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ANCHORSTONE

Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1592)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of Directors (the “**Directors**”) of Anchorstone Holdings Limited (the “**Company**”) would like to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Revenue from contracts with customers	3	50,677	58,514
Cost of sales	5	(44,282)	(43,130)
Gross profit		6,395	15,384
Other income	4	18	442
Impairment losses under expected credit losses model, net of reversal:			
— Trade and retention receivables		(1,747)	(9,882)
— Contract assets		(12,876)	(68,447)
Impairment losses on right-of-use asset		—	(1,142)
Write down of inventories		(42,046)	—
Administrative expenses	5	(14,450)	(16,869)
Operating loss		(64,706)	(80,514)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the year ended 31 December 2025

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		–	1
Finance costs	6	<u>(6,570)</u>	<u>(4,949)</u>
Finance costs, net		<u>(6,570)</u>	<u>(4,948)</u>
Loss before taxation	5	(71,276)	(85,462)
Income tax expense	7	<u>(125)</u>	<u>(910)</u>
Loss for the year		<u>(71,401)</u>	<u>(86,372)</u>
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising on translation of a foreign operation		<u>296</u>	<u>(126)</u>
Total comprehensive expense for the year		<u>(71,105)</u>	<u>(86,498)</u>
		31 December 2025	31 December 2024
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
Basic and diluted	8	<u>(2.90)</u>	<u>(3.90)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	31 December 2025 HK\$'000	31 December 2024 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		6	12
Right-of-use asset		—	—
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total non-current assets		6	12
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Current assets			
Inventories		—	52,468
Trade and retention receivables	<i>10</i>	9,926	13,582
Contract assets	<i>3</i>	35,369	35,799
Deposits, prepayments and other receivables		1,565	2,226
Tax recoverable		194	194
Bank balances and cash		7,501	308
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total current assets		54,555	104,577
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total assets		54,561	104,589
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
EQUITY			
Share capital	<i>13</i>	28,956	24,130
Accumulated losses		(284,404)	(213,003)
Reserves		141,760	134,770
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total deficit		(113,688)	(54,103)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
LIABILITIES			
Non-current liabilities			
Lease liability		—	471
Loans from directors		68,299	11,621
Accruals and other payables		2,755	1,436
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total non-current liabilities		71,054	13,528
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

		31 December 2025	31 December 2024
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Trade and retention payables	11	24,711	49,633
Accruals and other payables		26,140	48,097
Contract liabilities	3	9,933	8,797
Lease liability		471	680
Bank borrowings	12	31,321	33,456
Tax payables		4,619	4,501
		<u> </u>	<u> </u>
Total current liabilities		<u>97,195</u>	<u>145,164</u>
Total liabilities		<u>168,249</u>	<u>158,692</u>
Total deficit and liabilities		<u>54,561</u>	<u>104,589</u>

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and complied with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

Going concern basis

In 2025, Hong Kong’s construction industry continued to operate under a challenging macroeconomic environment. Elevated interest rates, persistent inflationary pressures and ongoing geopolitical uncertainties contributed to a cautious investment climate and resulted in delays in the commencement and progress of certain private sector projects. The construction sector also struggled with a shortage of workers, higher costs for materials and subcontractors, and slower progress in both public and private construction projects, construction projects of the Group were delayed and thus affecting the Group’s receivables collection cycle. As a result, the Group could not repay bank borrowings in accordance to the repayment schedule and on the maturity date as at years ended 31 December 2025 and 2024.

The Group is unable to draw down new borrowings from its bank facilities and any further draw down would be subject to the approvals by the relevant banks.

In accordance with the underlying bank facilities letters, performance bonds issued through one of the bank aforementioned of HK\$3,705,000 (2024: approximately HK\$3,705,000) might be cancelled by the bank, which might result in non-compliance with the relevant construction contracts if the Group is unable to replace them with other equivalent performance bonds.

For the year ended 31 December 2025, the Group incurred a net loss for the year of approximately HK\$71,401,000 (2024: approximately HK\$86,372,000), and as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately HK\$42,640,000 and HK\$113,688,000, respectively (2024: net current liabilities and net liabilities of approximately HK\$40,587,000 and HK\$54,103,000 respectively), the Group’s total bank borrowings amounted to approximately HK\$31,321,000 (2024: approximately HK\$33,456,000) all of which were overdue and in default as at 31 December 2025, The Group’s accrual interest payables with an aggregate amount of approximately HK\$15,337,000 (2024: approximately HK\$20,322,000), including the default interests of approximately HK\$1,814,000 (2024: approximately HK\$898,000) charged to the unsettled overdue bank borrowings by the respective banks, were included in accruals and other payables as at 31 December 2025. All bank borrowings and accrual interest payables with an aggregated amount of HK\$46,658,000 (2024: approximately HK\$53,778,000) were immediately repayable, while the Group maintained only approximately HK\$7,501,000 (2024: approximately HK\$308,000) bank balances and cash as at 31 December 2025.

On 18 March 2026, a provisional liquidator was appointed for Pacific Marble and Granite Limited (“PMG”), an indirectly wholly-owned subsidiary of the Company, following the winding-up petition filed against PMG. PMG has ceased operations and is in the process of liquidation. The Directors consider that PMG’s liquidation does not affect the Group’s ability to continue as a going concern, as PMG’s operations were non-core and its liabilities are ring-fenced within the subsidiary.

The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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

- (i) The Group has actively negotiated with the relevant banks for extension of the overdue bank borrowings, in particular, the Group has agreed with the banks to repay the whole overdue balance upon the successful fund raising by issuing the right shares (which the completion date is expected in June 2026);
- (ii) The substantial shareholder, Mr. Lui Yue Yun Gary who is also the Chairman and an executive director of the Company, is willing to provide financial support to the Group when there is needed. The Group obtained loans from its executive directors for financial support. As at 31 December 2025, such loans amounted to approximately HK\$68,299,000 (2024: approximately HK\$11,621,000) are unsecured and repayable on 1 January 2027 and interest bearing ranged at 2% to 5% per annum.
- (iii) The Group continues to implement measures to tighten cost controls over various operating expenses; and
- (iv) The Group was actively looking for other sources of financing including any possible from of debt or equity financing to enhance the capital structure and reduce the overall financing expenses. In 2025, the Group had completed a share placing in 28 November 2025 and raised approximately HK\$12,000,000. Currently the Group had proposed a right issue on the basis of 4 rights shares for every 1 existing share and expected to raise additional approximately HK\$62,600,000 cash to repay all the overdue bank borrowings and to improve its financial position.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainty related to going concern exist as to whether the Group is able to achieve its plans and measures as described above.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 *Lack of Exchangeability*

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standards HKAS21	<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i> ² <i>Hyperinflation</i> ²
Amendments to HKFRS 9 and HKFRS 7 HKFRS 18	<i>Contracts Referring Nature — dependent Electricity</i> ² <i>Presentation and Disclosure in Financial Statements</i> ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Shares* are also made.

HKFRS 18, and amendments to other standards, will effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in future financial statements. The Group is in process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

(a) Revenue from contracts with customers

Revenue from contracts with customers represents the contract works completed and the stone sales during the year as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Supply and installation service	37,540	33,213
Stone sales	13,137	25,301
	<u>50,677</u>	<u>58,514</u>
Timing of revenue recognition:		
Over time	37,540	33,213
At a point of time	13,137	25,301
	<u>50,677</u>	<u>58,514</u>

(b) Segment information

The executive directors of the Company are the Group's chief operating decision-makers ("CODM"). The executive directors of the Company assess the performance of the operating segment based on revenue generated. Information reported to the executive directors of the Company, for the purposes of resource allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented. The Group does not report a measure of segment profit or an analysis of segment asset and segment liability as the executive directors of the Company do not use this information to allocate resources to or evaluate the performance of the operating segment.

The Group's revenue from external customers attributed to the geographical areas based on the location of customers is presented as follows:

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	25,038	25,220
The PRC	12,421	33,191
Macau	13,218	103
	<u>50,677</u>	<u>58,514</u>

(c) Information about major customers

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

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A (<i>Note (i)</i>)	24,031	18,505
Customer B (<i>Note (ii)</i>)	13,218	–
Customer C (<i>Note (iii)</i>)	6,620	–
Customer D (<i>Note (iv)</i>)	5,801	8,415
Customer E (<i>Note (v)</i>)	–	14,006
Customer F (<i>Note (vi)</i>)	–	10,770
	<u>–</u>	<u>10,770</u>

Notes:

- (i) The revenue was generated from the supply and installation of marble products in Hong Kong and contributed more than 10% of the Group's revenue for the years ended 31 December 2025 and 2024.
- (ii) The revenue was generated from the supply and installation of marble products in Macau and contributed more than 10% of the Group's revenue for the year ended 31 December 2025. There was no revenue generated from this customer for the year ended 31 December 2024.
- (iii) The revenue was generated from stone sales in the PRC and contributed of more than 10% of the Group revenue for the year ended 31 December 2025. There was no revenue generated from this customer for the year ended 31 December 2024.
- (iv) The revenue was generated from stone sales in the PRC and contributed more than 10% of the Group revenue for the years ended 31 December 2025 and 2024.

- (v) The revenue was generated from stone sales in the PRC and contributed more than 10% of the Group revenue for the year ended 31 December 2024. There was no revenue generated from this customer for the year ended 31 December 2025.
- (vi) The revenue was generated from the supply and installation of marble product in the PRC and contributed more than 10% of the Group's revenue for the year ended 31 December 2024. There was no revenue generated from this customer for the year ended 31 December 2025.

(d) Assets and liabilities related to contracts with customers

(i) Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional. After the issuance of the certificate of completion from customers.

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract assets arisen from provision of supply and installation of marble and granite services	221,614	209,168
Less: loss allowances	(186,245)	(173,369)
	<u>35,369</u>	<u>35,799</u>

As at 1 January 2024, gross carrying amount of contract assets amounted to HK\$215,401,000. The amount increase is due to certain projects commenced during the year. The Group satisfies its performance obligations upon completion of service. The Group is responsible for returns or repairments, usually by given one year of warranties period after the completion of service. During the year, approximately of the amount of HK\$1,881,000 (2024:HK\$8,692,000) of contract assets were transferred to trade receivables.

(ii) Contract liabilities

The contract liabilities primarily relate to the upfront deposits received from customers, for which revenue is recognised based on the progress of the supply and installation services referred to the contractual arrangement mention below.

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract liabilities arising from — Provision of supply and installation of marble and granite service	<u>9,933</u>	<u>8,797</u>

As at 1 January 2024, contract liabilities amounted to approximately HK\$10,741,000. The following table shows how much of revenue recognised during the years ended 31 December 2025 and 2024 related to contract liabilities at the beginning of both year:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Revenue recognised that was included in contract liabilities balance at the beginning of the period	<u>8,797</u>	<u>10,741</u>

The Group's provision of supply and installation of marble and granite services contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide up front deposits range from 10% to 30% of total contract sum as part of its credit risk management policies.

The Group requires certain deposits from customers for purchase of stones involve of bulk purchases.

The contract liabilities as at years ended 31 December 2025 and 2024 are expected to be recognised as revenue within one year.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue contracts such that the Group does not disclose the amount of the transaction price allocated to the remaining performance obligations when the performance obligation is part of a contract that has an original expected duration of one year or less.

4 OTHER INCOME

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Write back of trade payables (<i>Note</i>)	–	409
Others	<u>18</u>	<u>33</u>
	<u>18</u>	<u>442</u>

Note:

The write back of trade payables represented the balances with creditors which has been strike off in prior year.

5 LOSS BEFORE TAXATION

	31 December 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
(a) Employee benefit expenses (including directors' emoluments)		
Wages, salaries and bonuses	9,395	9,778
Retirement benefit costs — defined contribution plans	124	195
Less: amounts included in construction cost recognised in cost of sales	<u>(945)</u>	<u>(986)</u>
	<u><u>8,574</u></u>	<u><u>8,987</u></u>
(b) Other items		
Cost of inventories	10,423	16,585
Write down of inventories	42,046	–
Construction cost recognised in cost of sales	33,859	26,545
Auditor's remuneration		
— Audit services	1,000	1,200
— Non-audit services	10	60
Depreciation — plant and equipment	6	355
Depreciation — right-of-use asset	–	736
Short-term leases payments	<u>2</u>	<u>2</u>

6 FINANCE COSTS

	31 December 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Interests on:		
— Bank overdrafts	725	548
— Trust receipt loans	3,911	998
— Factoring loans	92	456
— Bank borrowings	227	1,318
— Lease liability	40	29
— Loans from directors	1,575	1,540
— Others	<u>–</u>	<u>60</u>
	<u><u>6,570</u></u>	<u><u>4,949</u></u>

7 INCOME TAX EXPENSE

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
— PRC Enterprise Income Tax (“EIT”)	56	121
— Hong Kong Profits Tax	69	789
	<u>125</u>	<u>910</u>

Under the Law of PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

Under the relevant regulations of the EIT Law, for eligible enterprises which meet the criteria of small thin-profit enterprises, the annual taxable income that is not more than RMB3,000,000 shall be subject to a tax rate of 5%. During the year ended 31 December 2025, one of the subsidiary of the Group in the PRC was eligible as a small thin-profit enterprises and subject to stated preferential income tax rates of 5% (2024: 5%).

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profit Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8 LOSS PER SHARE

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year		
Loss attributable to owners of the Company, used in calculating basic and diluted loss per share:	<u>(71,401)</u>	<u>(86,372)</u>

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

	31 December 2025 HK Cents	31 December 2024 HK Cents
Total basic loss per share attributable to owners of the Company	<u>(2.90)</u>	<u>(3.90)</u>
	2025 (In thousand)	2024 (In thousand)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u>2,457,916</u>	<u>2,211,799</u>

No diluted loss per share for the years ended 31 December 2025 and 2024 was presented as there were no potential ordinary shares in issue.

9 DIVIDENDS

The Board resolved not to propose final dividend for the year ended 31 December 2025 (2024: Nil) at the forthcoming Annual General Meeting.

10 TRADE AND RETENTION RECEIVABLES

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Trade receivables	10,050	11,219
Less: loss allowances	<u>(6,700)</u>	<u>(5,553)</u>
Trade receivables, net	3,350	5,666
Retention receivables	28,600	29,340
Less: loss allowances	<u>(22,024)</u>	<u>(21,424)</u>
Retention receivables, net	<u>6,576</u>	<u>7,916</u>
Total trade and retention receivables, net	<u>9,926</u>	<u>13,582</u>

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

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Up to 30 days	1,024	3,029
31–60 days	62	1,277
61–90 days	–	4
Over 90 days	<u>8,964</u>	<u>6,909</u>
	<u>10,050</u>	<u>11,219</u>

11 TRADE AND RETENTION PAYABLES

Trade and retention payables at the end of the reporting period comprise amounts outstanding for trade purposes. The average credit period taken for trade purchase is 30 to 90 days.

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Trade payables	17,165	33,521
Retention payables	<u>7,546</u>	<u>16,112</u>
	<u>24,711</u>	<u>49,633</u>

Note: Retention payables in respect of the supply and installation business are settled with the terms of the respective contracts. In the consolidated statement of financial position, retention payables were classified as current liabilities as they are expected to be settled within the operating cycle.

The ageing analysis of the trade payables, based on invoice date, is as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Up to 30 days	152	2,097
31–60 days	1,978	692
61–90 days	69	608
Over 90 days	<u>14,966</u>	<u>30,124</u>
	<u>17,165</u>	<u>33,521</u>

12 BANK BORROWINGS

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts	10,282	9,634
Term loans — secured	3,595	3,527
Trust receipt loans — secured	17,444	19,803
Revolving loans — secured	<u>—</u>	<u>492</u>
Total bank borrowings	<u>31,321</u>	<u>33,456</u>

All of the bank borrowings and bank overdrafts are overdue which are in default and the banks have the right to demand for immediate repayment, therefore, they are classified as current liabilities as at 31 December 2025 and 2024.

Bank borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements and without taking into account the effect of any repayment on demand are as follows:

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings: Within 1 year	<u>31,321</u>	<u>33,456</u>

13 SHARE CAPITAL

	Issued and fully paid Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each:		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 January 2024	<u>2,146,201,635</u>	<u>21,462</u>
Share issued upon expiration of guaranteed period for acquisition of business combinations involving entities under common control	<u>266,761,176</u>	<u>2,668</u>
At 31 December 2024	2,146,201,635	24,130
Share consolidation	<u>(1,904,905,354)</u>	<u>–</u>
	241,296,281	24,130
Share issued and allotted	<u>48,259,000</u>	<u>4,826</u>
At 31 December 2025	<u>289,555,281</u>	<u>28,956</u>

All the shares rank pari passu with the other shares in all respects.

14 CONTINGENCIES

Performance bonds

As at 31 December 2025, the Group obtained performance bonds guarantee issued by the banks in respect of construction contracts through to the customers amounting to approximately HK\$3,705,000 (2024: approximately HK\$3,705,000). The directors of the Company consider the likelihood of the withdrawal of the banking guarantees by the banks as remote as there were sufficient assets have been pledged for obtaining such performance guarantees provided by the respective banks.

Legal cases

During the year ended 31 December 2025, the legal cases of the Group were as follows:

- (i) There were several legal cases concerning claims for personal injuries against certain subsidiaries of the Company. During the year ended 31 December 2025, the cases have been settled with the total amounts of approximately HK\$347,000, and the respective expenses are settled and included in “administrative expenses” in the consolidated financial statements. No other litigation cases against the Group up to the date of this report.
- (ii) In previous years, a former subcontractor has filed a litigation claim for payment of service rendered to the subsidiary of the Group of approximately HK\$9,000,000. On 14 March 2026, the case has been finalised, the subsidiary of the Group has received the court order for settlement of the subcontractor fee of approximately HK\$9,000,000 and other legal expenses associated with such cases to the subcontractor. Therefore, with the case has been finalised after the end of the reporting period, the Group has provided the provision of the litigation claim and legal expenses in an aggregate of approximately HK\$1,100,000 in “accruals and other payables” and of approximately HK\$10,101,000 in “trade payables” as at 31 December 2025.

Subsequent to the finalisation of the litigation, a provisional liquidator was appointed on 18 March 2026 for Pacific Marble and Granite Limited (“**PMG**”), the subsidiary involved in the above legal proceedings. The liquidation of PMG relates to the settlement of the judgment debt and associated legal costs.

- (iii) As of 31 December 2025, the Group had accrued unpaid salaries of approximately HK\$568,000 (2024: HK\$14,744,000), due to temporary cash flow constraints. These amounts are recognised as current liabilities. Management is addressing liquidity issues, as disclosed in Note 1, and remains committed to complying with labor regulations under the Hong Kong Employment Ordinance, including assessing potential risks or penalties. All amounts are settled as at 31 December 2025.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025, issued by Guangshen (Hong Kong) CPA Limited ("**Guangshen**"), the Company's external auditor:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the appropriateness of going concern basis for the preparation of the consolidated financial statements

As disclosed in Note 2 to the consolidated financial statements, the Group reported a net loss of approximately HK\$71,401,000 for the year ended 31 December 2025 and, as at 31 December 2025, the Group was in net current liabilities position and net liabilities position amounting to approximately HK\$42,640,000 and HK\$113,688,000, respectively. As at 31 December 2025, the Group's total bank borrowings amounted to approximately HK\$31,321,000, all of which were overdue and in default, and the accrued interest payables on these borrowings amounted to approximately HK\$15,337,000, including the default interests payable of approximately HK\$1,814,000 charged on the unsettled overdue bank borrowings by the respective banks, were included in accruals and other payables as at 31 December 2025. All bank borrowings and accrual interest payables with an aggregated amount of HK\$46,658,000 were immediately repayable while the Group maintained only approximately HK\$7,501,000 of bank balances and cash as at 31 December 2025.

We draw attention to Note 2 to the consolidated financial statements, which indicates that a provisional liquidator was appointed on 18 March 2026 for Pacific Marble and Granite Limited (“PMG”), a subsidiary of the Group, following a winding-up petition. As at 31 December 2025, the subsidiary maintained certain trade and retention receivables and contract asset on behalf of the Group.

The above events and conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, cast significant doubt on the Group’s ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in Note 2 to the consolidated financial statements, in view of the above mentioned events and conditions, the directors of the Company have prepared cash flow forecasts of the Group covering a period of not less than twelve months from 31 December 2025. The cash flow forecasts were prepared based on certain key assumptions, including those concerning the eventual outcome of their plans and measures for future actions to deal with these events and conditions, as follows:

- (i) Successful negotiations with the banks for repayment extensions and feasible settlement plans of defaulted bank borrowings and interests;
- (ii) Successful obtaining new sources of financing or strategic capital investments as and when needed, in particular issuing the right issue successfully in June 2026 and using part of the proceeds as approved to repay the defaulted bank borrowings and interests and to reduce the Group’s liabilities;
- (iii) Continuing financial support provided by an executive director of the Company; and
- (iv) Effective implementation of cost control measures.

As at the date of this report, the Group is undertaking a rights issue of ordinary shares which is targeted for completion in May 2026. Upon completion, the Group expects to receive net cash inflows of approximately HKD62.6 million, after offsetting the loan from a director and related commission and legal expenses. The additional capital is expected to strengthen the Group’s liquidity position and support its ongoing operations, thereby addressing the going concern uncertainties previously noted.

The directors of the Company are in the opinion that, based on the assumptions that the plans and measures described in Note 2 to the consolidated financial statements would improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025 and would be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidation financial statement depends on the reliability of the underlying data generated to prepare the forecasts and adequacy of support for the assumptions underlying the forecasts, including the feasibility of the plans and measures referred to above. We were unable to obtain sufficient appropriate evidence to satisfy ourselves that the assumptions underlying the forecasts, including the feasibility of the management's plans and measures for future actions to deal with these events and conditions, were reasonable and supportable. There were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to support the feasibility of the above plans and measures and whether they can be successfully implemented. As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to achieve the plans and measures, as mentioned in Note 2 to the consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

RESULT

In 2025, Hong Kong's construction industry continued to face a challenging operating environment. The construction sector also struggled with a shortage of workers, higher costs for materials and subcontractors, and the keen competition of the industry.

The Group experienced a decrease in revenue and gross profit for the year ended 31 December 2025.

For the year ended 31 December 2025, the Group recorded a revenue of approximately HK\$50.7 million (2024: approximately HK\$58.5 million), representing a decrease of 13.3% compared with that in the year ended 31 December 2024. The Group also recorded a decrease of gross profit for the year ended 31 December 2025 (2025: approximately HK\$6.4 million; 2024: approximately HK\$15.4 million), representing a decrease of 58.4%.

The management had made provision for loss allowance of the contract assets, trade and retention receivables and other receivables in total of approximately HK\$14.6 million (2024: approximately HK\$78.3 million) for certain projects based on the impairment assessment.

In addition, the management had recognised a write-down of inventories of approximately HK\$42.0 million for certain stock items to reflect the decline in net realisable value of certain products.

In the current year, the Group's administrative expenses was approximately HK\$14.5 million (2024: approximately HK\$16.9 million), representing a decrease of approximately HK\$2.4 million or 14.2%.

Due to the combination of the factors above, the Group recorded a loss before taxation of approximately HK\$71.3 million (2024: approximately HK\$85.5 million) for the year ended 31 December 2025, representing an decrease in loss of approximately HK\$14.2 million or 16.6%.

FINANCIAL POSITION

The Group's net liabilities was approximately HK\$113.7 million (2024 net liabilities: approximately HK\$54.1 million). The key assets as at 31 December 2025 were contract assets, trade and retention receivables and bank balances and cash.

Contract assets represented the Group's construction work in progress as at the reporting date. As at 31 December 2025, the outstanding contract assets on hand was approximately HK\$35.4 million, representing an decrease of 0.1% over the same period in 2024. This was mainly due to impairment losses of HK\$12.9 million recognised in contract assets for the year and the balance also reflected the progress of construction projects, where work was completed but not yet billed as at 31 December 2025.

Trade and retention receivables represented the Group's receivables from its construction projects. As at 31 December 2025, the trade and retention receivables was approximately HK\$9.9 million, representing a decrease of 27.2% compared to last year. This was due to further impairment losses of HK\$1.8 million recognised in trade and retention receivables for the year.

Inventories were final products for the Group's stone sales project. The decrease was due to the utilisation for sales and impairment loss of HK\$42 million recognised in inventory for the year during the year. The write-down reflected the natural deterioration and damage of certain stone products, which reduced their net realisable value based on current market conditions.

The key liabilities of the Group as at 31 December 2025 were the trade and retention payables, accruals and other payables, contract liabilities, bank borrowings and loans from Directors of the Company.

Trade and retention payables represent the amounts due to subcontractors and suppliers of the Group. As at 31 December 2025, trade and retention payables decreased to approximately HK\$24.7 million (2024: approximately HK\$49.6 million). This was mainly due to the Director provided financial support to settle these outstanding liabilities on behalf of the Company.

The Group's bank borrowings were mainly used for its operation purpose. All borrowings are due to the banks operated in Hong Kong. As at 31 December 2025, all bank borrowings with a total principal amount of approximately HK\$31.3 million (2024: approximately HK\$33.4 million) were overdue. The Group is continuing for making an effort to repay the bank borrowings in order to reduce the liquidity risk of the Group. The Group also maintained communications with the relevant banks.

The loans from Directors of the Company were provided to support the Group's operating and financing activities. Most of the loans from Directors were utilised to settle the overdue bank borrowings.

INDUSTRY REVIEW

In 2025, the industry was recovering slowly. The overall Hong Kong economy still needs time to recover. The performance of the Hong Kong and Mainland China's property market still has a lot of uncertainties, which may affect the future tendering activities of our industry.

The competition of the supply and installation of marble and granite market remains very keen. The increasing cost of building materials and construction labour costs had negative impact on the performance of the construction sector in Hong Kong, resulting in the thinner profit margin for the Group.

Furthermore, the financial difficulties had confined the ability of the Group to bid for new contracts.

GROUP PERFORMANCE

During the year, the Group's performance future declined due to the dropping of overall tendering numbers and the volumes of the work. For the year ended 31 December 2025, the Group recorded a loss for the year of approximately HK\$71.4 million (2024: HK\$86.4 million).

Besides, the overdue payments to the banks deteriorated the Group's financial situation as the Group has allocated additional resources to handle such overdue situation.

In considering the weak economic environment in Hong Kong, the possibilities of doubtful debts and other relevant factors which may affect adversely on the business cycles of the Group, the provision for loss allowance of the contract assets, trade and retention receivables and other receivables of approximately HK\$14.6 million (2024: HK\$78.3 million) was made.

The Group generated revenue from the foundation projects we undertook. The Group recorded a revenue of approximately HK\$50.7 million for the year ended 31 December 2025 (2024: HK\$58.5 million), representing a decrease of 13.3% compared with that in the year ended 31 December 2024.

Hong Kong

Revenue generated from the Hong Kong construction project remained stable with no significant change recorded during the year.

Macau

Revenue in Macau increased by approximately HK\$13.1 million or 131% in 2025. The increase was mainly due to certain projects achieving significant progress during the year.

Mainland China

Revenue in Mainland China was mainly generated from stone sales, decreased by approximately HK\$20.8 million or 62.6% in 2025. The decrease was mainly due to several projects reaching the completion stage.

GROSS PROFIT AND MARGIN

The Group's gross profit decreased from approximately HK\$15.4 million to approximately HK\$6.4 million, representing approximately HK\$9.0 million or 58.4% decrease as compared with the gross profit for the corresponding period in 2024. There was a decrease in gross profit margin from approximately 26.3% in 2024 to 12.7% in 2025.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group in 2025 was approximately HK\$14.5 million, representing a decrease of approximately HK\$2.4 million or 14.2% as compared to approximately HK\$16.9 million in 2024. The decrease was mainly due to the decrease in professional fees and staff salaries during the year.

FINANCE COSTS

Net finance costs increased from HK\$4.9 million to HK\$6.6 million for the year ended 31 December 2025. The increasing bank interest rate may pose additional financial burden to the Group. The volatility in the interest rate may adversely affect the financial cost of the Group.

INCOME TAX EXPENSE

The income tax expense decreased from approximately HK\$0.9 million to approximately HK\$0.1 million for the year ended 2025, the decrease was in line with the decrease in the gross profit and the assessable profit of the Group.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company was approximately HK\$71.1 million for the year ended 31 December 2025 (2024: HK\$86.4 million).

LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding adjusting with the impact arising from issuance of shares for the business combination of PMG China under common control during the financial year. Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

The basic loss per share was approximately 2.9 HK cents (2024: basic loss per share 3.9 HK cents). The improvement was due to reduction in the net loss for the year. As the impact of dilutive element was not significant, the diluted loss per share was also approximately 2.9 HK cents (2024: diluted loss per share 3.9 HK cents).

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2025, the diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding.

DIVIDEND

The Directors of the Company do not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through its loans, borrowings and cash inflows from operating activities. As at 31 December 2025, the capital structure of the Group consisted of deficit of approximately HK\$113.7 million (31 December 2024: equity of HK\$54.1 million) and debts of approximately HK\$102.4 million (31 December 2024: HK\$46.5 million). For details, please refer to the paragraph headed “Bank borrowings” below.

Due to the difficult operation environment in years 2024 and 2025, most of the construction projects of the Group were delayed and thus the receivables collection cycle had unexpectedly procrastinated. As a result, the Group failed to repay loans to the banks by the due date as at 31 December 2025.

The Directors of the Company have been undertaking a number of measures to improve the Group’s liquidity and financial position, and to remediate certain delayed repayments to the banks, including speed up the project status and receivable collection cycle.

Based on the cash flow projections cover a period of not less than twelve months from 31 December 2025 and the measurements mentioned in Note 1 to the consolidated financial statements, the Group is expected to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. The Group remains committed to a high degree of financial control, a prudent risk management and a full utilisation of financial resources.

CASH POSITION AND FUND AVAILABLE

The Group maintained the liquidity position by managing its gearing ratio and its current ratio.

As at 31 December 2025, the current ratio of the Group was approximately 0.56 times (31 December 2024: 0.72 times). It was calculated as the current assets divided by the current liabilities as at the end of the respective years.

As at 31 December 2025, the Group’s gearing ratio was -504.3% (31 December 2024: -585%). It was calculated as the net debts (loans from Executive Directors, accruals and other payables and bank borrowings less the bank balances and cash) divided by the total deficit as at the end of the respective years and multiplied by 100%. As at 31 December 2025, the Group’s bank balances and cash were approximately HK\$7.5 million (31 December 2024: HK\$0.3 million). The increase in cash and cash equivalents was driven by the completion of share placing in November 2025.

BANK BORROWINGS

As at 31 December 2025, the Group had total bank borrowings of approximately HK\$31.3 million (31 December 2024: HK\$33.4 million). The Group has not renewed its banking facilities since late 2020.

GEARING RATIO

The gearing ratio was calculated as the net debts (loans from Directors, accruals and other payables and bank borrowings less the bank balances and cash divided by the total deficit as at the end of the respective years and multiplied by 100%. The gearing ratio of 2025 was -504.3% (2024: -585%).

NET CURRENT LIABILITIES

As at 31 December 2025, the Group had net current liabilities of approximately HK\$42.6 million (2024: HK\$40.6 million). The increase was mainly due to the significant decrease in inventories, which was partially offset by the decrease in trade and retention payables as well as accruals and other payables during the year.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with covenants in relation to banking facility agreements, to ensure that it maintains sufficient reserves of cash and cash equivalents and adequate committed lines of funding from the banks to meet its liquidity requirements.

PLEDGE OF ASSETS

As at 31 December 2025, certain trade and retention receivables and contract assets set out in Note 22 to the consolidated financial statements, the Group has no other pledged assets.

THE BANK BORROWINGS COVENANTS

As at 31 December 2025, the Group had total bank borrowings of approximately HK\$31.3 million (2024: HK\$33.4 million). As at 31 December 2025, the Group has not renewed its banking facilities since late 2020.

CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 December 2025.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong, Macau and the PRC. Its revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contract to hedge its exposure to foreign exchange risk.

CONTINGENT LIABILITIES

Fair value estimation

The carrying values of the Group's financial assets, including trade and retention receivables, deposits and other receivables, bank balances and cash and financial liabilities, including trade and retention payables, loans from directors, other payables, lease liability and bank borrowings, approximate their fair values due to their short maturities.

Performance bonds

As at 31 December 2025, the Group obtained performance bonds guarantee issued by the banks in respect of construction contracts through to the customers amounting to approximately HK\$3,705,000 (2024: approximately HK\$3,705,000). The directors of the Company consider the likelihood of the withdrawal of the banking guarantees by the banks as remote as there were sufficient assets have been pledged for obtaining such performance guarantees provided by the respective banks.

Legal cases

During the year ended 31 December 2025, the legal cases of the Group were as follows:

- (i) There were several legal cases concerning claims for personal injuries against certain subsidiaries of the Company. During the year ended 31 December 2025, the cases have been settled with the total amounts of approximately HK\$347,000, and the respective expenses are settled and included in "administrative expenses" in the consolidated financial statements. No other litigation cases against the Group up to the date of this announcement.
- (ii) In previous years, a former subcontractor has filed a litigation claim for payment of service rendered to the subsidiary of the Group of approximately HK\$9,000,000. On 14 March 2026, the case has been finalised, the subsidiary of the Group has received the court order for settlement of the subcontractor fee of approximately HK\$9,000,000 and other legal expenses associated with such cases to the

subcontractor. Therefore, with the case has been finalised after the end of the reporting period, the Group has provided the provision of the litigation claim and legal expenses in an aggregate of approximately HK\$1,100,000 in “accruals and other payables” and of approximately HK\$10,101,000 in “trade payables” as at 31 December 2025.

Subsequent to the finalisation of the litigation, a provisional liquidator was appointed on 18 March 2026 for Pacific Marble and Granite Limited (“**PMG**”), the subsidiary involved in the above legal proceedings. The liquidation of PMG relates to the settlement of the judgment debt and associated legal costs.

- (iii) As of 31 December 2025, the Group had accrued unpaid salaries of approximately HK\$568,000 (2024: HK\$14,744,000), due to temporary cash flow constraints. These amounts are recognised as current liabilities. Management is addressing liquidity issues, as disclosed in Note 2, and remains committed to complying with labor regulations under the Hong Kong Employment Ordinance, including assessing potential risks or penalties. All amounts are settled as at 31 December 2025.

HUMAN RESOURCES

As at 31 December 2025, the Group had 9 full-time employees who were directly employed by the Group. Total staff costs including Directors’ emoluments for the year ended 31 December 2025, amounted to approximately HK\$8.5 million (2024: approximately HK\$9.0 million). The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control and to enhance the transparency and accountability of the Board to all Shareholders. Except for the disclosure below, the Company had complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Chairman and Chief Executive Officer

The roles of the chairman and chief executive of the Company have not been segregated as required by the code provision A.2.1 of the Code. Mr. Lui Yue Yun Gary is the chairman of the Company and the founder of the Group. The Board considers that vesting the roles of both chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is adequately ensured by the Board which comprise experienced and high caliber individuals with a sufficient number of them being independent non-executive directors of the Company (“**Independent Non-Executive Directors**”). Therefore, it has a strong independent element in its composition.

Full details on the Company’s corporate governance practices will be set out in the Company’s 2025 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2025.

AUDIT COMMITTEE

The Audit Committee, with its terms of reference established in compliance with the Listing Rules, is composed of three Independent Non-Executive Directors (Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Prof. Jiang Zhihong). The Audit Committee has reviewed the management and accounting policies adopted by the Group and discussed auditing issues, risk management and internal control system, and financial reporting matters. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2025. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee, with its terms of reference established in compliance with the Listing Rules, was set up with the responsibility of making recommendations to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee is composed of the Chairman of the Board (Mr. Lui Yue Yun Gary) and two Independent Non-Executive Directors (Mr. Ko Tsz Kin and Mr. Wong Yue Fai).

NOMINATION COMMITTEE

The Nomination Committee, with its terms of reference established in compliance with the Listing Rules, is composed of the Chairman of the Board (Mr. Lui Yue Yun Gary) and two Independent Non-Executive Directors (Mr. Ko Tsz Kin and Mr. Wong Yue Fai). The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed change.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Guangshen (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year as approved by the Board of Directors on 31 March 2026. The work performed by Guangshen (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Guangshen (Hong Kong) CPA Limited on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 December 2025.

The Group reported a net loss of approximately HK\$71.4 million for the year ended 31 December 2025. Its current bank borrowings was approximately HK\$31.3 million while the total bank balances and cash was approximately HK\$7.5 million. The entire bank borrowings were overdue as at 31 December 2025 and there was demand letter received by the Company. At the same time, the Group recorded a net liabilities of HK\$113.7 million and a net current liabilities of HK\$42.6 million. These conditions indicate the existence of uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the management considered that the Group's future liquidity and performance may be improved. After reviewing the Group's financial budget, giving careful consideration to its future liquidity, expected performance and possible available sources of financing, the Group shall have sufficient financial resources to continue as going concern.

Despite the overdue bank borrowings and the demand letter received, the Group continues to negotiate and communicate with the relevant banks to extend the repayment date of the overdue bank borrowings and to waive their rights arising from the events of default. The relevant banks continued to communicate with the management and discussed the repayment plan in different stage. In addition, the Group had continuously made partial settlement of the outstanding bank borrowings continuously and frequently. Accordingly, there is no immediate risk of being demanded by the bank for full settlement of outstanding borrowings. Besides, the major banks have long-term business relationship with the Group. The relationship manager of the relevant banks considered that the construction industry in Hong Kong has been recovered progressively after the pandemic, but the economy downturn had impact the speed of the recovery. Therefore, the Group needs some more times to resume its business in profit-making and to improve its financial structure.

Since PMG had not engaged in any new construction projects since 2023 and the Company's other subsidiaries are still carrying out business, the Board did not consider that the wounding up of PMG may pose material adverse impact on the Group's future operation and financial position.

Please refer to Note 1 for the key measures carrying out by the Company to address the going concern risk.

The directors of the Company have reviewed the Group's cash flow projections cover a period of not less than 12 months from 31 December 2025. Taking into the account the aforementioned plans and measures, the directors considered that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025.

The Audit Committee agreed with the management that the Group should have sufficient working capital to meet its financial obligation within the next twelve months. However, the Audit Committee do not disagree with the auditors that there might be some uncertainties underlying the ongoing business operation in the next twelve months, in particular, considering the possible economy downturn in Hong Kong. Nevertheless, the Audit Committee considered that such uncertainties and risks are manageable as the Company is actively taking actions to alleviate the uncertainties raised by the auditor, mainly including:

- The substantial shareholder, Mr. Lui Yue Yun Gary, had provided the financial supports, personal guarantee to the outstanding bank borrowings and is willing to provide further support to the Company.

- The directors will continue to keep close communication with our major banks to make the repayment as agreed, and the communications were effective in the past few years.
- The Group had sought for different financial sources to improve its liquidity, these include the issuance of convertible bonds, issuing shares to new investor and obtaining loans from the executive directors of the Company with low interest rate. These fund-raising records show the Group has the ability to raise additional funds in the capital market.

ANNUAL REPORT

The 2025 Annual Report will be despatched to shareholders and will be published on the websites of the Stock Exchange (www.hkex.com.hk) as well as the website of the Company (www.anchorstone.com.hk) in due course.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on a date to be fixed by the Board. Further announcement(s) will be made in respect of date of the annual general meeting of the Company and book closure date in due course.

By Order of the Board
Anchorstone Holdings Limited
Lui Yue Yun Gary
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the Executive Directors are Mr. Lui Yue Yun Gary and Ms. Lui Natalie Po Wai, and the Independent Non-Executive Directors are Mr. Ko Tsz Kin, Mr. Wong Yue Fai and Prof. Jiang Zhihong.