Group’s accounting, financial management and company secretarial matters.

Mr. Sze is a fellow member of The Hong Kong Chartered Governance Institute (“**HKCGI**”) and The Chartered Governance Institute. He also holds the Environmental, Social and Governance (“**ESG**”) certification awarded by HKCGI. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), a member of the Institute of Chartered Accountants in England and Wales, and a member of Chartered Accountants Australia and New Zealand.

Mr. Sze graduated from Monash University, Australia, with a Bachelor of Commerce (Accounting and Finance) in July 2009, from Macquarie University, Australia, with a Master of Business Administration in November 2018, and from The Hong Kong Polytechnic University with a Master of Corporate Governance with distinction in September 2020.

Mr. HO, John Kwun Fung (何冠鋒先生), aged 49, is the Senior Management and the project engineer of the Group. Mr. Ho joined the Group in March 2011 and is primarily responsible for the overall management and supervision of the projects of the Group and overseeing the progress of various projects undertaken by the Group, making recommendations to the executive Directors in relation to allocation of resources and purchase and/or rental of machinery necessary for its business.

Mr. Ho graduated from The University of Melbourne, Australia in April 1998 with a degree of Bachelor of Planning and Design and in March 2000 with a degree of Bachelor of Property and Construction.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board recognises the importance of effective corporate governance increasing corporate transparency and accountability. Therefore, the Company aims to establish and maintain good corporate governance practices and is committed to achieving high standard of corporate governance to maximise the shareholders' interests while taking into account the interests of stakeholders of the Company (the "**Stakeholders**") as a whole.

BOARD OF DIRECTORS

As at the date of this Annual Report, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Chuang Chun Ngok Boris (*Chairman*)

Mr. Chuang Wei Chu

Non-executive Director

Ms. Chuang Yau Ka

Independent non-executive Directors

Mr. Lam Man Bun Alan

Mr. Lau Chun Fai Douglas

Ir Ng Wai Ming Patrick

Mr. Chuang Wei Chu is Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka's father. Both of them are Controlling Shareholders (as defined in the GEM Listing Rules). Mr. Chuang Chun Ngok Boris is the Chairman of the Board. Mr. Chuang Wei Chu and Mr. Chuang Chun Ngok Boris are the executive Directors, and Ms. Chuang Yau Ka is the non-executive Director. Save as disclosed in this Annual Report, there are no financial, business, family or other material/relevant relationships among the members of the Board as of the date of this Annual Report.

Biographical details of the Directors are set out in the section headed "Biographical details of Directors and Senior Management" in this Annual Report. The list of Directors and their roles and functions is posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.gmehk.com.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Part 2 of Appendix C1 to the GEM Listing Rules. The Shares were listed on GEM of the Stock Exchange on 22 February 2017 (the "**Listing Date**"). The Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this Annual Report to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner and enable the evaluation by the Shareholders of such application.

The Company will continue to review and enhance its corporate governance practices from time to time to comply with statutory requirements and regulations.

During the Reporting Period, the Directors considered that the Company has complied with the CG Code.

CORPORATE STRATEGIES, BUSINESS MODEL AND CULTURE

The purpose of the Group is to provide high-value construction services to the public and its customers.

Since the Listing Date, the Group has committed to developing further its reputation as a quality provider of integrated tunnel construction services, and enhancing the efficiency of the Group's operations to serve the public and its customers.

The core values of the Group are Quality, Safety, and Integrity.

For the above reasons, the Group has established the strategic direction as follows:

1. to strengthen the business relationship with the Group's customers;
2. to provide responsible and sustainable leadership for the Group's services;
3. to maintain the revenue growth of the Group's services;
4. to maintain cost effective measures for the Group's services;
5. to cultivate the workforce capability to serve the Group's customers;
6. to develop the Group's reputation as a quality service provider;
7. to provide a continuous safe work environment for both its employees as well as the public; and
8. to remain at all times ethical in its engineering services.

CORPORATE GOVERNANCE REPORT

The Group's culture is built on safety, quality, integrity, and sustainability, and is supported by clear policies (including, but not limited to, the Code of Conduct, Whistleblowing Policy, and Anti-corruption Policy), regular training, and open communication. The Group encourages Stakeholders to speak up about unsafe or unethical conduct without fear of retaliation.

The Board is committed to making decisions objectively in the best interests of the Shareholders and Stakeholders. Therefore, the Directors will continue to apply such strategic directions into its works and services.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the **"Required Standard of Dealings"**) as the code of conduct regarding securities transactions by the Directors in respect of the Shares.

The Company had made specific enquiry with the Directors and all Directors confirmed that they had fully complied with the Required Standard of Dealings set out in the code of conduct of the Group (**"Code of Conduct"**) during the Reporting Period.

RESPONSIBILITIES OF THE BOARD

The Board supervises the overall management and administration of the business of the Group and ensures that it acts in the best interests of the Shareholders while taking into account the interests of Stakeholders as a whole. The Board is primarily responsible for overall development, strategic planning, reviewing and monitoring the business performance, approving the financial statements and annual budgets, internal controls and risk management as well as supervising the management of the Group. Execution of operational matters and the powers thereof are delegated to the Senior Management by the Board. The Board is regularly provided with management updates to give a balanced and understandable assessment of the performance, position, recent development and prospects of the Group.

According to the code provision of D.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Reporting Period, the management of the Company has provided, and will continue to provide, to all members of the Board (including all independent non-executive Directors, where applicable) updates on any material changes to the position and prospects of the Group, which are considered to be sufficient to provide general updates of the Group's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the Company's financial and operating performance the same for the purposes of code provision D.1.2 of the CG Code.

The Board is of the view that the various experience and professional qualifications of both executive Directors, a non-executive Director and independent non-executive Directors maintain a balance of skills, experience and expertise for the business of the Group.

The Company has taken out directors and officers liability insurance to cover liabilities arising from any legal action against the Directors.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company currently has not appointed any chief executive.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors with diversified qualifications and experiences. This ensures that the Board has a strong independence element in its composition for decision making. The Board also considers the day-to-day management of the business has been properly delegated to different individuals.

Mr. Chuang Chun Ngok Boris is the chairman, who is responsible for the overall management and administration of the business and daily operations of the Group. Mr. Chuang Wei Chu, the executive Director, is responsible for the overall development, strategic planning and major business decisions of the Group. The Board is regularly provided with management updates to allow its members to give a balanced and understandable assessment of the performance, position, recent development and prospects of the Group. Therefore, the Board considers that there is a balance of power and authority and that the power is not concentrated in any one individual.

The Board will continue to review the Group's corporate governance structure and consider whether the appointment of a chief executive is necessary to be in line with the Group's business objectives.

NON-EXECUTIVE DIRECTOR

Ms. Chuang Yau Ka, a non-executive Director, has been being the public relations officer of GMEHK since 1 June 2016. She has been the non-executive Director for almost two years since 24 May 2024. She is mainly responsible for dealing with the media and Stakeholders' enquiries, which align with the corporate strategies and culture. She is also responsible for the Group's internal communications to promote employee engagement and alignment with the Group's strategic direction. She is also one of the Controlling Shareholders. She participates in the Board for independent judgement to bear on the Company strategies and policies, scrutinises the Company's performance in achieving agreed corporate goals and objectives, monitors performance reporting and takes the lead where potential conflict of interests arises. She is also a Nomination Committee member to give opinion for Board diversity and monitor the Group to meet its strategic objectives and monitor its performance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors bring independent judgements to the Board and are mainly responsible for advising on issues such as corporate governance, audit, the remuneration and nomination of Directors and Senior Management. In compliance with Rules 5.05A, 5.05(1), and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Director since 10 February 2017. They has been serving the Board for more than nine years, representing more than one-third of the Board. The Group has received from each independent non-executive Director an annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules. Based on such confirmation and not aware of any adverse event, the Company considers that all the independent non-executive Directors are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely the audit committee of the Board (the “**Audit Committee**”), the remuneration committee of the Board (“**Remuneration Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”) on 10 February 2017, to oversee the particular aspects of the Group’s affairs. Each of the three committees has its specific terms of reference that are approved by the Board, relating to its responsibilities, duties, powers and functions and are posted on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.gmehk.com.

All Board committees are provided with sufficient resources to perform their duties and carry out its role and functions and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company’s expense. The Company has established channels through formal and informal means whereby the independent non-executive Directors can express their views in an open and confidential manner should circumstances require. During the Reporting Period, the Board reviewed the implementation and effectiveness of such mechanism with satisfactory results. The Board committees will regularly report to the Board on decisions or recommendations made.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions under code provision A.2 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy, such responsibilities include:

- (i) developing and reviewing the Group’s policies and practices on corporate governance and make recommendations to the Board;
- (ii) reviewing and monitoring the training and continuous professional development of the Directors and Senior Management;
- (iii) reviewing and monitoring the Group’s policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the Code of Conduct and compliance manual applicable to employees and Directors; and
- (v) reviewing the Group’s compliance with the CG Code and relevant disclosure in the Corporate Governance Report.

During the Reporting Period, the Board has reviewed and will continue to review the Group’s corporate governance manual at least annually and considered the corporate governance function of the Group to be effective.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Group has established the Audit Committee pursuant to a resolution of the Board passed on 10 February 2017 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The written terms of reference was revised pursuant to a resolution of the Board passed on 25 March 2019. The primary duties of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (ii) reviewing and supervising the financial statements and material advice in respect of financial reporting; (iii) overseeing internal control procedures and corporate governance of the Company; (iv) supervising internal control and risk management systems of the Group; and (v) monitoring continuing connected transactions (if any).

The Audit Committee currently consists of all three of the independent non-executive Directors, namely Mr. Lau Chun Fai Douglas, Ir Ng Wai Ming Patrick and Mr. Lam Man Bun Alan and the chairman of the Audit Committee is Mr. Lau Chun Fai Douglas, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The following is a summary of the work of the Audit Committee during the Reporting Period:

- (a) made recommendations to the Board about BDO Limited's reappointment as the external auditor of the Company based on the external auditor's ethics, knowledge, experience and capability and discussed the corresponding audit plans, auditor's remuneration, terms of engagement, the independence of the external auditors, and the scope and the related fee of the non-audit services;
- (b) reviewed the audited consolidated financial statements and annual results announcement of the Group for the year ended 31 December 2024;
- (c) reviewed the unaudited condensed consolidated financial statements and interim results of the Group for the six months ended 30 June 2025;
- (d) reviewed and monitored the effectiveness of the Group's financial control, internal control and risk management functions, which includes discussing with management to ensure that management has performed its duty to implement and maintain effective systems;
- (e) met external auditor during audit planning meeting and closing meeting in the absence of management for the audit issues and key audit matters in relation to the annual audit; and
- (f) performed other duties under CG Code.

During the Reporting Period, the Audit Committee held four meetings. Please refer to the subsection headed "Number of meetings and attendance records" below for the attendance details.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Group has established the Remuneration Committee pursuant to a resolution of the Directors passed on 10 February 2017 in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee include (i) reviewing and making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and Senior Management (mainly with respect to their responsibilities, employment terms and conditions, and individual performance); (ii) reviewing other remuneration-related matters, including benefits in kind and other compensation payable to the Directors and Senior Management; (iii) making recommendations to the Board on the remuneration packages of individual executive Directors (including the terms of executive Directors' service contracts) and Senior Management; and (iv) reviewing performance based remunerations (including the matters relating to share scheme) and establishing a formal and transparent procedure for developing policy in relation to remuneration.

The Company adopted the Share Scheme on 29 May 2024, which provide the eligible employee participants with an opportunity to have a personal stake in the Company and will help to motivate them in optimising their performance and efficiency, thereby encouraging the employees to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Share Scheme can also attract and retain eligible participants whose contributions are important to the long-term growth of the Group.

The Remuneration Committee currently consists of one executive Director, Mr. Chuang Chun Ngok Boris, and all three independent non-executive Directors, namely Mr. Lam Man Bun Alan, Mr. Lau Chun Fai Douglas and Ir Ng Wai Ming Patrick. It is currently chaired by Mr. Lam Man Bun Alan.

During the Reporting Period, the Remuneration Committee held two meetings to review the remuneration policy and structure and make recommendations to the Board about the remuneration package of the Directors and Senior Management based on their individual performance. The Remuneration Committee also reviewed and approved matters relating to the Share Scheme and reviewed the grant of 2025 Share Award under Chapter 23 of the GEM Listing Rules during the Reporting Period.

The Remuneration Committee consulted with the chairman of the Board on his proposal and recommendations for the Share Scheme and 2025 Share Award. The Remuneration Committee is also provided with other resources enabling it to discharge its duties, including but not limited to obtaining advice and assistance from external legal and compliance advisors at the Company's expense. Besides, during the discussion with the chairman of the Board and the senior management, the Remuneration Committee understand the purpose of the grant of the 2025 Share Award was to incentivise and reward the contributions of the employee participants to the Group's growth and development by aligning their interests with those of the Company and Shareholders. In view of the above, the Remuneration Committee of the Board considered that the grant of 2025 Share Award aligns with the purpose of the Share Scheme.

Please refer to the subsection headed "Number of meetings and attendance records" below for the attendance details.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Group has established the Nomination Committee pursuant to a resolution of the Directors passed on 10 February 2017 with written terms of reference in compliance with the CG Code. The written terms of reference were revised and available on the website on 25 March 2019 pursuant to a resolution of the Board passed on 25 March 2019. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity of the Board at least annually and assist the Board in maintaining a Board skills matrix; (ii) identify individuals suitably qualified to become Board members; (iii) assess the independence of independent non-executive Directors; (iv) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and (v) make recommendations to the Board regarding the candidates to fill vacancies on the Board.

The Nomination Committee comprises one executive Director, Mr. Chuang Chun Ngok Boris, one non-executive Director, Ms. Chuang Yau Ka, and all three independent non-executive Directors, namely Mr. Lam Man Bun Alan, Mr. Lau Chun Fai Douglas and Ir Ng Wai Ming Patrick. It is chaired by Ir Ng Wai Ming Patrick. Ms. Chuang Yau Ka was appointed as a member of the Nomination Committee on 22 August 2025 to further enhance the Board's mix of skills, experience and diversity.

During the Reporting Period, the Nomination Committee held two meeting to assess the structure, size, composition and diversity of the Board and the independence of independent non-executive Directors, review the Board diversity policy, and make recommendations to the Board to appoint non-executive Director, Ms. Chuang Yau Ka, as a member of Nomination Committee, and on relevant matters relating to the appointment or re-appointment of Directors. The Board has also achieved the measurable objectives set out in the Board diversity policy.

From the Listing Date up to the date of this Annual Report, the independent non-executive Directors have served the Company for more than nine years. The Nomination Committee assessed each Directors' time commitment and contribution to the Board as well as the Directors' ability to discharge their responsibilities effectively, taking into the account professional qualifications and work experience. The Nomination Committee assessed the independence of independent non-executive Directors by reference to their independence confirmation. Also, they do not hold any Shares of the Company and have no business relationship with the Group and concluded that no independence issues were noted.

Please refer to the section headed "Number of meetings and attendance records" below for the attendance details.

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

The Company recognises the benefits of a Board that possesses a balance of skills, expertise, experience and diversity of perspectives appropriate for the business and strategic objectives of the Group. Therefore, the Company has adopted a nomination policy to set out the procedure and criteria for making recommendations regarding the appointment of proposed candidate(s) to the Board or re-appointment of any existing member(s) of the Board.

(a) Nomination procedures and process

The Nomination Committee shall (i) review the structure, size, composition and diversity of the Board by considering the Group's business model, culture, corporate strategies, objectives, the operation of the existing Board and its collective skillset, and (ii) assess whether any vacancy of the Board has been created or is expected on a regular basis. The Nomination Committee may identify potential candidate(s) to the Board by using various methods but not limited to making full use of intermediary agencies for identifying qualified Director candidate(s) at the Company's expense and/or considering recommendations from the Board or Senior Management. The Nomination Committee should follow the selection criteria below to assess the potential candidate(s) by reference to his/her personal information in the prescribed form. The Nomination Committee shall undertake adequate due diligence regarding such individuals and make recommendations for the Board's consideration and approval. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting of the Company.

If a Shareholder wants to propose a candidate to the Board for consideration, he/she shall refer to the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website at www.gmehk.com.

(b) Selection criteria

All potential candidates will then be assessed by the Nomination Committee based on various selection criteria, including but not limited to the following:

- (i) reputation for integrity;
- (ii) commitment in respect of sufficient time and relevant interest to the Company; and
- (iii) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company adopted a Board diversity policy on 10 February 2017 and revised it on 23 March 2022 to achieve diversity within the Board.

The Board diversity policy aims to set out the approach to achieving diversity on the Board. The Company considers that diversity on the Board can be achieved through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The following measurable objectives were adopted by the Board:

- (i) at least one-third of the members of the Board shall be independent non-executive Directors;
- (ii) at least two of the members of the Board shall have obtained accounting or other professional qualifications; and
- (iii) at least one of the Directors is a female Director.

Gender diversity in the Board and the workforce is essential for the Group to attain its strategic objectives and achieve sustainable and balanced development. One of the Directors is a female Director.

In addition, the Board also discussed with the ESG working group the importance of gender diversity across the workforce of the Group. In general, the male workforce dominates the construction industry due to the heavy nature of the work. However, the Group welcomes all female talents to join the Group and work together to provide high-value construction services to the public. The Group targets to have one-tenth of workforce are female by 2027. Nevertheless, the Group will also constantly identify female individuals who possess relevant and competent qualities to become Board members while will be reviewed by the Nomination Committee to develop a pipeline of potential successors to the Board to promote gender diversity of the Board. The relevant gender diversity information and targets will be disclosed in the ESG report for 31 December 2025 (“**ESG Report**”).

CORPORATE GOVERNANCE REPORT

TERMS OF APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors renewed the service agreement with the Company on 10 February 2026 for a term of three years. Either party may terminate the service agreement at any time by giving the other not less than three months' prior written notice.

Each of the independent non-executive Directors renewed the letter of appointment on 10 February 2026 for a term of three years. The independent non-executive Directors may terminate their letter of appointment by the Company giving a minimum of three months' notice in writing. Mr. Lam Man Bun Alan, Mr. Lau Chun Fai Douglas, and Ir Ng Wai Ming Patrick have served as an independent non-executive Directors of the Company for more than nine years. The Board and the Nomination Committee have reviewed their annual independence confirmation and are satisfied that they continue to meet the independence guidelines set out in the GEM Listing Rules. They do not hold any cross directorships or significant interests in the Company or its connected persons, and there are no other relationships or circumstances that are likely to affect his exercise of independent judgement.

The non-executive Directors signed the letter of appointment on 24 May 2024 for a term of three years. She may terminate her letter of appointment by giving the Company a minimum of three months' notice in writing.

The Board confirms that the Directors has complied with Code Provision B.2.1 of the Corporate Governance Code under the GEM Listing Rules that Directors give sufficient time and attention to the Company affairs.

According to the Article 25 of the second amended and restated Articles of Association of the Company (the "**Articles**"), one-third of the Directors for the time being (or, if the number of Directors is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In the annual general meeting of the Company to be held on 22 May 2026 ("**AGM**"), a non-executive Director, being Mr. Chuang Yau Ka, and an independent non-executive Director, being Mr. Lau Chun Fai Douglas, would retire and be subjected to re-election.

In recommending Mr. Lau Chun Fai Douglas for re-election, the Board has considered his extensive experience in accounting, financial management and corporate governance matters, his deep understanding of the Group's operations, and his continued constructive and objective contributions to the Board and its Board Committees. The Board considers that his long tenure has not compromised, and does not compromise, his independence and that he has consistently demonstrated an ability to provide independent, balanced and insightful advice to the Company.

BOARD MEETINGS

Code provision C.5.1 of the CG Code states that Board meetings should be held at least four times each year at approximately quarterly intervals with active participation, either in person or through electronic means of communication by the majority of the Directors entitled to be present. The Board delegates necessary powers and authorities to the executive Directors to facilitate the efficient day to day management of the Group's business. Directors who are considered to have a conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of the meeting and would abstain from voting on the relevant resolutions subject to certain exceptions set out in the Articles. The Company Secretary maintains minutes of the Board meetings for inspection by Directors. All Directors have access to the services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. Any Director, Audit Committee members, Remuneration Committee members and Nomination Committee members may take independent professional advice at the expense of the Company should they so wish. The Board will schedule to have at least four regular meetings per year. The Directors disclosed the number and nature of the offices held in public companies under the section titled "Biographical details of Directors and Senior Management".

During the Reporting Period, six Board meetings were held.

CORPORATE GOVERNANCE REPORT

NUMBER OF MEETINGS AND ATTENDANCE RECORDS

The attendance of Directors at the Board meetings and the Board's committees' meetings during the Reporting Period is set out in the table below:

Name of Directors	Meetings attended/Eligible to attend				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Mr. Chuang Chun Ngok Boris	6/6	0/0	2/2	2/2	1/1
Mr. Chuang Wei Chu	6/6	0/0	0/0	0/0	0/1
Mr. Lam Man Bun Alan	6/6	4/4	2/2	2/2	1/1
Mr. Lau Chun Fai Douglas	6/6	4/4	2/2	2/2	1/1
Ir Ng Wai Ming Patrick	6/6	3/4	1/2	1/2	0/1
Ms. Chuang Yau Ka	6/6	0/0	0/0	1/1	1/1

As stated in code provision C.5.3 of the CG Code, notice of regular Board meetings will be given to all Directors at least 14 days prior to the scheduled Board meeting. For all other Board meetings, reasonable notice will be given.

Pursuant to code provision C.1.5 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meeting(s) of the Company. During the Reporting Period, all independent non-executive Directors attended the annual general meeting of the Company on Friday, 24 May 2024 in person except Ir Ng Wai Ming Patrick due to other business engagement. The Company Secretary reported the discussion of the annual general meeting to Ir Ng and he also read the minutes to understand the meeting.

Pursuant to code provision C.2.7 of the CG Code, the chairman of the Board should hold meetings with independent non-executive Directors without the presence of other Directors at least annually. The Group has followed and will continue to follow the CG Code and ensure such meetings to be held in accordance with the CG Code.

DIVIDEND POLICY

The Company has adopted a dividend policy on 25 March 2020.

The Group intends to strike a balance between maintaining sufficient capital to grow the business and rewarding the Shareholders. The Board will determine or recommend the dividend distribution ratio, as appropriate, at its absolute discretion after taking into account, inter alia, the following factors: –

1. the Group's earnings and its general financial conditions;
2. the future cash requirements and availability of the Group;
3. the future prospect and general market condition; and
4. any other factors that the Board deems appropriate, subject to the Articles of Association and any applicable laws of the Cayman Islands.

The policy is subject to annual review and the Board's approval if amendments are required. The Board declared an interim dividend of HK\$5.0 cents per Share for the six months ended 30 June 2025 and has recommended the final dividend of HK\$4.0 cents per Share for the Reporting Period. The interim and final dividends were made in accordance with the Company's dividend policy.

CORPORATE GOVERNANCE REPORT

TRAINING FOR DIRECTORS AND COMPANY SECRETARY AND CONTINUING PROFESSIONAL DEVELOPMENT

According to code provision C.1.1 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors confirmed that they have complied with code provision C.1.1 of the CG Code and provided a record of training to the Company.

According to the training records maintained by the Company, the training received by each of the Directors during the Reporting Period is summarised as follows:

Name of Directors	Attended seminars and/or read materials
Mr. Chuang Chun Ngok Boris	✓
Mr. Chuang Wei Chu	✓
Mr. Lam Man Bun Alan	✓
Mr. Lau Chun Fai Douglas	✓
Ir Ng Wai Ming Patrick	✓
Ms. Chuang Yau Ka	✓

Mr. Sze Kevin Chun Kit, the Company Secretary, complied with the relevant professional training under Rule 5.15 of the GEM Listing Rules for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The auditor's remuneration paid/payable to the auditor of the Company for the Reporting Period is set out as follows:

Services rendered	HK\$
Audit service	780,000
Non-audit service (tax services provided by network firm of the auditor of the Company)	45,400
Total	825,000

COMPANY SECRETARY

Please refer to the section headed "Biographical details of Directors and Senior Management" in this Annual Report for biographical details of the Company Secretary.

COMPLIANCE OFFICER

Mr. Chuang Chun Ngok Boris, the chairman and an executive Director of the Company was appointed as the compliance officer of the Company on 10 February 2017. Please refer to the section headed "Biographical details of Directors and Senior Management" in this Annual Report for biographical details of the compliance officer of the Company.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for the year ended 31 December 2025, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are fair and reasonable.

As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the Consolidated Financial Statements.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated Financial Statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report by the external auditor, BDO Limited, about its reporting responsibility on the Consolidated Financial Statements of the Group is set out in the independent auditor's report of this Annual Report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' remuneration, five highest paid individuals and Senior Management's emoluments are set out in note 12 to the Consolidated Financial Statements.

ESG REPORT

The Company will issue a separate ESG Report on the Stock Exchange's website at www.hkexnews.hk and under the "INVESTOR RELATIONS" section of the Company's website at www.gmehk.com at the same time as the publication of this Annual Report in compliance with the Appendix C2 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' ENGAGEMENT AND INVESTOR RELATIONS

An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. These formal meeting of the Company will provide a forum for communication between the Board and the Shareholders. The Board will answer questions raised by Shareholders to facilitate engagement and understand the view on matters affecting the Company. During the Report Period, the Company held one general meeting.

Members of the Company who wish to propose resolutions are requested to follow Article 17 of the Articles to convene an extraordinary general meeting. According to Article 17 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may make requisition to convene an extraordinary general meeting and/or add resolutions to the agenda to a meeting, by written requisition to the Board or Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such a meeting shall be held within two months after the deposit of such requisition.

The requisition must be deposited for the attention of the Board or Company Secretary via mail to the principal place of business of the Company in Hong Kong on the 41/F, United Asia Finance Centre, 333 Lockhart Road, Wan Chai, Hong Kong or via E-mail (companysecretary@gmehk.com), requiring an extraordinary general meeting to be called by the Board and specifying business that the shareholder(s) of the Company wish to discuss.

If, within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Company discloses information in compliance with the GEM Listing Rules. The Company believes that information disclosures in a timely, accurate and complete manner can enhance corporate transparency. For effective communication, the Company has published the Shareholders' communication policy, which was reviewed by the Board relating its implementation and effectiveness during the Reporting Period, and the latest information relating to the Group on its website at www.gmehk.com. Additionally, through the communication with Shareholders during the annual general meeting of the Company and the Stakeholders' engagement conducted by the ESG working group, the Board can solicit and understand their views to achieve sustainable and balanced development. Shareholders and Stakeholders, who would like to communicate their views on various matters affecting the Company to the Board or the Company may send their views by post to the principal place of business in Hong Kong or via E-mail (ir@gmehk.com). During the Reporting Period, the Board discussed and reviewed the Shareholders' communication policy and considered it to be effectively implemented.

CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated Memorandum of Association and Articles of Association of the Company on 10 February 2017, which took effect on the Listing Date, to comply with the GEM Listing Rules in Hong Kong.

On 19 May 2023, the Company adopted the Second Amended and Restated Memorandum of Association and Articles of Association of the Company. Save as disclosed, during the Reporting Period, there has been no other change in the Company's Memorandum of Association and Articles of Association.

A copy of the second amended and restated Memorandum of Association and Articles of Association of the Company is posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.gmehk.com.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

It is the responsibility of the Board to ensure that a sound and effective risk management and internal control system is in place to safeguard the interests of the Shareholders. The Board has overall responsibility for ensuring the Company establishes and maintains appropriate and effective the risk management, ESG performance and internal control system, particularly the financial reporting and GEM Listing Rules Compliance of the Group. However, such systems are designed to deal with identified risks, safeguard the Company's asset, prevent and detect the fraud, accuracy of financial reports and manage the Group's risk within an acceptable risk profile rather than to eliminate the risk of failure to achieve the business objectives of the Group and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

The Group has adopted certain internal control policies, that cover various operational processes, including financial reporting, project progress monitoring and cost control measures. The Group has also established a set of risk management policies. The Group's risk management process starts with identifying the major risks associated with its business, industry and market in the ordinary course of business. The Board and Senior Management are responsible for identifying and analysing the risks associated with their respective functions, preparing and measuring risk mitigation plans and reporting the status of risk management, no significant changes of risk management/internal control during the Reporting Period.

The Board is responsible for overseeing ESG matters relating to the Group, assessing the potential impacts of ESG issues, and managing material ESG issues as part of the risk assessment and internal controls of the Group. The management and the employees of the Group who are responsible for its key business operations have formed an ESG working group to manage and monitor ESG issues, formulate the Group's ESG strategies and prepare the ESG Report.

In addition, the Group has adopted and implemented its own disclosure policy for the purpose of providing guidelines in handling confidential information and/or monitoring information disclosure pursuant to applicable laws and regulations in compliance with the GEM Listing Rules and the SFO. The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement on a timely basis for the public to access the latest information of the Group, save for information that falls within the safe harbours as stated in the SFO. The management of the Group also monitors the implementation of the procedures for the dissemination of inside information.

As at the date of this Annual Report, the Board has conducted a review of the effectiveness of the risk management and internal control systems under code provision D.2.1, which covers all material controls, including the financial, operational, compliance and risk management for the Reporting Period, no significant changes of risk management/internal control during the Reporting Period. The Board considered that the system of the Group was appropriate, adequate and effective for the Reporting Period. The Company did not have an internal audit function. However, the Group has adequate resources for designing, implementing and monitoring the risk management and internal control systems. During the Reporting Period, the Group engaged Fan, Mitchell Risk Advisory Services Limited as an independent internal audit consultant to review the effectiveness of the Group's risk management and internal control system. The internal control consultant directly reports to the Audit Committee. Going forward, the Directors will work with the internal control consultant annually to assess and review the effectiveness of the Group's risk management and internal control system.

Subsequent to Reporting Period up to the date of this Annual Report, the Group enhanced whistleblowing policies to enable Stakeholders to raise concerns, in confidence and anonymity, with the Audit Committee. In addition, the Group established anti-corruption policies. The Board will review both whistleblowing policies and anti-corruption policies annually. The whistleblowing policies are posted on the Company's website at www.gmehk.com. Whistleblowers can send the information to the Audit Committee via e-mail at whistleblowing@gmehk.com.

PROCEDURES FOR RAISING ENQUIRIES

Written enquiries may be sent to the Company through the Company Secretary whose contact details are as follows:

Address: 41/F, United Asia Finance Centre, 333 Lockhart Road, Wan Chai, Hong Kong
Fax: +852 3105 1881
E-mail: companysecretary@gmehk.com

DIRECTORS' REPORT

The Directors present their report and the Consolidated Financial Statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of underground construction services. Details of the principal activities of its subsidiaries are set out in note 32 to the Consolidated Financial Statements of this Annual Report. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

PRINCIPAL PLACE OF BUSINESS

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is 41/F, United Asia Finance Centre, 333 Lockhart Road, Wan Chai, Hong Kong.

BUSINESS REVIEW

Discussion and analysis of the business of the Group, principal risks and uncertainties, outlook of the business and the analysis of the Group's performance for the Reporting Period can be found out in the sections headed "Chairman's statement" and "Management discussion and analysis" in this Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the section headed "Consolidated statement of comprehensive income" in this Annual Report.

The Directors recommended a final dividend of HK\$4.0 cents per Share (2024: HK\$4.0 cents) for the year ended 31 December 2025, based on the basic earnings per Share of approximately HK\$18.19 cents. With an interim dividend of HK\$5.0 cents per share (2024: HK\$4.0) paid on Friday, 31 October 2025. The total interim and final dividends for the year ended 31 December 2024 amounted to HK\$9.0 cents per Share. The dividend decision made by the Board were made in accordance with the Company's dividend policy, which is disclosed in the Corporate Governance Report.

DIRECTORS' REPORT

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Friday, 22 May 2026. The register of members of the Company will be closed from Monday, 18 May 2026 to Friday, 22 May 2026, both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this period, no transfer of the shares will be registered. The record date of determining the entitlements of the Shareholders to vote and attend at the forthcoming AGM is Friday, 22 May 2026. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 15 May 2026.

To ascertain entitlement to the proposed final dividends, the register of members of the Company will also be closed from Friday, 29 May 2026 to Monday, 1 June 2026, both days inclusive. In order to qualify for the proposed final dividends, which is subject to approval of Shareholders at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 28 May 2026.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, total assets, total liabilities and net assets of the Group for the last five years is set out in the section headed "Financial highlights" in this Annual Report. This summary does not form part of the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 16 to the Consolidated Financial Statements of this Annual Report.

SHARE CAPITAL

Details of the movements in the Company's share capital for the year ended 31 December 2025 are set out in note 27 to the Consolidated Financial Statements of this Annual Report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 31 to the Consolidated Financial Statements and in the consolidated statement of changes in equity of this Annual Report, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Act (Revised), Cap 22 of the Cayman Islands, amounted to approximately HK\$23,930,000.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Shares Cancellation during the Reporting Period:

During the Reporting Period, the Company repurchased 8,028,000 Shares on the Stock Exchange and 7,924,000 Shares had been cancelled as at 31 December 2025. Details of those transactions are as follows:

Month of Share repurchase	Number of Shares repurchased	Price per Share		Total price paid (excluding the brokerage fees and other expenses) HK\$
		Highest HK\$	Lowest HK\$	
January 2025	680,000	0.40	0.38	261,900
March 2025	100,000	0.51	0.51	51,000
April 2025	600,000	0.61	0.51	329,000
May 2025	704,000	0.81	0.62	479,200
June 2025	1,360,000	0.89	0.83	1,165,160
July 2025	1,560,000	0.93	0.85	1,397,840
August 2025	320,000	1.07	1.05	339,000
September 2025	508,000	1.12	1.07	553,560
October 2025	992,000	1.08	1.05	1,048,160
November 2025	700,000	1.10	1.05	751,000
December 2025	400,000	1.04	1.02	413,000
	7,924,000			6,788,820

On 23 January 2026, the Company further cancelled total of 328,000 Shares. Details of this transaction is as follows:

Shares Cancellation on 23 January 2026:

Month of Share repurchase	Number of Shares repurchased	Price per Share		Total price paid (excluding the brokerage fees and other expenses) HK\$
		Highest HK\$	Lowest HK\$	
December 2025	104,000	1.04	1.02	108,080
January 2026	224,000	1.07	1.01	236,240
	328,000			344,320

The share repurchases disclosed above were effected by the Directors pursuant to the general mandates granted by the Shareholders at the annual general meetings of the Company held on 24 May 2024 and 23 May 2025, with a view to benefit the Shareholders as a whole by enhancing the net asset value per Share.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company during the Reporting Period were:

Executive Directors

Mr. Chuang Chun Ngok Boris (*Chairman*)

Mr. Chuang Wei Chu

Non-executive Director

Ms. Chuang Yau Ka

Independent non-executive Directors

Mr. Lam Man Bun Alan

Mr. Lau Chun Fai Douglas

Ir Ng Wai Ming Patrick

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and the Senior Management are set out in the section headed "Biographical details of Directors and Senior Management" in this Annual Report.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed aforesaid, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into a service agreement or agreement for appointment with the Company or any of its subsidiaries other than the agreement expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

According to Article 50 of the Articles, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors since the Listing Date and such permitted indemnity provision for the benefits of the Directors is currently in force.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those disclosed in note 33 to the Consolidated Financial Statements of this Annual Report, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with him has or had a material interest, whether direct or indirect, subsisting at any time during or at the end of the year 2025.

DIRECTORS' REPORT

CONTRACT OF SIGNIFICANCE

Save as those disclosed in note 29 and 33 to the Consolidated Financial Statements of this Annual Report, no contract of significance in relation to the Group's business (1) has been entered into between the Company, or one of its subsidiaries, and a Controlling Shareholder or any entity connected with him/her; and/or (2) has been entered into for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any entity connected with him/her.

No transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director, is or was materially interested, whether directly or indirectly, at the end of the year ended 31 December 2025 or at any time during such year.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS AND REMUNERATION POLICY

Details of the Directors' remuneration and five highest paid individuals of the Group are set out in note 12 to the Consolidated Financial Statements of this Annual Report. The remuneration policy of the Company can be found in the section headed "Management discussion and analysis – Information on employees" in this Annual Report. The Remuneration Committee has reviewed overall remuneration policy and structure relating to all Directors and Senior Management in reference to the Group's operating results and individual performance.

MANAGEMENT CONTRACTS

During the Reporting Period, other than the service contracts of the Directors, the Company did not enter into or have any management and administrative contracts in respect of the whole or any substantial part of the principal business of the Company.

RELATED PARTIES TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year ended 31 December 2025 are set out in note 35 to the Consolidated Financial Statements of this Annual Report. None of the related party transactions constitutes disclosable connected transaction under the GEM Listing Rules.

COMPETING INTEREST

The Directors are not aware that any Controlling Shareholders or Directors or their close associates (as defined in the GEM Listing Rules) are interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly with the Group's business during the Reporting Period.

PENSION SCHEME ARRANGEMENTS

A Mandatory Provident Fund (the "MPF Scheme") has been set up for employees in Hong Kong, in accordance to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). All employees in Hong Kong are required to join the MPF Scheme and the employees and its employer are each required to contribute 5% of their gross earnings with a current ceiling of HK\$1,500 per month to the MPF scheme. The only obligation of the Group with respect to the MPF scheme is to make required contribution under the scheme. No forfeited contribution is available to reduce the contribution payable in the future. The contribution charged to the consolidated statement of comprehensive income represents the contribution payable to the funds by the Group.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Position in Shares

Name of Directors	Notes	Directly beneficially owned	Through spouse	Acting in concert	Total	Percentage of the Company's issued share capital
Mr. Chuang Chun Ngok Boris	(a)	103,000,000	–	187,120,000	290,120,000	60.8%
Mr. Chuang Wei Chu	(b)	103,000,000	49,620,000	137,500,000	290,120,000	60.8%
Ms. Chuang Yau Ka	(c)	34,500,000	–	255,620,000	290,120,000	60.8%

Notes:

- (a) Mr. Chuang Chun Ngok Boris (i) personally holds 103,000,000 Shares; and (ii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Chun Ngok Boris is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Chun Ngok Boris is the son of Mr. Chuang Wei Chu and Ms. To Yin Ping and the brother of Ms. Chuang Yau Ka.
- (b) Mr. Chuang Wei Chu (i) personally holds 103,000,000 Shares; (ii) is the spouse of Ms. To Yin Ping, who personally holds 49,620,000 Shares and is deemed to be interested in the Shares personally interested by Ms. To Yin Ping; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Wei Chu is therefore deemed to be interested in the Shares held by Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Wei Chu is the father of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.
- (c) Ms. Chuang Yau Ka (i) personally holds 34,500,000 Shares; and (ii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting in a unanimous manner. Ms. Chuang Yau Ka is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Mr. Chuang Chun Ngok Boris respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Ms. Chuang Yau Ka is the daughter of Mr. Chuang Wei Chu and Ms. To Yin Ping and the sister of Mr. Chuang Chun Ngok Boris.

As at 31 December 2025, none of the Directors and chief executives of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Saved as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES

As at 31 December 2025, so far as is known to the Directors, the following persons' interests and short positions of the share capital and underlying shares of the Company, other than a Director or chief executive of the Company, were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

Name of Shareholders	Note	Nature of interest	Total	Percentage of Company's issued share capital
Ms. To Yin Ping	(a)	Beneficial owner, interest held jointly with another person and interest of spouse	290,120,000	60.8%
Mr. Ng Kwok Lun		Beneficial owner	39,500,000	8.3%

Note:

- (a) Ms. To Yin Ping (i) personally holds 49,620,000 Shares; (ii) is the spouse of Mr. Chuang Wei Chu and is deemed to be interested in the Shares which are deemed to be interested by Mr. Chuang Wei Chu under the SFO; and (iii) is a party to the Acting in Concert Deed pursuant to which each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka has agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting in a unanimous manner. Ms. To Yin Ping is therefore deemed to be interested in the Shares held by Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka respectively under the SFO. Each of Mr. Chuang Wei Chu, Mr. Chuang Chun Ngok Boris, Ms. To Yin Ping and Ms. Chuang Yau Ka deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Ms. To Yin Ping is the mother of Mr. Chuang Chun Ngok Boris and Ms. Chuang Yau Ka.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any person who had an interest or short positions in any Shares, underlying Shares, Share Scheme stated below or debenture of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

DEED OF NON-COMPETITION

The Controlling Shareholders, namely Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka, had entered into a deed of non-competition dated 10 February 2017 in favour of the Company (for itself and as trustee for each of its subsidiaries). The Controlling Shareholders have also confirmed that none of them nor any of his/her close associates is engaged in, involved in or interested in any Group's business (other than being a director or shareholder of the Group) which, directly or indirectly, competes or may compete with the Group's business.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the abovementioned deed of non-competition have been complied with by the Controlling Shareholders up to the date of this Annual Report.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The revenue of the Group's top five customers accounted for approximately HK\$870,725,000 for the year ended 31 December 2025 (2024: approximately HK\$725,195,000), representing approximately 92.5% (2024: approximately 89.0%) of the Group's total revenue. The Group's largest customer accounted for approximately HK\$274,061,000 (2024: approximately HK\$488,222,000) or approximately 29.1% (2024: approximately 59.9%) of total revenue for the year ended 31 December 2025.

The total purchase from the Group's top five suppliers amounted to approximately HK\$39,410,000 for the year ended 31 December 2025 (2024: approximately HK\$69,269,000), representing approximately 8.1% (2024: approximately 19.2%) of the Group's total purchase. The Group's largest supplier accounted for approximately HK\$9,400,000 (2024: approximately HK\$24,623,000) or approximately 1.9% (2024: approximately 6.8%) of total purchase for the year ended 31 December 2025.

As at the date of this Annual Report, as far as the Company is aware, none of the Directors, their close associates or any shareholder owning more than 5% of the Company's share capital had any interest in the Group's customers and suppliers as mentioned above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and within the best knowledge of Directors as the date of this Annual Report, the Company has maintained the public float as required under GEM Listing Rules since the Listing Date.

INTEREST OF THE COMPLIANCE ADVISER

As at the date of this Annual Report, except for (i) the participation of Altus Capital Limited ("**Altus**") as the sponsor in relation to the listing of the Company on GEM; (ii) the compliance adviser agreement entered into between the Company and Altus dated 26 April 2016 and subsequently extended on 31 March 2020, 14 August 2020, 24 March 2021, 11 August 2021, 24 March 2022, 16 August 2022, 31 March 2023, 16 August 2023, 9 April 2024, 27 August 2024, 10 April 2025 and 4 September 2025; and (iii) the financial advisory mandate entered into between the Company and Altus dated 6 March 2017, neither Altus nor any of its directors, employees or associates had any interests in relation to the Group.

EVENTS AFTER THE REPORTING PERIOD

Of the repurchased Shares during the Reporting Period, 104,000 Shares had not been cancelled as at 31 December 2025. Subsequent to the Reporting Period, the Group further repurchased 224,000 Shares from the Stock Exchange. The total repurchased Shares yet to be cancelled were 328,000, which were subsequently cancelled on 23 January 2026.

Save as disclosed, no other event has occurred after 31 December 2025 and up to the date of this Annual Report which would have a material effect on the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' REPORT

DISCLOSURES PURSUANT TO RULE 17.23 OF THE GEM LISTING RULES

In accordance with the disclosure requirements of Rule 17.23 of the GEM Listing Rules, the following disclosures are included in this Annual Report, where GMEHK entered into a facility letter with a licensed bank in Hong Kong which is effective and ready to be used on 21 December 2022 (the “**Letter**”), which contains covenants requiring specific performance obligations of the Controlling Shareholders. Pursuant to the Letter, a termination event would arise if the Controlling Shareholders maintain less than 50% of the issued shares. Besides, Mr. Chuang Chun Ngok Boris shall remain as the chairman of the Company. For more details, please refer to the Company’s announcement dated 21 December 2022.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environmental and giving back to community and achieving sustainable growth. The environmental policies and performances and the Company’s relationships with employees, customers, suppliers and other that have a significant impact on the Company and on which the Company’s success depends are to be discussed in the ESG Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, to the best knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

SHARE SCHEME

The Share Scheme had been approved by the Shareholders at the extraordinary general meeting held on 24 May 2024 and had been adopted on 29 May 2024 (“**Listing Approval Date**”) on which the date for the Company obtained the listing approval from the Stock Exchange. The Share Scheme shall be valid and effective until the date which is ten (10) years after in adoption (i.e. 29 May 2034). The maximum number of Shares which may be issued in respect of all share options and share awarded to be granted under the Share Scheme and any other share schemes shall not exceed 48,780,800 Shares, representing 10% of the shares in issue as at the date of approval of the Share Scheme unless the Company obtains a fresh approval from the Shareholders. The total number of Shares issued and to be issued in respect of all share options and share awards granted to each employee participant (excluding any share options and share awards lapsed in accordance with the terms of this Share Scheme) in any 12-month period must not exceed 1% of the Shares in issue.

Eligible participants refer to the employee participants who are executive or non-executive director or any employee of the Group (including persons who are granted share options or share awards under this Share Scheme as inducement to enter into employment contracts with these companies).

The Company’s status as a listed company provides the Company with the flexibility to grant share options and/or share awards. The Board considered the grant of share options or share awards as incentives or rewards to the eligible participants for their contributions to the Group’s growth and development.

The purpose of the Share Scheme is to provide the Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning their interests with those of the Company and Shareholders. The Share Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company and will help to motivate the eligible participants in optimising their performance and efficiency and thereby, encouraging the eligible participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Share Scheme can also attract and retain the eligible participants whose contributions are important to the long-term growth of the Group.

DIRECTORS' REPORT

The total number of Shares issuable pursuant to the Share Scheme in aggregate is 48,780,800 Shares, being 10% of the total number of Shares in issue (excluding treasury shares) on the date of approval of the Share Scheme. As at the date of 2024 annual report for the year ended 31 December 2024 dated 26 March 2025, the total number of Shares available for issue under the Share Scheme is 48,780,800, representing approximately 10.1% of issued shares of the Company. As at the date of this Annual Report, the total number of Shares available for issue under the Share Scheme is 44,780,800 Shares, representing approximately 9.4% of the issued shares (excluding treasury shares) of the Company.

An offer shall be deemed to have been accepted by an employee participant concerned in respect of all Shares which are offered to such employee participant when the duplicate of the relevant offer letter comprising acceptance of the share option (the “**Share Option**”) duly signed by the Employee Participant with the number of Shares in respect of which the offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within twenty-eight (28) days from the date of offer. A share award shall be deemed to have been accepted by an employee participant concerned in respect of all Shares which are offered to such employee participant when the duplicate of the relevant award letter comprising acceptance of the share award duly signed by the employee participant with the number of awarded shares stated therein within twenty-eight (28) days from the date of granting the share award. No payment is required for the acceptance of the share award by the employee participants. The vesting period under the Share Scheme shall normally not be less than 12 months that it has been granted and may be subject to a shorter vesting period under circumstances where they are grants that relate to incentives or rewards for their contributions that form part of a larger bonus package that takes into account such contributions made and potential contributions.

A shorter vesting period may be granted to the Employee Participants at the discretion of the Board in any of the following circumstances:

- (i) the grants of “make-whole” Share Options or Share Awards to new Employee Participant to replace the existing awards they forfeited when leaving the previous employer;
- (ii) the grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (iii) the grants of Share Options or Share Awards with performance-based vesting conditions provided in the Share Scheme, in lieu of time-based vesting criteria;
- (iv) grants that are made in batches during a year for administrative and compliance reasons. They may include Share Awards that should have been granted earlier but had to wait for a subsequent batch;
- (v) grants of Share Awards or Share Options with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of 12 months;
- (vi) grants of Share Awards or Share Options with a total vesting and holder period of more than 12 months; and
- (vii) there is an event of change in control of the Company as a result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company.

The exercise price of a share option shall, subject to any adjustments made, be determined at the discretion of the Board at its absolute discretion, provided that it shall be not less than the highest of: (a) the closing price of the Share on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (b) the average of the closing prices of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the offer date; and (c) the nominal value of the Share on the offer date.

The option period of a share option must not be more than ten (10) years from the date of grant of the Share Option.

Since the Listing Approval Date, there were 48,780,800 share awards available for grant under Share Scheme. Subsequent to the grant of 4,600,000 Shares pursuant to the 2024 Share Award, there were 44,480,800 share awards available for grant as at 31 December 2024 and 1 January 2025 under the Share Scheme. Subsequent to the grant of 4,832,000 Shares pursuant to the 2025 Share Award, there were 39,948,000 share awards available for grant as at 31 December 2025 under the Share Scheme.

DIRECTORS' REPORT

Terms of the Share Scheme

The Share Scheme involves the issue of new Shares only. The key terms of the Share Scheme are set out below:

- (a) the scope of eligible participants;
- (b) the scheme mandate limit (as defined in the GEM Listing Rules);
- (c) the requirement of independent Shareholders' approval for refreshment of the scheme mandate limit;
- (d) the requirements of individual limits for grant of options/awards to eligible participants; and
- (e) the provision for adjustment of (i) the exercise price and number of Share Options and (ii) the number of the Shares to be allotted and issued by the Company to the grantee(s) pursuant to the share awards granted under the Share Scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital.

The total number of Shares issuable pursuant to the Share Scheme in aggregate is 48,780,800 Shares, being 10% of the total number of Shares in issue (excluding treasury shares) on the date of approval of the Share Scheme.

Performance Targets

All-rounded qualitative performance of each employee participant will be assessed individually and taken into account when grants are being made. The assessments will be conducted on a continuous basis with expectations on the employee participant's performance being conveyed and agreed between the Company and the relevant employee participant periodically. The performance expectations will be specific to the employee participant's job scope. In essence, there is a performance target specific to each of the employee participant's job scope. The management assess the performance of each Employee Participant on a rolling basis over the year. They agree on key work objectives that are specific to each person's job scope in the coming period, and compare performance to date with previously agreed objectives.

The Board (including the remuneration committee) will consider qualitative factors and performance indicators which include (i) the Employee Participants' responsibilities and contributions in terms of quality of service, time management and project coordination and execution; and (ii) the Employee Participants' potential contributions in terms of their abilities to introduce new connections or new businesses.

For the civil engineering works, operational, finance and administrative staff are imperative to maintaining steady operations and performance. Their tasks include monitoring of progress of contracts, financial and cash flow reporting, as well as coordination with service providers, including sub-contractors and main contractors. The Board (including remuneration committee) will consider the employee participants' skills in managing these tasks in the past and their potential ability to make improvements.

SHARE OPTIONS

A Share Option may be exercised by the grantee under the Share Scheme, within ten (10) years from the date of grant of the Share Option.

The exercise price shall, subject to any adjustments made, be determined at the discretion of the Board at its absolute discretion, provided that it shall be not less than the highest of (a) the closing price of the Share on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date of offer, which must be a business day; (b) the average of the closing prices of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer; and (c) the nominal value of the Share on the date of offer.

During the Reporting Period, no share options were granted under the Share Scheme.

DIRECTORS' REPORT

SHARE AWARDS

As set out in the announcement of the Company dated 14 June 2024, the Board had resolved to award and grant conditionally an aggregate of 4,600,000 Shares of HK\$0.01 to nine employees of GMEHK, being selected Employee Participants ("**Grantees**") as incentive bonus for 2024 Share Award. All of the Awarded Shares to each of the nine Grantees have a vesting period of 12 months (vesting on 14 June 2025). There is no performance target attached to the 2024 Share Award.

As set out in the announcement of the Company dated 24 November 2025, the Board had resolved to award and grant conditionally an aggregate of 4,832,000 Shares of HK\$0.01 to seven Grantees, who are employees of GMEHK, as incentive bonus. The Shares pursuant to the 2025 Share Award will vest in three batches, with (a) 50% on 24 November 2026; (b) 25% on 24 November 2027; and (c) the remaining 25% on 24 November 2028. The remuneration committee of the Board (the "**Remuneration Committee**") is of the view that vesting in batches is appropriate for retaining, incentivising, and rewarding the Grantees, as well as encouraging them to continue contributing to the operations, development, and long-term success and growth of the Group. There is no performance target attached to the 2025 Share Award.

During the Reporting Period, the movement of share awards granted are as follows

Date of grant	Grantee(s)	Purchase price	Number of new Shares awarded	Vested and issued during the Reporting Period	Cancelled	Lapsed	To be vested and issued as at 31 December 2025
14 June 2024	9 Grantees	Nil	4,600,000	4,000,000	–	600,000	–
24 November 2025	7 Grantees	Nil	4,832,000	–	–	–	4,832,000
Total			9,432,000	4,000,000	–	600,000	4,832,000

The Group recognised a net total expense of HK\$597,000 for the year ended 31 December 2025 (2024: HK\$597,000) in relation to the 2024 Share Award and 2025 Share Award by the Company.

The number of Shares of the limit of the Share Scheme, net the number of new Shares awarded in 2024 Share Award and 2025 Share Award, totalling 9,432,000, was 39,348,800 as at 31 December 2025. The number of Shares that may be issued in respect of the awards granted during the Reporting Period under the Share Scheme divided by the weighted average number of ordinary Shares in issue as at 31 December 2025 is 1.01%.

The closing price of the Shares immediately before the date on which the share awards were granted for 2024 Share Award and 2025 Share Award was HK\$0.265 and HK\$1.09, respectively. The weighted average closing price of Shares immediately before Share Awards 2024 were vested was HK\$0.87.

AUDITOR

The Consolidated Financial Statements for the year ended 31 December 2024 has been audited by BDO Limited. BDO Limited will retire and a resolution for their reappointment as auditor of the Company will be proposed at the AGM.

Since the incorporation of the Company up to the date of this Annual Report, there has been no change in the auditor of the Company.

By order of the Board
Chuang Chun Ngok Boris
Chairman and executive Director

Hong Kong, 27 March 2026

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GME GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of GME Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on page 48 to 118, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition from construction contracts

As described in Note 4(h) to the consolidated financial statements, the Group recognises revenue from provision of construction services over time as the Group considers that the construction services performed by the Group creates or enhances the assets that the customers control as the Group performed.

The Group is involved in construction projects for which it applies the output method to measure the stage of completion of a contract by reference to surveys of work performed and progress certificates issued by customers, in transferring construction services promised to a customer and recognises revenue over time in accordance with HKFRS 15 "Revenue from contracts with customers". Variable considerations in contract work are recognised as contract revenue to the extent that the modification has been approved by the parties to the contracts and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

We identified revenue recognition as a key audit matter because the revenue recognition of construction services involved significant management judgements and estimates, including (i) the determination of performance obligations; (ii) identification of product and service elements in the contracts; (iii) whether the transaction price should be allocated to each element with reference to its relative fair value (i.e., stand-alone selling price); and (iv) whether it is highly probable that any revenue recognised in respect of variable considerations will not reverse when the uncertainty is resolved. Further, the uncertainty and subjectivity involved in determining the stage of completion and foreseeable losses may have a significant impact on the reported revenue and profit of the Group. The Group's revenue recognition policy and key sources of estimation uncertainty are set out in Notes 4(h) and 5(b)(i) to the consolidated financial statements.

Our response:

- Understanding of and evaluating the design and implementation of key controls related to estimation of revenue recognised on construction contracts;
- Assessing the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 "Revenue from contracts with customers";
- Evaluating the estimation of revenue recognised from construction contracts, on a sample basis;
- Agreeing contract sum and variations, if any, to contracts;
- Assessing, on sample basis, the reasonableness of contract revenue recognised by checking to surveys of work performed and progress certificates issued by customers;
- Discussing with the Group's management about the progress of the construction projects for any potential disputes, variation order claims or significant events that could impact the estimated contract costs. For projects which are expected to be loss-making, we reviewed management's assessment and assessed if adequate provision for onerous contracts has been recognised; and
- Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Impairment of trade receivables and contract assets in respect of expected credit losses ("ECLs")

As described in Notes 20 and 19 to the consolidated financial statements, the carrying amounts of the Group's trade receivables and contract assets amounted to approximately HK\$132,737,000 (after provision for ECLs of HK\$1,030,000) and HK\$162,695,000 (after provision for ECLs of HK\$17,304,000), respectively, which represented approximately 35.8% and 43.9%, respectively of the Group's total assets.

In general, the credit terms granted by the Group to the customers ranged between 21 to 60 days. The management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets individually for certain debtors with significant balances and/or collectively through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. In addition, trade receivables and contract assets that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

We identified impairment of trade receivables and contract assets as key audit matter as the impairment assessment of trade receivables and contract assets under the ECLs model involved the use of significant management judgements and estimates. The Group's impairment loss on financial assets and contract assets policy and key sources of estimation uncertainty are set out in Notes 4(e)(ii) and 5(b)(iii) to the consolidated financial statements.

Our response:

- Evaluating the independent external valuer's competency, capability and objectivity;
- Understanding the processes and controls on how the management estimates the credit loss allowance for trade receivables and contract assets;
- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical settlement record and correspondence with the customers;
- Assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of category of customer groups and aging of debtors by comparing a sample of individual items with the related progress certificates, and obtaining historical credit loss data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- Recalculating the loss allowance, to assess if this is consistent with the Group's policies.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Lau Kin Tat, Terry

Practising Certificate no. P07676

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	7	941,112	815,181
Cost of services		(789,739)	(657,031)
Gross profit		151,373	158,150
Other income	8	4,934	1,642
Provision for impairment loss on trade receivables and contract assets, net		(311)	(8,440)
Provision for impairment loss on deposits and other receivables, net		–	(2,916)
Administrative expenses		(47,017)	(40,961)
Finance costs	11	(3,576)	(3,141)
Profit before income tax expense	9	105,403	104,334
Income tax expense	13	(18,129)	(18,547)
Profit and total comprehensive income for the year		87,274	85,787
Profit and total comprehensive income attributable to:			
Owners of the Company		87,274	86,171
Non-controlling interests		–	(384)
		87,274	85,787
Earnings per share			
– Basic (HK cents)	15	18.19	17.73
– Diluted (HK cents)	15	18.19	17.64

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	16	21,424	24,442
Goodwill	17	29	29
Other intangible assets	18	18,768	18,768
Deposits	20	693	572
		40,914	43,811
Current assets			
Contract assets	19	162,695	115,954
Trade and other receivables	20	145,684	127,382
Pledged bank deposits	21	3,000	6,000
Cash and cash equivalents	21	18,393	26,410
		329,772	275,746
Current liabilities			
Trade and other payables	22	66,074	55,182
Bank borrowings, secured	23	80,193	46,000
Promissory notes	26	3,925	3,925
Lease liabilities	24	3,132	3,214
Tax payable		433	25,969
		153,757	134,290
Net current assets		176,015	141,456
Total assets less current liabilities		216,929	185,267
Non-current liabilities			
Promissory notes	26	–	3,925
Lease liabilities	24	3,270	5,398
Deferred tax liabilities	25	4,166	4,436
		7,436	13,759
NET ASSETS		209,493	171,508

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	4,774	4,813
Reserves	31	204,719	166,695
TOTAL EQUITY		209,493	171,508

On behalf of the Board of Directors

Chuang Chun Ngok Boris
Director

Chuang Wei Chu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to the owners of the Company							Non- controlling interests (Note 36) HK\$'000	Total HK\$'000	
	Share capital (Note 27) HK\$'000	Share premium (Note 31(a)) HK\$'000	Capital reserve (Note 31(d)) HK\$'000	Other reserve (Note 31(b)) HK\$'000	Share repurchase reserve (Note 27) HK\$'000	Share-based payment reserve (Note 28) HK\$'000	Retained earnings (Note 31(c)) HK\$'000			Total HK\$'000
At 1 January 2024	4,878	90,753	90	(36,104)	–	–	71,070	130,687	384	131,071
Profit and total comprehensive income for the year	–	–	–	–	–	–	86,171	86,171	(384)	85,787
Recognition of share-based payment expenses (Note 28)	–	–	–	–	–	597	–	597	–	597
Shares repurchased and canceled (Note 27)	(65)	(2,071)	–	–	–	–	–	(2,136)	–	(2,136)
2023 declared final dividend paid (Note 14)	–	–	–	–	–	–	(24,390)	(24,390)	–	(24,390)
2024 declared interim dividend paid (Note 14)	–	–	–	–	–	–	(19,421)	(19,421)	–	(19,421)
At 31 December 2024 and 1 January 2025	4,813	88,682	90	(36,104)	–	597	113,430	171,508	–	171,508
Profit and total comprehensive income for the year	–	–	–	–	–	–	87,274	87,274	–	87,274
Recognition of share-based payment expenses (Note 28)	–	–	–	–	–	851	–	851	–	851
Vested of 2024 share awards (Note 28)	40	1,020	–	–	–	(1,060)	–	–	–	–
Shares repurchased (Note 27)	(79)	(6,709)	–	–	(108)	–	–	(6,896)	–	(6,896)
2024 declared final dividend paid (Note 14)	–	–	–	–	–	–	(24,018)	(24,018)	–	(24,018)
2025 declared interim dividend paid (Note 14)	–	–	–	–	–	–	(19,226)	(19,226)	–	(19,226)
At 31 December 2025	4,774	82,993	90	(36,104)	(108)	388	157,460	209,493	–	209,493

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Profit before income tax expense		105,403	104,334
Adjustments for:			
Depreciation of property, plant and equipment		13,174	11,889
Finance costs		3,576	3,141
Gain on disposal of property, plant and equipment		(165)	(155)
Bank interest income		(202)	(174)
Provision for/(reversal of) impairment loss on trade receivables, net		340	(88)
(Reversal of)/provision for impairment loss on contract assets, net		(29)	8,528
Provision for impairment loss on deposits and other receivables		–	2,916
Written off for amount due from a minority shareholder of a subsidiary		–	400
Share-based payments expenses		851	597
Operating profit before working capital changes		122,948	131,388
(Increase)/decrease in trade and other receivables		(18,763)	18,219
Increase in contract assets		(46,712)	(25,649)
Increase/(decrease) in trade and other payables		3,183	(7,119)
Cash generated from operating activities		60,656	116,839
Interest received		202	174
Income tax paid		(45,334)	–
Net cash generated from operating activities		15,524	117,013
Cash flows from investing activities			
Purchases of property, plant and equipment		(9,033)	(11,344)
Proceeds from disposal of property, plant and equipment		372	160
Acquisition of a subsidiary, net of cash acquired	29	–	(7,843)
Net project payments received from the vendor	29	59,946	12,285
Net project payments paid to the vendor	29	(50,838)	(5,199)
Net cash generated from/(used in) investing activities		447	(11,941)
Cash flows from financing activities			
Proceeds from bank borrowings	35(b)	157,081	176,089
Repayment of bank borrowings	35(b)	(122,888)	(196,089)
Interest paid on bank borrowings	35(b)	(3,001)	(2,797)
Payment of promissory notes	35(b)	(3,925)	–
Interest paid on promissory notes	35(b)	(157)	–
Repayment to due from a director	35(b)	–	(8,000)
Payment of lease liabilities	35(b)	(3,958)	(3,385)
Placement of pledged bank deposits		–	(3,000)
Withdrawal of pledged bank deposits		3,000	–
Shares repurchased	27	(6,896)	(2,136)
Dividend paid	14	(43,244)	(43,811)
Net cash used in financing activities		(23,988)	(83,129)
Net (decrease)/increase in cash and cash equivalents		(8,017)	21,943
Cash and cash equivalents at beginning of year		26,410	4,467
Cash and cash equivalents at end of year		18,393	26,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

GME Group Holdings Limited was incorporated in the Cayman Islands on 18 January 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The registered office and principal place of business of the Company are located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and 41/F, United Asia Finance Centre, 333 Lockhart Road, Wan Chai, Hong Kong, respectively.

The Company's controlling shareholders are Mr. Chuang Wei Chu and Mr. Chuang Chun Ngok Boris, both of whom are also executive directors of the Company, and their family members entered into an acting in concert deed dated 21 March 2016 as controlling shareholders (the "Controlling Shareholders") of the Company. The Controlling Shareholders have agreed to consolidate their respective interests in the Company and to vote on any resolution to be passed at any Shareholders' meeting of the Company in a unanimous manner. Mr. Chuang Chun Ngok Boris is therefore deemed to be interested in the shares held by Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka respectively under the Securities and Futures Ordinance ("SFO"). Each of Mr. Chuang Chun Ngok Boris, Mr. Chuang Wei Chu, Ms. To Yin Ping and Ms. Chuang Yau Ka is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO. Mr. Chuang Chun Ngok Boris is the son of Mr. Chuang Wei Chu and Ms. To Yin Ping and the brother of Ms. Chuang Yau Ka.

The Company's shares were listed on GEM of the Stock Exchange on 22 February 2017.

The Company is an investment holding company and the Group is principally engaged in the provision of underground construction services.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of revised HKFRS Accounting Standards – effective 1 January 2025

The HKICPA has issued the following revised HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards have no material impact on the Group's results and financial position for the current or prior period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New or revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new or revised HKFRS Accounting Standards potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors expect that the adoption of these new or revised HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the year of initial application, except as indicated below.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's consolidated statement of comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as 'other'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (CONTINUED)

(b) New or revised HKFRS Accounting Standards that have been issued but are not yet effective (Continued)

Amendments to HKFRS 9 and HKFRS 7 Classification and Measurement of Financial Instruments

In response to matters that had been raised to the HKFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of HKFRS 9 *Financial Instruments*, in May 2024, the HKAS issued Amendments to the Classification and Measurement of Financial Instruments. The Amendments modify the following requirements in HKFRS 9 and HKFRS 7 *Financial Instruments: Disclosures*:

Derecognition of financial liabilities

- Derecognition of financial liabilities settled through electronic transfers.

Classification of financial assets

- Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment – ‘SPPI test’).
- Contractual terms that change the timing or amount of contractual cash flows.
- Financial assets with non-recourse features.
- Investments in contractually linked instruments.

Disclosures

- Investments in equity instruments designated at fair value through other comprehensive income.
- Contractual terms that could change the timing or amount of contractual cash flows.

The amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 622 which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing Securities on GEM of the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, unless otherwise stated.

4. MATERIAL ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(b) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leased buildings where the Group is not registered owners of the property interests, are stated at cost less accumulated depreciation and accumulated impairment loss.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the remaining life of the leases but not exceeding 5 years
Furniture and fixtures	20% per annum
Office equipment	20% per annum
Plant and machinery	30% per annum
Motor vehicles	25%-30% per annum
Leased properties	Over the remaining life of the leases

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leasing

The Group as a lessee

All leases are required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to recognise (i) leases which are short-term leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and short-term leases. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group presents right-of-use assets within property, plant and equipment on the consolidated statement of financial position.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case of the Group, the lessee's incremental borrowing rate is used.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Other intangible assets (other than goodwill)

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded at their cost). Construction license acquired in a business combination with indefinite useful lives are carried at cost less any accumulated impairment losses. The directors are of the opinion that the Group would renew the construction license continuously and has the ability to do so. They will be tested for impairment annually and whenever there is an indication that it may be impaired.

(e) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group did not have any financial assets under equity instruments.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its financial assets at amortised cost as explain below:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) *Impairment loss on financial assets and contract assets*

The Group recognises loss allowances for ECLs on trade receivables, contract assets and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The ECL on these assets are assessed individually for certain debtors with different historical loss patterns or credit-impaired are assessed for ECL individually. (see Note 34(a)).

For other financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets and contract assets (Continued)

(I) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(II) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(III) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) **Impairment loss on financial assets and contract assets (Continued)**

(IV) *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and contract assets, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(V) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Nature of financial instruments (i.e. the Group's trade receivables, loan and loan interest receivables and certain other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where applicable.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(ii) **Impairment loss on financial assets and contract assets (Continued)**

(VI) *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(iii) **Financial liabilities**

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred as financial liabilities at amortised costs. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables, bank borrowings and promissory notes are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

(iv) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

For share repurchase, the cost of share repurchase is recognised in equity. Any excess of the consideration received on the share repurchase over the par value of the share is recognised in share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(vi) *Derecognition of financial liabilities*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(f) Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. Goodwill and other intangible assets with indefinite useful lives are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). Goodwill arising from a business combination is allocated to CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimates future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU.

An impairment loss is recognised if the carrying amount of an assets or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits

(i) **Short term employee benefit**

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) **Defined contribution retirement plan**

Contributions to defined contribution retirement plan are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) **Long service payment**

Long service payment ("LSP") under the Hong Kong Employment Ordinance ("the Ordinance") is categorised as a defined benefit plan. Employees qualified under the Ordinance are entitled to LSP in certain circumstances specified in the Ordinance. There are no legal funding requirements on employers and the Group does not have any arrangement in place to settle its payment obligation in the future.

The Group's obligation to LSP is measured at:

- Gross LSP obligation which is estimated using the projected unit credit method discounted to its present value using market yields available on high quality corporate bonds (or government bonds if there is no deep market in such high quality corporate bonds) that have maturity dates approximating to the terms of the liabilities and are denominated in Hong Kong Dollars which is the currency of the LSP obligations; less
- Negative service costs. Under the Ordinance and the MFP Schemes Ordinance, the Group can offset the accrued benefits derived from the Group's MPF contributions against the Group's LSP obligations. The Group regards these MPF contributions as deemed contributions by employees towards the LSP benefits. The nature is negative service costs. These deemed contributions are estimated by applying an expected investment return rate on the MPF contributions and then attributed to periods of service using the same attribution method for gross LSP obligation.

Service costs are recognised in consolidated statement of comprehensive income, and include current and past service costs (including result from a plan amendment).

Interest expense is recognised in consolidated statement of comprehensive income, and is calculated by applying the discount rate used to measure the LSP obligation at the beginning of the annual period to the balance of the LSP obligation, considering the effects of benefit payments during the period.

Remeasurements of the LSP obligation, including actuarial gains and losses, are recognised in consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition

Revenue from contracts with customers is recognised when control of services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services, excluding those amounts collected on behalf of third parties. Revenue recognised is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition (Continued)

(i) **Provision of construction services**

The Group provides construction services based on contracts entered into with customers. Such contracts are entered into before the services begin. Based on the terms of the contracts and the specific facts and circumstances, the Group recognises revenue from provision of construction services over time as the Group considers that the construction services performed by the Group creates or enhances the assets that the customers control as the Group performed. Revenue from provision of construction services is recognised over time using output method, i.e. based on surveys of work completed by the Group to date, with the agreement from the customer evidenced through the progress certificate. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations in transferring construction services promised to a customer under HKFRS 15 *Revenue from Contracts with Customers*.

As the delayed payment terms in respect of retention receivables are for reasons other than to provide financing to the customers, which is security given to the customer (i.e. the contractor) in case that the Group fails to adequately complete some or all of its obligations under the contract, there are no significant financing component identified.

For contracts that contain variable consideration, the Group estimate the amount of consideration to which it will be entitled using the expected value method, rather than the most likely amount method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of each reporting period and the change in circumstance during the reporting period.

(ii) **Contract assets**

Contract assets represent the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Contract assets are recognised when (i) the Group completes the construction services under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as contract assets are reclassified to trade receivables at the point at which it is invoiced to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Income taxes

The income tax expense or credit for the period is the tax payable or recoverable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the tax jurisdictions where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

(j) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Share-based payments

The Group grants shares of the Company to employees under its share scheme approved by the shareholders of the Company on 24 May 2024 (the "Share Scheme"). The fair value of the employee services received in exchange for the grant of shares under the scheme is recognised as staff costs in the consolidated statement of comprehensive income with a corresponding increase in a share-based payment reserve under equity. The fair value of the awarded shares is measured by the quoted market price of the shares at grant date and is charged to the consolidated statement of comprehensive income over the respective vesting period. During the vesting period, the number of awarded shares that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited in the consolidated statement of comprehensive income for the year of the review, with a corresponding adjustment to the share-based payment reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

Estimated useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Estimated useful lives are reviewed, at the end of each of the reporting periods, based on changes in circumstances.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Estimates and assumptions (Continued)

(i) *Provision of construction services*

The Group's revenue from construction contracts are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

The Group defines the confirmed and unpriced variation orders ("VOs") as variable consideration. During the construction progress, VOs may be received and these VOs were highly inter-related and regarded as modification to former contracts, i.e. contract modification and made cumulative catch-up adjustment on such. The Group estimates the amount of variable consideration to which it will be entitled using the expected value method, rather than the most likely amount method which better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved and only record these approved VOs when the Group has agreed and/or received interim payment from the customers.

(ii) *Impairment of non-financial assets*

As described in the policy in Note 4(f), the Group determines whether goodwill and other intangible assets with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit ("CGU") to which the goodwill and other intangible assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2025, the carrying amount of goodwill was HK\$29,000 (2024: HK\$29,000) and other intangible assets with indefinite useful lives was HK\$18,768,000 (2024: HK\$18,768,000). Further details are given in Notes 17 and 18 to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Estimates and assumptions (Continued)

(iii) *Impairment losses on trade receivables and contract assets*

As described in the policy in Note 4(e)(ii), trade receivables and contract assets with different historical loss patterns or credit-impaired are assessed for ECL individually. In addition, when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors that have similar loss patterns, after considering internal credit ratings of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables.

The Group has considered all the possible default events over the expected life of the trade receivables and contract assets and assessed individually and/or collectively through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. In addition, trade receivables and contract assets that are credit impaired are assessed for ECL individually. The loss allowance amount of the credit impaired trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

(iv) *Determining the lease term*

As described in the policy in Note 4(c), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION

(a) Operating segments

The Group was principally engaged in the provision of underground construction services in Hong Kong. Information reported to the chief operating decision maker, for the purpose of resources allocation and performance assessment, it focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(b) Geographical information

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

(c) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer AG	274,061	N/A
Customer M	270,283	114,920
Customer B	138,479	488,222
Customer AE	135,335	N/A

N/A: The relevant revenue did not exceed 10% of the Group's revenue for the year.

7. REVENUE

The Group's revenue represents amount received and receivable from contract work performed and is recognised over time in accordance with accounting policy set out in Note 4(h)(a) above.

	2025 HK\$'000	2024 HK\$'000
Public tunnel projects	202,445	545,082
Public utilities construction services and other projects (Note)	737,457	250,171
Private projects	1,210	19,928
	941,112	815,181

Note: Public utilities construction services and other projects mainly comprise revenue from contracts for utilities construction services involving underground construction work.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE (CONTINUED)

The following table provides information about trade receivables and contract assets from contracts with customers.

	2025 HK\$'000	2024 HK\$'000
Trade receivables (Note 20(a))	132,737	117,182
Contract assets (Note 19)	162,695	115,954

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$975,956,000 (2024: HK\$890,067,000). This amount represents revenue expected to be recognised in the future from partially-completed long-term construction contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 4 years (2024: 1 to 2 years).

8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	202	174
Government grants (Note)	2,537	1,092
Sundry income	2,030	221
Gain on disposal of property, plant and equipment	165	155
	4,934	1,642

Note:

In 2025, the government grants of approximately HK\$2,416,000 (2024: HK\$1,092,000) were received by Good Mind Engineering Limited (the "GMEHK"), an indirectly wholly-owned subsidiary of the Company. The government grants were from the Construction and Technology Fund (the "CITF"). The CITF is established to encourage wider adoption of innovative construction methods and new technologies in the construction, it was established by Development Bureau of the Government ("DEVB") and the Construction Industry Council (the "CIC") is commissioned by DEVB to be the implementation partner. GMEHK purchased a has adopted offsite rebar bending and purchased a safety monitoring system which met the CITF's criteria and therefore it was granted the fund by CIC as a subsidy for improving site safety.

In 2025, the government grants of approximately HK\$121,000 (2024: HK\$Nil) were received by the GMEHK. The government grants were from the Ex-gratia Payment Scheme for phasing out Euro IV Diesel Commercial Vehicles. GMEHK owned a motor vehicle which met the criteria of this scheme and therefore it was granted the ex-gratia payment by the Transport Department of the Hong Kong Special Administrative Region (the "HKSAR").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000
Included in cost of services:		
– Construction materials and supplies	397,044	210,738
– Subcontracting costs	39,177	82,658
Auditor's remuneration		
– Audit services	806	776
– Other assurance services	–	260
Gain on disposal of property, plant and equipment	(165)	(155)
Provision for/(reversal of) impairment loss on trade receivables, net	340	(88)
(Reversal of)/provision for impairment loss on contract assets, net	(29)	8,528
Provision of impairment loss on deposits and other receivables, net	–	2,916
Written off of amount due from a minority shareholder of a subsidiary	–	400
Depreciation charges:		
– Owned property, plant and equipment	8,911	8,249
– Right-of-use assets included within		
– Leased properties	2,318	1,499
– Office equipment	26	14
– Plant and machinery	1,699	1,699
– Motor vehicles	220	428
Consultancy fees	2,774	5,098
Lease payment not included in the measurement of lease liabilities		
– Leased properties (included in cost of services and administrative expenses)	1,068	546
– Short-term leases of plant and machinery (included in cost of services)	30,489	50,203
Employee benefit expenses (Note 10)	323,425	306,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	2025 HK\$'000	2024 HK\$'000
Wages, salaries and other benefits:		
– Cost of services	288,378	278,658
– Administrative expenses	25,116	18,339
	313,494	296,997
Post-employment benefits – defined contribution retirement plan contributions:		
– Cost of services	8,161	8,206
– Administrative expenses	919	662
	9,080	8,868
Share based payment expenses		
– Administrative expenses	851	597
	323,425	306,462

11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities (Note 24)	418	344
Interest on bank borrowings	3,001	2,797
Interest on promissory notes	157	–
	3,576	3,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUAL

(i) Directors' remuneration

Directors' remuneration for the year are as follows:

	Fees HK\$'000	Salaries and benefits HK\$'000	Defined contribution retirement plan contribution HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Executive directors:				
Mr. Chuang Wei Chu	240	959	–	1,199
Mr. Chuang Chun Ngok Boris	240	1,599	30	1,869
	480	2,558	30	3,068
Non-executive Director				
Ms. Chuang Yau Ka (Note (a))	240	499	18	757
Independent non-executive Directors:				
Mr. Lam Man Bun Alan	240	–	–	240
Mr. Lau Chun Fai Douglas	240	–	–	240
Ir Ng Wai Ming Patrick	240	–	–	240
	720	–	–	720
Total	1,440	3,057	48	4,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUAL (CONTINUED)

(i) Directors' remuneration (Continued)

	Fees HK\$'000	Salaries and benefits HK\$'000	Defined contribution retirement plan contribution HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Executive directors:				
Mr. Chuang Wei Chu	240	895	–	1,135
Mr. Chuang Chun Ngok Boris	240	1,491	30	1,761
	480	2,386	30	2,896
Non-executive Director				
Ms. Chuang Yau Ka (Note (a))	145	260	11	416
Independent non-executive Directors:				
Mr. Lam Man Bun Alan	240	–	–	240
Mr. Lau Chun Fai Douglas	240	–	–	240
Ir Ng Wai Ming Patrick	240	–	–	240
	720	–	–	720
Total	1,345	2,646	41	4,032

Note:

(a) Ms. Chuang Yau Ka was appointed as non-executive director of the Company on 24 May 2024.

During the current and prior years, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUAL (CONTINUED)

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 1 (2024: 2) executive directors of the Company for the year ended 31 December 2025 whose emoluments are reflected in the analysis as shown above. The remuneration of the remaining highest paid individuals is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	5,080	3,403
Discretionary bonuses	517	339
Share-based payment	700	218
Defined contribution retirement plan contributions	69	54
	6,636	4,014

Their remuneration fell within the following bands:

	2025 Number of employees	2024 Number of employees
HK\$1,000,001 to HK\$1,500,000	2	3
HK\$1,500,001 to HK\$2,000,000	2	–

During the current and prior years, none of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(iii) Senior management's emoluments

The emoluments paid or payable to a member of senior management, who is also one (2024: one) of the five highest paid employees, were within the following bands:

	Number of employees	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong profits tax	18,399	18,327
Deferred tax (Note 25)	(270)	220
Income tax expense	18,129	18,547

The provision of Hong Kong Profits Tax is calculated at a tax rate of 16.5% (2024: 16.5%).

According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the “Regime”) is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of the qualifying group entity is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The profits of group entities not qualifying for the Regime will continue to be taxed at a flat rate of 16.5%. The Hong Kong profits tax for the year ended 31 December 2025 and 2024 are provided based on the Regime.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before income tax expense	105,403	104,334
Tax calculated at the applicable statutory tax rate of 16.5%	17,391	17,216
Tax effect of non-deductible expenses	979	1,550
Tax effect of non-taxable income	(76)	(54)
Statutory tax concession	(165)	(165)
Income tax expense	18,129	18,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. DIVIDEND

	2025 HK\$'000	2024 HK\$'000
Interim dividend declared and paid of HK\$5.00 cents (2024: HK\$4.00 cents) per ordinary share	24,018	19,421
Declared final dividend paid in respect of prior year of HK\$4.00 cents (2024: HK\$5.00 cents) per ordinary share	19,226	24,390
	43,244	43,811

A final dividend for the year ended 31 December 2025 of HK\$4.00 cents (2024: HK\$4.00 cents) per ordinary share, total approximately HK\$19,084,000 based on 477,092,000 ordinary shares (2024: approximately HK\$19,226,000 based on 480,664,000 ordinary shares) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend has not been included as a liability in the consolidated financial statements.

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the reporting period and adjusted for the effect of ordinary shares repurchased.

Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares. No potential ordinary shares has been taken into account in calculation of diluted earnings per share for the year ended 31 December 2025 as they have anti-dilutive effect. The calculations of basic and diluted earnings per share are based on:

	2025 HK\$'000	2024 HK\$'000
Profit for the year attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	87,274	86,171
	Number of shares	Number of shares
Weighted average number of ordinary shares during the year used in the basic earnings per share	497,835,135	486,017,333
Effect of dilutive potential ordinary shares		
– Share awards	–	2,500,000
– Share repurchase	–	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	497,835,135	488,517,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Leased properties HK\$'000	Total HK\$'000
Cost							
At 1 January 2024	34	172	1,057	36,701	4,660	9,594	52,218
Additions	1,879	377	320	6,547	3,022	4,891	17,036
Disposals	–	–	–	(613)	(632)	–	(1,245)
Written off	(34)	(172)	(80)	(12,543)	–	–	(12,829)
At 31 December 2024 and 1 January 2025	1,879	377	1,297	30,092	7,050	14,485	55,180
Additions	195	25	444	6,020	2,411	1,268	10,363
Disposals	–	–	–	–	(1,478)	–	(1,478)
Written off	–	–	(46)	(1,434)	–	–	(1,480)
At 31 December 2025	2,074	402	1,695	34,678	7,983	15,753	62,585
Aggregate depreciation							
At 1 January 2024	34	172	360	21,791	2,690	7,871	32,918
Charge for the year	52	7	221	8,491	1,619	1,499	11,889
Disposals	–	–	–	(613)	(627)	–	(1,240)
Written off	(34)	(172)	(80)	(12,543)	–	–	(12,829)
At 31 December 2024 and 1 January 2025	52	7	501	17,126	3,682	9,370	30,738
Charge for the year	679	80	307	8,005	1,785	2,318	13,174
Disposals	–	–	–	–	(1,271)	–	(1,271)
Written off	–	–	(46)	(1,434)	–	–	(1,480)
At 31 December 2025	731	87	762	23,697	4,196	11,688	41,161
Net carrying amount							
At 31 December 2025	1,343	315	933	10,981	3,787	4,065	21,424
At 31 December 2024	1,827	370	796	12,966	3,368	5,115	24,442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets (included in the property, plant and equipment)	Leased properties HK\$'000	Office equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2024	1,723	4	3,856	820	6,403
Additions	4,891	70	731	–	5,692
Depreciation	(1,499)	(14)	(1,699)	(428)	(3,640)
At 31 December 2024 and 1 January 2025	5,115	60	2,888	392	8,455
Additions	1,268	62	–	–	1,330
Depreciation	(2,318)	(26)	(1,699)	(220)	(4,263)
At 31 December 2025	4,065	96	1,189	172	5,522

The Group leases staff quarters and office premises under leases. Lease contracts are entered into for fixed term of two to three years (2024: two to three years). Some of the leases for office equipment, plant and machinery and motor vehicles include an option to purchase the leased equipment at the end of the lease term at a price deemed to be a bargain purchase option. It was considered reasonably certain that the Group would exercise its right and included in the right-of-use assets and lease liabilities. None of the leases includes variable lease payments.

Amounts recognised in consolidated statement of comprehensive income:

	2025 HK\$'000	2024 HK\$'000
Depreciation of right-of-use assets	4,263	3,640
Interest on lease liabilities	418	344
Expenses related to short term leases (included in cost of services and administrative expenses)	31,557	50,749

The Group had total cash outflows for leases of approximately HK\$35,515,000 (2024: HK\$54,134,000), comprising approximately HK\$3,958,000 (2024: HK\$3,385,000) for repayment of principal on lease liabilities and HK\$31,557,000 (2024: HK\$50,749,000) for short term leases of leased properties and plant and machinery. Non-cash additions to right-of-use assets and lease liabilities from leased properties, office equipment and plant and machinery arising from new lease of approximately HK\$1,268,000, HK\$62,000 and HK\$Nil respectively (2024: leased properties of HK\$4,891,000, office equipment of HK\$70,000 and plant and machinery of HK\$731,000) during the year ended 31 December 2025. The Group also had leasehold improvements with an aggregate cost of approximately HK\$195,000 (2024: HK\$1,879,000), furniture and fixtures with an aggregate cost of approximately HK\$25,000 (2024: HK\$377,000), plant and machinery with an aggregate cost of approximately HK\$6,020,000 (2024: HK\$5,816,000), office equipment with an aggregate cost of approximately HK\$382,000 (2024: HK\$250,000) and motor vehicles with an aggregate cost of approximately HK\$2,411,000 (2024: HK\$3,022,000) which were not under lease arrangements and were fully paid in cash during the year ended 31 December 2025 for these purchases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. GOODWILL

	HK\$'000
Cost	
Addition through business combination	29
At 31 December 2024, 1 January 2025 and 31 December 2025	29
Accumulated impairment losses	
Impairment losses recognised in the year	–
At 31 December 2024 and 1 January 2025	
Impairment losses recognised in the year	–
At 31 December 2025	–
Net carrying amount	
At 31 December 2025	29
At 31 December 2024	29

Impairment testing

Goodwill arises from acquisition of Best Build Construction Company Limited ("Best Build") on 4 November 2024 (Note 29). This goodwill is allocated to the CGU of Best Build. For the purpose of impairment testing, intangible assets with indefinite useful lives set out in Note 18 have been allocated to the CGU of Best Build.

The recoverable amounts of the CGU has been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5% (2024: 2.5%) which does not exceed the long-term average growth rate for the five-year forecast period based on past performance.

The pre-tax discount rate used in the value-in-use calculation for the CGU was 16.81% (2024: 14.39%) as at 31 December 2025. The recoverable amount of the CGU exceed its carrying amount by HK\$2,181,000.

The determination of the recoverable amount of the CGU was particularly sensitive to changes in the following key assumption for the year ended 31 December 2025.

- An increase of 1% in discount rate from 14.35% to 15.35% would result the reduction of recoverable amount of HK\$1,870,000.

Management believes that any reasonably possible change in the above key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. OTHER INTANGIBLE ASSETS

	Construction license HK\$'000 Note
Cost	
Addition through business combination (Note)	18,768
At 31 December 2024, 1 January 2025 and 31 December 2025	18,768
Aggregate depreciation and impairment	
Charge for the year	—
At 31 December 2024 and 1 January 2025	—
Charge for the year	—
At 31 December 2025	—
Net carrying amount	
At 31 December 2025	18,768
At 31 December 2024	18,768

Note:

The amount represents the fair value of construction licenses (with indefinite useful lives) held by the Best Build acquired by the Group in November 2024 (Note 29). The construction license is granted by the Works Branch, Development Bureau of the HKSAR to Best Build and related to Group B under the "Roads and Drainage" category. The construction license does not have legal life but renewable without significant cost given that certain requirements set out by Works Branch, Development Bureau of the HKSAR is fulfilled.

The construction license is considered by the management of the Group as having an indefinite useful life because the Group is able to fulfill the renewal requirements to renew the construction license without significant cost and it is expected to contribute net cash inflow indefinitely. The construction license will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding the impairment testing on construction license is disclosed in note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Contract assets arising from:		
Construction services		
– Unbilled revenue recognised during the year	20,851	20,851
– Retention receivables from contracts with customers within the scope of HKFRS 15	159,148	112,436
	179,999	133,287
Less: Impairment loss (Note 34(a))	(17,304)	(17,333)
	162,695	115,954

The contract assets primarily relates to the Group's right to consideration for construction works completed but not yet billed to customers, and the retention receivables at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional, that is when the Group issues progress billings to customers based on the progress certificates agreed with customers or when the retention receivables become unconditional. As at 31 December 2025, the increase in contract assets was resulted from the increase in the contract amounts of the completed works and increase in number of completed projects.

Included within contract assets is an amount of approximately HK\$159,148,000 (2024: HK\$112,436,000) which relate to amounts withheld up to 5% – 12.5% (2024: 5% – 12.5%) of the contract sum) under contractual terms of the construction work services. The monies are generally released from the customers upon the certification of completion of work and/or finalisation of contract accounts or security given to the customer (i.e. the contractor) in case that the Group fails to adequately complete some or all of its obligations under the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. CONTRACT ASSETS (CONTINUED)

The expected timing of recovery or settlement for contract assets is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	85,052	61,869
More than one year and less than five years	77,643	54,085
Total contract assets	162,695	115,954
	2025 HK\$'000	2024 HK\$'000
At beginning of year	17,333	8,805
Impairment loss	63	8,558
Reversal of impairment loss	(92)	(30)
At end of year	17,304	17,333

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The loss allowance for impairment of contract assets is as follow:

At 31 December	2025	2024
Expected credit losses rate (%)	9.61	13.00
Gross carrying amount (HK\$'000)	179,999	133,287
Expected credit losses (HK\$'000)	17,304	17,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables (Note (a))	133,767	117,872
Less: Impairment loss (Note 34(a))	(1,030)	(690)
	132,737	117,182
Prepayments, deposits and other receivables (Note (b))	16,906	14,038
Less: Impairment loss	(3,266)	(3,266)
	13,640	10,772
Non-current – deposits	146,377 (693)	127,954 (572)
Current	145,684	127,382

Notes:

- (a) Trade receivables were mainly derived from the provision of underground construction services and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. The credit period granted by the Group to its customers is generally 21 to 60 days for the years ended 31 December 2025 and 2024.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice dates and net of loss allowance is as follows:

	2025 HK\$'000	2024 HK\$'000
Less than 1 month	132,547	116,880
1 to 3 months	–	–
More than 3 months but less than 1 year	–	302
Over 1 year	190	–
	132,737	117,182

An ageing analysis of trade receivables as at the end of the reporting period, based on past due date and net of loss allowance is as follows:

	2025 HK\$'000	2024 HK\$'000
Not yet past due	132,547	116,880
Less than 1 month past due	–	–
1 to 3 months past due	–	302
Over 1 year	190	–
	132,737	117,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) (Continued)

Trade receivables are related to a number of customers that have a good track record with the Group. Except for an allowance of approximately HK\$1,030,000 (2024: HK\$690,000) necessary in respect of these balances, there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movements in the loss allowance for impairment of trade receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	690	778
Impairment loss	340	–
Reversal of impairment loss	–	(88)
At end of year	1,030	690

- (b) As at 31 December 2025, the prepayments, deposits and other receivables mainly comprised (i) receivable from the Best Build's customer of approximately HK\$4,595,000 (2024: HK\$5,013,000) (Note 31); (ii) staff advance of approximately HK\$2,255,000 (2024: HK\$1,327,000); (iii) right to receive progress payment of approximately HK\$2,030,000 (2024: HK\$1,488,000), (iv) rental deposit for plant and machineries of approximately HK\$1,007,000 (2024: HK\$1,044,000); and (v) rental deposit of office of approximately HK\$555,000 (2024: HK\$916,000). As at 31 December 2025, the Group assessed the ECL for other receivables and recognised loss allowance of approximately HK\$3,266,000 (2024: HK\$3,266,000). The remaining prepayments, deposits and other receivables as at 31 December 2025 and 2024 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and except for the provision of impairment loss as disclosed above, the remaining balances relate to receivables for which there was no recent history of default.

Movement in provision for impairment of other receivables is as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	3,266	350
Impairment loss	–	2,916
At end of year	3,266	3,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash at banks and in hand	18,393	26,410
Pledged bank deposits (Note)	3,000	6,000

Note:

As at 31 December 2025, a bank deposit amounted to approximately HK\$3,000,000 (2024: HK\$6,000,000) were pledged for the facility granted by bank to the Group (Note 23).

As at 31 December 2025, the weighted average interest rate of the pledged bank deposits was 1.3% (2024: 1.5%) per annum.

22. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables (Note (a))	24,714	16,009
Other payables and accruals (Notes (b) & (c))	41,360	39,173
	66,074	55,182

Notes:

(a) An ageing analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2025 HK\$'000	2024 HK\$'000
Less than 1 month	5,606	6,345
1 to 3 months	10,765	5,758
More than 3 months but less than 1 year	8,171	3,424
More than 1 year	172	482
	24,714	16,009

The trade payables are non-interest bearing and generally have payment terms ranging from 0 to 30 days.

(b) As at 31 December 2025, other payables and accruals mainly comprised (i) accrued salaries and wages of approximately HK\$28,507,000 (2024: HK\$17,214,000); (ii) the net project payment to the vendor of approximately HK\$2,820,000 (2024: HK\$9,478,000) (Note 31); (iii) other payables of staff disbursements of approximately HK\$2,188,000 (2024: HK\$1,035,000); (iv) accrued professional fees of approximately HK\$1,605,000 (2024: HK\$1,306,000); (v) accrued expenses for subcontractors' costs of approximately HK\$Nil (2024: HK\$5,111,000); (vi) other payable for addition of property, plant and equipment of approximately HK\$Nil (2024: HK\$529,000) and (vii) amount due to ex-shareholder of Best Build of approximately HK\$Nil (HK\$1,911,000) arising from the business acquisition. The other payables and accruals are non-interest bearing and have payment terms ranging from one to three months.

(c) Other payables comprised the provision for long service payments made for all employees, including directors, who had worked under continuous contract for a minimum of five years under certain circumstances as at the end of the reporting period, and is calculated in accordance with the provisions of the Hong Kong Employment Ordinance (Cap. 57). The provision for long service payments recognised in consolidated statement of financial position included in other payables was HK\$673,000 (2024: HK\$673,000) as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. BANK BORROWINGS, SECURED

	2025 HK\$'000	2024 HK\$'000
Bank borrowings, secured and repayable within the year or on demand	80,193	46,000

The bank borrowings comprise revolving term loans and export loans from two (2024: two) banks in Hong Kong.

- (a) The revolving term loan at amount of HK\$18,000,000 (2024: HK\$13,000,000) bears interest rate at 1% per annum below the Hong Kong Prime Rate ("Prime Rate") (2024: 1% per annum below Prime Rate) as at 31 December 2025. The loan was guaranteed by Mr. Chuang Chun Ngok, Boris, Chuang Wei Chu, Chuang Yau Ka and To Yin Ping. The outstanding balances were partly repaid in March 2026, and the remaining balance scheduled to be settled in June 2026 in accordance with the repayment schedule.
- (b) The revolving term loan at amount of HK\$30,000,000 (2024: HK\$27,000,000) bears an interest rate of Prime Rate (2024: Prime Rate) as at 31 December 2025. The loan was guaranteed by Chuang Chun Ngok, Boris, Chuang Wei Chu and GME Group Holdings Limited. The outstanding balances were partly repaid in January 2026, and the remaining balance scheduled to be settled in April 2026 in accordance with the repayment schedule.
- (c) The revolving term loan at amount of HK\$6,000,000 (2024: HK\$6,000,000) bears interest rate at 2.25% per annum over the bank's cost of fund (2024: 2.25% per annum over the bank's cost of fund) as at 31 December 2025. The loan was guaranteed by GME Group Holdings Limited. The balance was repaid in January 2026 in accordance with the repayment schedule.
- (d) The term loan at amount of HK\$26,193,000 (2024: HK\$Nil) bears interest rate at 0.4% per annum below the Prime Rate or one-month HIBOR plus 1.5% (2024: Nil) as at 31 December 2025. The loan was guaranteed by Chuang Chun Ngok Boris and GME Group Holdings Limited. The outstanding balances were partly repaid in March 2026, and the remaining balance scheduled to be settled in November 2026 in accordance with the repayment schedule.

As at 31 December 2025, the Group had HK\$12,000,000 (2024: HK\$38,000,000) unutilised banking facilities from two (2024: three) banking facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. LEASE LIABILITIES

The Group as a lessee

The Group entered into various lease agreements, mainly for leased properties and plant and machinery. All leases held by the Group only comprise fixed payments over the lease term.

The carrying amounts of the Group's lease liabilities, and the movements during the year are as follows:

	Leased properties HK\$'000	Office equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 January 2024	1,723	8	3,675	718	6,124
Additions	4,799	70	660	–	5,529
Lease payments	(1,477)	(13)	(1,605)	(290)	(3,385)
Interest expenses (Note 11)	73	2	236	33	344
As at 31 December 2024 and 1 January 2025	5,118	67	2,966	461	8,612
Additions	1,268	62	–	–	1,330
Lease payments	(2,329)	(30)	(1,430)	(169)	(3,958)
Interest expenses (Note 11)	249	5	140	24	418
As at 31 December 2025	4,306	104	1,676	316	6,402
Current portion	2,343	29	624	136	3,132
Non-current portion	1,963	75	1,052	180	3,270
At 31 December 2025	4,306	104	1,676	316	6,402
At 31 December 2024	5,118	67	2,966	461	8,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. LEASE LIABILITIES (CONTINUED)

The Group as a lessee (Continued)

Future lease payments are due as follows:

	Future lease payments as at 31 December 2025 HK\$'000	Interest as at 31 December 2025 HK\$'000	Present value as at 31 December 2025 HK\$'000
Not later than one year	3,393	(261)	3,132
Later than one year and not later than two years	2,843	(96)	2,747
Later than two years and not later than five years	537	(14)	523
	6,773	(371)	6,402

	Future lease payments as at 31 December 2024 HK\$'000	Interest as at 31 December 2024 HK\$'000	Present value as at 31 December 2024 HK\$'000
Not later than one year	3,599	(385)	3,214
Later than one year and not later than two years	2,709	(227)	2,482
Later than two years and not later than five years	3,019	(103)	2,916
	9,327	(715)	8,612

The present value of future lease payments are analysed as:

	2025 HK\$'000	2024 HK\$'000
Current liabilities	3,132	3,214
Non-current liabilities	3,270	5,398
	6,402	8,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Accelerated tax depreciation HK\$'000
At 1 January 2024	1,119
Addition through business combination	3,097
Charge to profit or loss for the year (Note 13)	220
At 31 December 2024 and 1 January 2025	4,436
Credit to profit or loss for the year (Note 13)	(270)
At 31 December 2025	4,166

26. PROMISSORY NOTES

	HK\$'000
At 1 January 2024	–
Issued during the year	7,850
At 31 December 2024 and 1 January 2025	7,850
Repaid during the year	(3,925)
At 31 December 2025	3,925

	2025 HK\$'000	2024 HK\$'000
Categorised as:		
Current	3,925	3,925
Non-current	–	3,925
	3,925	7,850

Note:

The promissory notes with total principal amount of HK\$7,850,000 carries 4% per annum interest. The first instalment of HK\$3,925,000 was paid on the maturity date of 1 November 2025. The second instalment of HK\$3,925,000 is payable on the maturity date of 30 March 2026. The promissory notes were issued on 4 November 2024 for the purpose of business combination (Note 29). The fair value of the promissory notes was HK\$3,925,000 (2024: HK\$7,850,000) determined at the date of issuance and with the effective interest rate of 4% (2024: 4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. SHARE CAPITAL

	The Company Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2024	487,808,000	4,878
Share repurchased and cancelled (Note (a))	(6,464,000)	(65)
As at 31 December 2024 and 1 January 2025	481,344,000	4,813
Share issued under Share Scheme	4,000,000	40
Share repurchased and cancelled (Note (a))	(7,924,000)	(79)
As at 31 December 2025	477,420,000	4,774

Note:

- (a) During the year ended 31 December 2025, the Company repurchased 8,028,000 shares on the Stock Exchange of its own shares from the market and 7,924,000 shares had been cancelled as at 31 December 2025. The remaining 104,000 Shares repurchased at approximately HK\$108,000 were included in share repurchase reserve. Particulars of the share repurchase and cancellation of shares during the year ended are as follows:

Year ended 31 December 2025

Month of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$
January 2025	680,000	0.395	0.380	261,900
March 2025	100,000	0.510	0.510	51,000
April 2025	600,000	0.610	0.510	329,000
May 2025	704,000	0.810	0.620	479,200
June 2025	1,360,000	0.890	0.830	1,165,160
July 2025	1,560,000	0.930	0.850	1,397,840
August 2025	320,000	1.070	1.050	339,000
September 2025	508,000	1.120	1.070	553,560
October 2025	992,000	1.080	1.050	1,048,160
November 2025	700,000	1.100	1.050	751,000
December 2025	400,000	1.040	1.020	413,000
Sub-total	7,924,000			6,788,820
December 2025 (Note 41)	104,000	1.040	1.020	108,080
Total	8,028,000			6,896,900

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For the year ended 31 December 2025

27. SHARE CAPITAL (CONTINUED)

Note: (Continued)

(a) (Continued)

Year ended 31 December 2024

Month of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$
June 2024	1,316,000	0.260	0.223	305,160
July 2024	976,000	0.345	0.325	327,200
September 2024	104,000	0.385	0.365	39,960
October 2024	1,480,000	0.375	0.350	533,300
November 2024	1,280,000	0.370	0.355	461,900
December 2024	1,308,000	0.375	0.350	467,900
Total	6,464,000			2,135,420

28. SHARE-BASED PAYMENT

Share scheme

The Share Scheme was approved by the shareholders of the Company at the Extraordinary General Meeting held on 24 May 2024 and was adopted on 29 May 2024 on which the date for the Company obtained the listing approval from the Stock Exchange. The maximum number of shares which may be issued in respect of all share options and share awarded to be granted under the Share Scheme and any other share schemes shall not exceed 48,780,800 Shares, representing 10% of the shares in issue as at the listing approval date of the Share Scheme unless the Company obtains a fresh approval from the shareholders.

2024 Share Awards

As set out in the announcement of the Company dated 14 June 2024 (the "2024 Share Awards Grant Date"), the board of directors had resolved to award and grant conditionally an aggregate of 4,600,000 new ordinary shares of HK\$0.01 each in the share capital of the Company to nine selected employees as incentive bonus. All of the awarded shares to each of the grantees have a vesting period of 12 months (vesting on 14 June 2025).

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective 2024 Share Awards Grant Date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period have taken into account when assessing the fair value of the Share Scheme. The Group determined that the 2024 Share Awards Grant Date fair value of each share award was HK\$0.265.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE-BASED PAYMENT (CONTINUED)

Share scheme (Continued)

2025 Share Awards

As set out in the announcement of the Company dated 24 November 2025 (the “2025 Share Awards Grant Date”), the board of directors had resolved to award and grant conditionally an aggregate of 4,832,000 new ordinary shares of HK\$0.01 each in the share capital of the Company to seven selected employees as incentive bonus. All of the Awarded Shares to each of the grantees have a vesting period of 12 to 36 months (vesting on 24 November 2026, 24 November 2027 and 24 November 2028).

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective 2025 Share Awards Grant Date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period have taken into account when assessing the fair value of the Share Scheme. The Group determined that the 2025 Share Awards Grant Date fair value of each share award was HK\$1.09.

Movements in the number of shares under the Share Scheme for the years are as follows:

	2025		2024	
	Weighted average fair value per share HK\$	Number of share awards	Weighted average fair value per share HK\$	Number of share awards
At beginning of year	0.265	4,300,000	–	–
Granted	1.09	4,832,000	0.265	4,600,000
Vested	0.265	(4,000,000)	–	–
Lapsed	0.265	(300,000)	0.265	(300,000)
At end of year	1.09	4,832,000	0.265	4,300,000

The Group recognised total expense of HK\$851,000 for the year ended 31 December 2025 (2024: HK\$597,000) in relation to the share awards by the Company.

The number of shares of the limit of the Share Scheme, net the awarded shares, was 39,348,800 (2024: 44,180,800) as at 31 December 2025. The number of shares that may be issued in respect of the awards granted under the Share Scheme divided by the weighted average number of ordinary shares in issue as at 31 December 2025 is 1.01% (2024: 0.94%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. ACQUISITION OF A SUBSIDIARY

On 4 November 2024, Jade Phoenix Enterprises Limited completed the acquisition of the entire equity interests of Best Build at a combined consideration of HK\$17,611,000 by promissory notes, settlement of amount due to ex-shareholder and cash (the “Best Build Acquisition”).

Best Build is principally engaged in the provision of engineering services. The acquisition has profitability potential and the Best Build can be well integrated into the Group’s business to further expand its scale and scope. Upon the completion of Best Build Acquisition, Best Build becomes an indirect wholly-owned subsidiary of the Company.

Goodwill recognised of approximately HK\$29,000, which is not deductible for tax purposes, is mainly attributable to the significant future prospect of the acquired business and the synergies arising from the combination of the acquired business with the existing operations of the Group.

The fair values of the identifiable assets acquired and liabilities assumed of the Best Build as at the date of the acquisition were as follows:

	HK\$'000
Intangibles assets	18,768
Trade and other receivables	1,904
Bank balances	7
Deferred tax liabilities	(3,097)
Total identifiable net assets at fair value	17,582
Goodwill (Note 17)	29
Fair value of consideration	17,611
Satisfied by:	
Cash consideration	7,850
Promissory notes (Note 26)	7,850
Settlement of amount due to ex-shareholder	1,911
	17,611

The acquisition-related costs of HK\$16,000 had been expensed and were included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. ACQUISITION OF A SUBSIDIARY (CONTINUED)

An analysis of the cash flow in respect of the Best Build Acquisition was as follows:

	HK\$'000
Cash consideration	7,850
Cash and bank balances acquired	(7)
Net outflow of cash and cash equivalents from acquisition	7,843

Ring-fencing arrangement

Under the sale and purchase agreement of the Best Build Acquisition and supplementary agreements, the undergoing drainage project (the "Project") at the time of the acquisition is under a ring-fencing arrangement as if the vendor would have continued the Project and is responsible for the Project's outcome which the Group has no control and economic benefits over the Project but obligation to forward the economic benefits of the Project to the vendor monthly.

As a result, the identified assets related to the Project were not acquired from the Best Build Acquisition and therefore not included in the above fair values of the identifiable assets acquired and liabilities assumed, which mainly comprised the customer contract (i.e. the Project), motor vehicles and prepaid taxation. Similarly, the consideration related to the Project were not included in the above consideration in respect of the Best Build Acquisition.

As a consequence of the ring-fencing arrangement, the Project is not a contract with customers from the perspective of the Group. Those revenue, related incomes and related expenses and cost of services were not recognised in the consolidated statement of comprehensive income of the Group. The Group's receivable and payable related to the Project as at the end of the reporting period were as follows:

	2025 HK\$'000	2024 HK\$'000
Right to receive progress payments (included in other receivable)	2,030	1,488
Receivable from the Best Build's customer (included in other receivable)	4,595	5,013
Net project payments to the vendor (included in other payable) (Note)	2,820	9,478
Payable for Project's cost (included in other payable)	2,799	880

Note:

If the net project payment is negative for a particular month, the vendor shall pay to the Group the negative balance. During the year, the net project payments received from the vendor is approximately of HK\$59,946,000 (2024: approximately HK\$12,285,000) while the net project payments paid to the vendor is approximately HK\$50,838,000 (2024: approximately HK\$5,199,000).

The Project is expected to be completed by 30 March 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investments in subsidiaries		22,259	22,259
Amounts due from subsidiaries		6,850	4,153
Deposits		557	554
		29,666	26,966
Current assets			
Prepayments and deposits		492	336
Cash and cash equivalents		136	116
		628	452
Current liabilities			
Accruals and other payables		1,551	1,293
Amount due to a subsidiary		39	39
		1,590	1,332
Net current liabilities		(962)	(880)
NET ASSETS		28,704	26,086
EQUITY			
Share capital	27	4,774	4,813
Reserves	31	23,930	21,273
TOTAL EQUITY		28,704	26,086

On behalf of the Board of Directors

Chuang Chun Ngok Boris
Director

Chuang Wei Chu
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements. Movements in the Company's reserves during the current and prior years are as follows:

	Share repurchase reserve	Share premium (Note (a))	Share-based payment reserve (Note 28)	Accumulated losses (Note (c))	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	–	90,753	–	(64,043)	26,710
Profit for the year	–	–	–	39,848	39,848
Recognition of share-based payment expenses (Note 28)	–	–	597	–	597
Shares repurchased and cancelled (Note 27)	–	(2,071)	–	–	(2,071)
2023 declared final dividend paid (Note 14)	–	–	–	(24,390)	(24,390)
2024 declared interim dividend paid (Note 14)	–	–	–	(19,421)	(19,421)
31 December 2024 and 1 January 2025	–	88,682	597	(68,006)	21,273
Profit for the year	–	–	–	51,907	51,907
Recognition of share-based payment expenses (Note 28)	–	–	851	–	851
Vested of 2024 share awards (Note 28)	–	1,020	(1,060)	–	(40)
Shares repurchased (Note 27)	(108)	(6,709)	–	–	(6,817)
2024 declared final dividend paid (Note 14)	–	–	–	(19,226)	(19,226)
2025 declared interim dividend paid (Note 14)	–	–	–	(24,018)	(24,018)
31 December 2025	(108)	82,993	388	(59,343)	23,930

The nature and purpose of reserves within equity are as follows:

(a) Share premium

Under the Companies Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. RESERVES (CONTINUED)

(b) Other reserve

The amount represents the difference between the total equity of those subsidiaries and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new shares from the Company.

(c) Accumulated losses

The amount represents cumulative net income or loss, gains and losses recognised in profit or loss.

(d) Capital reserve

The amount represents capital contribution from equity holders.

32. PARTICULARS OF SUBSIDIARIES

The particulars of the Company's direct and indirect owned subsidiaries are set out as follows:

Name of entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company		Issued and fully paid ordinary share capital or registered capital	Principal activities and principal place of business
		Direct	Indirect		
GME International Limited	The British Virgin Islands, 23 February 2016, limited liability company	100% (2024: 100%)	–	1 ordinary share of HK\$1	Investment holding, Hong Kong
GMEHK	Hong Kong, 22 March 1994, limited liability company	–	100% (2024: 100%)	1,800,000 ordinary shares of HK\$1,800,000	Provision of underground construction services, Hong Kong
Jade Phoenix Enterprises Limited	The British Virgin Islands, 10 October 2019, limited liability company	100% (2024: 100%)	–	50,000 ordinary shares of US\$1 each	Investment holding, Hong Kong
Best Build	Hong Kong, 25 March 1993, limited liability company	–	100% (2024: 100%)	39,460,000 ordinary share of HK\$39,465,000	Provision of engineering services, Hong Kong
GMS Construction Limited ("GMS")	Hong Kong, 16 October 2019, limited liability company	–	60% (2024: 60%) (Note)	1,000,000 ordinary share of HK\$1,000,000	Inactive, Hong Kong

Note:

As at 31 December 2024, GMS was approved by the Board for application to the register of companies for deregistration and in progress during the year 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. RELATED PARTY TRANSACTIONS

The Group did not have any related party transactions during the year ended 31 December 2025 (2024: HK\$Nil) except as disclosed elsewhere in the consolidated financial statements.

Key management personnel compensation

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the current and prior years are set out in Note 12 to the consolidated financial statements.

34. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets are trade and other receivables, pledged bank deposits and cash and banks balances that derive directly from its operations. Principal financial liabilities of the Group include trade and other payables, bank borrowings, promissory notes and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has not issued and does not hold any financial instruments for trading purposes at the end of the reporting period. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and contract assets) and deposits with banks.

The credit risk of Group's trade receivables and contract assets are concentrated, since 75% of which was derived from five largest customers as at 31 December 2025 (2024: 84%). The Group's trade receivables and contract assets were due from the Group's largest customer and the five largest customers as detailed below.

	2025 HK\$'000	2024 HK\$'000
Largest customer	73,587	93,739
Five largest customers	236,074	211,176

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in Notes 20(a) and 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch List	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the assets is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The trade receivables and contract assets are assessed on a collective basis after considering internal credit rating of trade debtors based on ageing, repayment history and/or past due status of respective trade receivables, other than customers with different historical loss patterns or credit-impaired which are assessed individually.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2025 and 2024:

ECLs for trade receivables:

31 December 2025	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (Not past due)	0.25	132,873	326
1-30 days past due	–	–	–
31-60 days past due	–	–	–
61-90 days past due	–	–	–
More than 90 days past due	78.75	894	704
		133,767	1,030
31 December 2024	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (Not past due)	0.08	116,978	98
1-30 days past due	–	–	–
31-60 days past due	–	–	–
61-90 days past due	–	–	–
More than 90 days past due	66.22	894	592
		117,872	690

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

ECLs for contract assets:

31 December 2025	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.16	158,643	257
1-30 days past due	–	–	–
31-60 days past due	–	–	–
61-90 days past due	–	–	–
More than 90 days past due	79.82	21,356	17,047
		179,999	17,304
31 December 2024	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	0.15	111,711	166
1-30 days past due	–	–	–
31-60 days past due	–	–	–
61-90 days past due	–	–	–
More than 90 days past due	79.57	21,576	17,167
		133,287	17,333

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

The movements in the loss allowance for impairment of trade receivables and contract assets are as follows:

	Lifetime ECL not credit impaired HK\$'000	Lifetime ECL credit impaired HK\$'000	Total HK\$'000
At 1 January 2024	5,213	4,370	9,583
Impairment losses	–	8,558	8,558
Reversal of impairment loss	(118)	–	(118)
At 31 December 2024 and 1 January 2025	5,095	12,928	18,023
Impairment losses	340	63	403
Reversal of impairment loss	(92)	–	(92)
At 31 December 2025	5,343	12,991	18,334

The following significant changes in the gross carrying amounts of trade receivables and contract assets contributed to the increase in the loss allowance during 2025:

- The current balance of contract asset balance increased and less settlement of the balance overdue more than 90 days in 2025, which resulted in loss allowance for the year.

The Group's customers are reputable corporations and thus credit risk is considered to be low. Except for the provision of impairment loss allowance in other receivables as disclosed in Note 20(b), credit risk on remaining balance of other receivables are minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the reporting period and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level. None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group's major bank balances are deposited with banks with good reputation and high credit-ratings assigned by international credit-rating agencies and hence management does not expect any losses from non-performance by these banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserves of cash in the short and long term. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Less than one year or repayable on demand HK\$'000	One year or above HK\$'000
At 31 December 2025				
Trade and other payables	66,074	66,074	66,074	–
Bank borrowings	80,193	80,463	80,463	–
Lease liabilities	6,402	6,773	3,393	3,380
Promissory notes	3,925	4,145	4,145	–
	156,594	157,421	154,041	3,380
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Less than one year or repayable on demand HK\$'000	One year or above HK\$'000
At 31 December 2024				
Trade and other payables	55,182	55,182	55,182	–
Bank borrowings	46,000	46,139	46,139	–
Lease liabilities	8,612	9,327	3,599	5,728
Promissory notes	7,850	7,882	3,944	3,938
	117,644	118,530	108,864	9,666

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowing. Interests charged on the Group's loan from bank borrowing are at variable rates which are linked up to the relevant bank interest rate. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances and bank borrowing. The analysis is prepared assuming that the amounts of assets and liabilities outstanding at the end of each of the reporting period were outstanding for the whole year. 50 basis points and 100 basis points increase or decrease represent management's assessment of the reasonably possible change in interest rates of bank balances and bank borrowing, respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of the reporting period do not reflect the exposures during the year.

If interest rates on bank balances had been 50 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the years ended 31 December 2025 and 2024 is as follows:

	2025 HK\$'000	2024 HK\$'000
Decrease/(increase) in profit for the year		
– as a result of the increase in interest rate	92	132
– as a result of the decrease in interest rate	(92)	(132)

If interest rates on bank borrowings had been 100 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the years ended 31 December 2025 and 2024 is as follows:

	2025 HK\$'000	2024 HK\$'000
Decrease/(increase) in profit for the year		
– as a result of the increase in interest rate	802	460
– as a result of the decrease in interest rate	(802)	(460)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group entered into leases agreements in respect of leased properties, office equipment and plant and machinery with a capital value at the inception of the leases of approximately HK\$1,330,000 (2024: HK\$5,692,000) during the year ended 31 December 2025.

(b) Changes in liabilities arising from financing activities

	Bank borrowings (Note 23) HK\$'000	Amount due to a director HK\$'000	Lease liabilities (Note 24) HK\$'000	Promissory notes (Note 26) HK\$'000	Total HK\$'000
At 1 January 2024	66,000	8,000	6,124	–	80,124
Change from cash flows:					
Proceeds from bank borrowings	176,089	–	–	–	176,089
Repayment of bank borrowings	(196,089)	–	–	–	(196,089)
Lease payments	–	–	(3,385)	–	(3,385)
Repayment to director	–	(8,000)	–	–	(8,000)
Interest paid	(2,797)	–	–	–	(2,797)
Total changes from financing cash flow	(22,797)	(8,000)	(3,385)	–	(34,182)
Other changes:					
Interests expense	2,797	–	344	–	3,141
Addition of lease liabilities	–	–	5,529	–	5,529
Issued for a consideration of a business combination	–	–	–	7,850	7,850
At 31 December 2024 and 1 January 2025	46,000	–	8,612	7,850	62,462
Change from cash flows:					
Proceeds from bank borrowings	157,081	–	–	–	157,081
Repayment of bank borrowings	(122,888)	–	–	–	(122,888)
Lease payments	–	–	(3,958)	–	(3,958)
Repayment of promissory notes	–	–	–	(3,925)	(3,925)
Interest paid	(3,001)	–	–	(157)	(3,158)
Total changes from financing cash flow	31,192	–	(3,958)	(4,082)	23,152
Other changes:					
Interests expense	3,001	–	418	157	3,576
Addition of lease liabilities	–	–	1,330	–	1,330
31 December 2025	80,193	–	6,402	3,925	90,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. NON-CONTROLLING INTERESTS

GMS, a 60% owned subsidiary of the Company, has non-controlling interests ("NCI").

The following table illustrates the summarised financial information in relation to the NCI of GMS. The amounts disclosed are before any inter-company estimation.

	2025 HK\$'000	2024 HK\$'000
Revenue	–	–
Loss for the year	–	(960)
Total comprehensive expenses for the year	–	(960)
Loss allocated to NCI	–	384

37. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the year.

During the year, the Group refined the definition of its gearing ratio to better reflect its net leverage position. Previously, the ratio was calculated as total debts (including other payables, bank borrowings and lease liabilities) divided by equity attributable to owners of the Company. The ratio is now calculated as net debts divided by equity attributable to owners of the Company, where net debts comprise bank borrowings, promissory notes and lease liabilities less cash at banks and pledged bank deposits.

The comparative figure for 31 December 2024 has been restated accordingly from 59% to 18%. The change does not affect any other amounts in the financial statements.

	2025 HK\$'000	2024 HK\$'000 (restated)
Total debts	90,520	62,462
Less: Cash at banks and pledged bank deposits	(21,393)	(32,410)
Net debts	69,127	30,052
Equity attributable to owners of the Company	209,493	171,508
Gearing ratio	33%	18%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost (including cash and cash equivalents)	167,076	159,659
Financial liabilities		
At amortised cost	150,192	109,032
Lease liabilities	6,402	8,612
	156,594	117,644

39. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, there were a number of labour claims lodged against the Group arising from the ordinary course of its civil engineering construction business. No specific claim amount has been specified in the applications of these claims. In the opinion of the directors of the Company, the outflow of resources required in settling these claims, if any, is remote and furthermore, these claims are usually covered by insurance maintained by the relevant main contractors. Therefore, the ultimate liability under these claims would not have a material adverse impact on the financial position or performance of the Group. No provision and further disclosure in respect of the litigations are necessary.

40. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Commitments for the acquisition of:		
Property, plant and equipment	–	176

41. EVENT AFTER REPORTING PERIOD

After the end of the reporting period, 104,000 and 224,000 ordinary shares which repurchased in year 2025 and 2026 from the Stock Exchange respectively and had been cancelled. The total consideration of the share repurchase was approximately HK\$344,000.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2026.