



英達公路再生科技(集團)有限公司

Freetech Road Recycling Technology (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 6888

年報
ANNUAL REPORT
2025

公路醫生®



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This Annual Report is printed on environmentally friendly paper



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sze Wai Pan
(Chairman and Chief Executive Officer)
Mr. Chan Kai King

Non-executive Directors

Ms. Sze Wan Nga
Mr. Zhou Jichang
Prof. Tong Wai Cheung Timothy
Dr. Chan Yan Chong

Independent Non-executive Directors

Ms. Yeung Sum
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

Audit Committee

Ms. Yeung Sum *(Chairman)*
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

Nomination Committee

Mr. Sze Wai Pan *(Chairman)*
Ms. Yeung Sum
(appointed with effect from 30 March 2026)
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung
(resigned with effect from 30 March 2026)

Remuneration Committee

Prof. Lau Chi Pang, J.P. *(Chairman)*
Ms. Yeung Sum
Ms. Sze Wan Nga

Authorised Representatives

Ms. Sze Wan Nga
Mr. Lim Eng Sun

Company Secretary

Mr. Lim Eng Sun

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Group Headquarters and Principal Place of Business in Hong Kong

Room 2501, 25/F
Citicorp Centre
18 Whitfield Road
Causeway Bay Hong Kong

PRC Headquarters

9 Hengfei Road
Nanjing Technology
Development Zone
Nanjing City, Jiangsu Province, PRC

Hong Kong Branch Share Registrar and Transfer Office

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

Cayman Islands Share Register and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

Auditor

BDO Limited
Certified Public Accountants

Principal Bankers

Bank of Communications
Bank of Beijing

Company Website Address

www.freetech-holdings.hk

FINANCIAL AND OPERATING HIGHLIGHTS

RESULTS

	Year ended 31 December		
	2025 HK\$'000	2024 HK\$'000	Increase/ (Decrease)
Revenue	133,798	187,958	(28.8%)
Gross profit	42,672	89,968	(52.6%)
(Loss)/profit attributable to owners of the Company			
— From continuing and discontinued operations	(55,814)	12,557	(544.5%)
— From continuing operations	(55,814)	5,273	(1,158.5%)
— From discontinued operation	—	7,284	N/A
(Loss)/earnings per share — Basic (HK cents)			
— From continuing and discontinued operations	(4.80)	1.26	(481.0%)
— From continuing operations	(4.80)	0.53	(1,005.7%)
— From discontinued operation	—	0.73	N/A

FINANCIAL POSITION

	Year ended 31 December		
	2025 HK\$'000	2024 HK\$'000	Increase/ (Decrease)
Financial assets at fair value through profit or loss, pledged bank deposits and bank balances and cash	207,986	293,760	(29.2%)
Bank borrowings	108,342	117,506	(7.8%)
Equity attributable to owners of the Company	669,070	699,174	(4.3%)

KEY FINANCIAL RATIOS

Gross profit margin	31.9%	47.9%	(33.4%)
Net (loss)/profit margin ⁽¹⁾	(42.1%)	2.5%	(1,784.0%)
Return on assets ⁽²⁾	(5.9%)	0.5%	(1,280.0%)
Current ratio	2.6	2.8	(7.1%)
Gearing ratio ⁽³⁾	N/A	N/A	N/A

Notes:

- (1) The calculation of the net (loss)/profit margin is based on the (loss)/profit for the year from continuing operations divided by total revenue multiplied by 100%.
- (2) The calculation of the return on assets is based on the (loss)/profit for the year from continuing operations divided by total assets multiplied by 100%.
- (3) The calculation of the gearing ratio is based on the net bank borrowings (total bank borrowings minus bank balances and cash, pledged bank deposits and financial assets at fair value through profit or loss) divided by equity attributable to owners of the Company multiplied by 100%.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of Freetech Road Recycling Technology (Holdings) Limited (the "Group") for the financial year ended 31 December 2025.

PERFORMANCE

China's economy in 2025 recorded gross domestic product (GDP) growth of 5%, meeting the central government's annual target despite persistent domestic demand weakness and external uncertainty. The China's economy will continue to adhere to the new development pattern of "dual cycle", driving industrial upgrading with technological innovation while deepening green and low-carbon transformation. According to the "14th Five-Year Plan for the Development of Modern Comprehensive Transportation System" (「十四五」現代綜合交通運輸體系發展規劃) and the "Program of Building National Strength in Transportation" (交通強國建設綱要), the scale of China's road maintenance market is expected to exceed RMB500 billion in the next five years, of which preventive maintenance will account for more than 40%, and the application rate of intelligent maintenance technology will reach 35%. However, at the macro level, China's total social financing growth has been slowing and regulators are tightening control over local government hidden debt, which restricts easy borrowing for traditional infrastructure, including road maintenance backlogs. Therefore, the total service area of the "Hot-in-Place" project under the asphalt pavement maintenance ("APM") services sector of the Group recorded decrease during the year under review and resulted its gross profit margin recorded a decrease due to the funds for some of the "Hot-in-Place" projects have not yet been confirmed in 2025 and decrease in the selling price of the Group's "Hot-in-Place" projects. The APM equipment segment of the Group recorded increase in revenue during the year under review due to the net effect of decrease in the revenue of the standard series due to the limited capital investment by the local government and the successful of selling a set of modular series equipment. During the year under review, the Group also recorded provision for impairment losses on financial and contract assets.

In 2025, the Group's revenue from the continuing operations was approximately HK\$133.8 million, representing a decrease of approximately 28.8% as compared to 2024. The loss attributable to owners of the Company from the continuing operations amounted to approximately HK\$55.8 million in 2025 as compared with the profit attributable to owners of the Company from the continuing operations of approximately HK\$5.3 million in 2024. The results of the Group was mainly due to the net effect of: (i) decrease in the revenue of APM service segment; (ii) increase in the revenue of APM equipment segment; (iii) the recognition of provision for impairment losses on financial and contract assets; and (iv) the increase in administrative expenses. As at 31 December 2025, the Group maintained a healthy financial position as it had cash on hand in the sum of approximately HK\$208.0 million.

CHAIRMAN'S STATEMENT

OUTLOOK

In 2026, the Group will focus on “stability in operations as the core, innovation as the driving force, and ecosystem strengthening as the foundation.” It will comprehensively advance various strategic initiatives to ensure steady improvement in its operational performance, with the specific implementation plans as follows.

(1) Deepen green technologies and strengthen the core business foundation

Leveraging three decades of technological expertise, we will continue to enhance our core capabilities in hot-in-place recycling, driving large-scale deployment of green maintenance solutions. In 2026, we will focus on three key initiatives:

First, expand application scenarios for core technologies by establishing more than 10 green maintenance demonstration projects in key regions such as the Yangtze River Delta and the Greater Bay Area, increasing the revenue share of green maintenance business. Second, accelerate the advancement of reclaimed asphalt technologies by developing new recycled mixture formulations tailored for heavy-load highways and mountainous roads, further strengthening technological barriers and improving profit margins. Third, establish a low-carbon maintenance technology R&D center to speed up the commercialization of green innovations, creating standardized, replicable, and scalable solutions for rapid market adoption.

(2) Refining Smart Maintenance to Build a Second Growth Curve

Building on the R&D groundwork of smart maintenance technologies from the previous year, 2026 will focus on the core objectives of “cost reduction, quality improvement, and efficiency enhancement,” accelerating the commercialization of smart maintenance systems and equipment. First, optimize the functionality of the intelligent road analysis system by integrating key modules such as road condition monitoring, maintenance planning, and progress tracking, and launch a lightweight version tailored for small and medium-sized maintenance enterprises to lower adoption barriers. Second, carry out pilot projects for intelligent maintenance in complex road conditions, implementing five pilot projects in scenarios such as mountainous highways and urban expressways, accumulating practical case studies to support large-scale promotion once the industry recovers. Third, deepen collaboration within the “Highway Maintenance Big Data Alliance” by sharing data and co-developing technologies with industry partners, reducing R&D and operational costs, and accelerating the commercialization of technological result.

(3) Focusing on Core Regions to Optimize Industrial Layout and Collaboration Models

Shift away from an extensive “full-scale expansion” approach toward a refined strategy of “deep cultivation in core regions,” concentrating resources to improve operational quality. At the regional level, prioritize the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Beijing-Tianjin-Hebei region, increasing project investment and implementation efforts to accelerate cash recovery and improve operating cash flow. At the collaboration level, deepen cooperation with leading new energy vehicle manufacturers and maintenance equipment companies, focusing on an integrated “equipment + services + data” model, advancing the standardization and small-batch deployment of core products, and prioritizing the commercialization of collaborative result. At the new business level, center on integrated “maintenance + ecological restoration” solutions, launching no more than three pilot projects in core regions to cultivate new profit growth points while strictly controlling investment costs.

CHAIRMAN'S STATEMENT

(4) Strengthening Internal Management to Consolidate the Foundation for Business Growth

With the “Three Stricts and Three Efficiencies” as the core of management, comprehensively enhance internal operational efficiency: strictly enforce financial management systems, optimize capital turnover processes, ensure that funds are directed toward core businesses, and reduce impairment risks; rigorously advance project management by refining the entire process of budgeting, construction, and acceptance to improve project profitability; firmly eliminate any “false actions,” focus efforts on core business areas, and ensure that every investment and initiative generates real benefits. At the same time, leveraging a management team and industry resources built over the past three decades, the company will strengthen employee skills training and deepen collaboration with key external partners to unite development efforts and enhance overall operational efficiency.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all our colleagues and staff for their hard work. I would also like to extend my gratitude to all our business partners, customers and shareholders for their strong support.

Chairman

Mr. Sze Wai Pan

30 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

China's economy in 2025 recorded gross domestic product (GDP) growth of 5%, meeting the central government's annual target despite persistent domestic demand weakness and external uncertainty. The China's economy will continue to adhere to the new development pattern of "dual cycle", driving industrial upgrading with technological innovation while deepening green and low-carbon transformation. According to the "14th Five-Year Plan for the Development of Modern Comprehensive Transportation System" (「十四五」現代綜合交通運輸體系發展規劃) and the "Program of Building National Strength in Transportation" (交通強國建設綱要), the scale of China's road maintenance market is expected to exceed RMB500 billion in the next five years, of which preventive maintenance will account for more than 40%, and the application rate of intelligent maintenance technology will reach 35%. However, at the macro level, China's total social financing growth has been slowing and regulators are tightening control over local government hidden debt, which restricts easy borrowing for traditional infrastructure, including road maintenance backlogs. Therefore, the total service area of the "Hot-in-Place" project under the asphalt pavement maintenance ("APM") services sector of the Group recorded decrease during the year under review and resulted its gross profit margin recorded a decrease due to the funds for some of the "Hot-in-Place" projects have not yet been confirmed in 2025 and decrease in the selling price of the Group's "Hot-in-Place" projects. The APM equipment segment of the Group recorded increase in revenue during the year under review due to the net effect of decrease in the revenue of the standard series due to the limited capital investment by the local government and the successful of selling a set of modular series equipment. During the year under review, the Group also recorded provision for impairment losses on financial and contract assets.

In 2025, the Group's revenue from the continuing operations was approximately HK\$133.8 million, representing a decrease of approximately 28.8% as compared to 2024. The loss attributable to owners of the Company from the continuing operations amounted to approximately HK\$55.8 million in 2025 as compared with the profit attributable to owners of the Company from the continuing operations of approximately HK\$5.3 million in 2024. The results of the Group was mainly due to the net effect of: (i) decrease in the revenue of APM service segment; (ii) increase in the revenue of APM equipment segment; (iii) the recognition of provision for impairment losses on financial and contract assets; and (iv) the increase in administrative expenses. As at 31 December 2025, the Group maintained a healthy financial position as it had cash on hand in the sum of approximately HK\$208.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Asphalt Pavement Maintenance Services — Non-“Hot-in-Place” Projects

Due to the completion of the disposal of the shareholding in Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) (a non-wholly owned subsidiary of the Group) (“Tianjin Expressway Maintenance”) took place on 31 December 2024, the Group discontinued the result of this segment in 2024 in accordance with the applicable accounting standards. Please see to the note 44 of the consolidated financial statement for details. For avoidance of doubt, the Group will continue to engage in APM Services (including both “Hot-in-Place” and non-“Hot-in-Place” projects) in the PRC (including the Tianjin area) mainly through its other wholly-owned subsidiaries but will focus on development of the APM Services through “Hot-in-Place” projects with a higher gross-profit margin.

Asphalt Pavement Maintenance Services — “Hot-in-Place” Projects

Revenue for this segment decreased in the year of 2025 compared to 2024 due to the total service area of the Group’s “Hot-in-Place” projects as the funds for these projects have not yet been confirmed in 2025 and decrease in the selling price of the Group’s “Hot-in-Place” projects. The gross profit margin of this segment decreased due to the decrease in the total service area resulted a higher cost per square meter as the requirement of incurring some fixed cost and the decrease in the selling price.

The Group has continued to be a leading integrated solution provided using “Hot-in-Place” recycling technology in the APM industry in the PRC.



APM Equipment

During the year under review, our revenue for the APM equipment segment for 2025 increased by 80.3% as compared to the corresponding period for 2024. This was mainly due to the net effect of decrease in the revenue of the standard series due to the limited capital investment by the local government and the successful of selling a set of modular series equipment. Due to the revenue during the year under review includes lower gross profit margin model, the gross profit margin for APM equipment decreased from 60.3% in 2024 to 40.4% in 2025.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development

To maintain our leading position in the use of “Hot-in-Place” recycling technology in the APM industry, the Group continued to invest in technological innovation.

New Patents

The Group continued to pay efforts and invest significant resources in our research and development. As of 31 December 2025, we had registered 266 patents (2024: 256), of which 40 were invention patents (2024: 37), 196 were utility model patents (2024: 189) and 30 were design patents (2024: 30), and we had 17 pending patent applications, of which 14 are invention patents and 3 are utility model patents (2024: 17 pending patent applications, of which 14 are invention patents and 3 are utility model patents).

During the period under review, facing to the abnormal climate challenge causing severe flooding, the Group enriched the product range of flooding control vehicles by different pumping capacities and automated hose reel robots in order to minimize labor requirement.

The Group also extend the research and development activities not only in equipment or material related but also software and control development, such as equipment automation, intelligent-assisted operation as well as management information system.

Others

With strong research and development capabilities, the Group is able to adopt the most advanced technologies in the APM industry, provides customised solutions to its clients and maintains its competitive edges and leading status in the APM industry by using the recycling technology.

OUTLOOK

The China road maintenance market is projected to expand from USD250.7 billion in 2025 to USD427.3 billion by 2033, at a CAGR of 6.8%, fueled by advanced technologies and infrastructure demands. The market for road construction maintenance in China is poised for substantial expansion, fueled by ongoing government projects and private sector investments. The increasing need for sustainable, durable, and cost-effective maintenance solutions aligns with China’s broader economic and environmental goals. Companies that focus on innovative technologies and comprehensive service delivery are well-positioned to benefit from this growth trajectory. Additionally, rising urbanization and the expansion of transportation corridors further augment market opportunities, making it a highly attractive sector for stakeholders seeking long-term growth prospects. Moreover, eco-friendly materials and sustainable construction practices are gaining traction, aligning with China’s environmental commitments. The integration of automation and robotics in maintenance tasks reduces labor costs and enhances safety standards. As technology continues to evolve, companies that invest in digital transformation and innovative solutions will be better equipped to meet the increasing demands for durable, cost-effective, and environmentally responsible maintenance services in China. With our patent “Hot-in-Place” recycling technology and other new products, the Group will benefit from the increasing demand for APM and the favourable environment in the PRC, especially those using the recycling technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

Firstly, as at 31 December 2024, China has the longest expressway and the second longest highway (in terms of mileage) in the world. The overall growth of the APM industry in the PRC remains sustainable and the existing penetration rate of recycling technology (including the Group's "Hot-in-Place" recycling technology) is still minimal and has significant potential for expansion. Secondly, the Group has developed part of the South China market which enable the Group to perform APM services during slack season. Third, subsequent to the Company's sale of a modular series equipment to a customer in the Republic of Korea and standard series equipment to customers in Macau, Malaysia and Taiwan, the Company will continue to explore the overseas business opportunities and strategic cooperation with other companies, such as some listed companies and large-scale or state-owned enterprises. Fourth, as the border restrictions between Hong Kong, China and other countries had been lifted, the Group will continue to leverage on its state-owned partners' overseas channels to explore overseas business opportunities. The Group is making an effort to promote its overseas business opportunities in the countries along the "One Belt One Road" and four Asian tigers. In light of these, the Group is well positioned to benefit from the government's policies and the positive development prospects in the environmental protection sector.

As a leading provider of the "Hot-in-Place" recycling technology in the APM sector and a provider of one-stop solution covering "testing, planning, equipment and construction", the Group will leverage on its competitive advantages and implement favourable policies to achieve a healthy growth in its business. The Group plans to enhance its market position, enter into new markets and enlarge its share in existing markets by the following means:

1. it will increase market penetration, particularly in cities where the use of "Hot-in-Place" recycling technology is currently relatively limited;
2. it will focus on the cities which will hold major events to gain and complete projects of high awareness;
3. it will diversify its product range and developed new product in road industry;
4. it will continue to invest on its testing and planning department by devoting more equipment and staff so as to enhance its one-stop solution and generate new revenue stream which is road doctor consultant services;
5. it will further optimize its techniques and technologies to lower the construction costs;
6. it will leverage on its state-owned partners' overseas channels to expand the international APM equipment and services market;
7. it will focus on the cities with stable and strong financial capability.

In addition, the construction work of the investment property acquired by the Group at lot 04-05 and 04-06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建鄴區江心洲) in December 2016 had commenced in first quarter of 2022. The investment property does not only enable the Group to enhance its research and development capabilities, but also will bring additional sale and lease income streams to the Group in future. It is expected that the Construction will complete in the first quarter of 2027.

Looking into the future, the Group holds confidence in its business prospects and will strive to provide higher returns for its shareholders with the principle of "Efficient use of technology to create multi-win situations" ("善用科技，共創多贏").

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

The Group consists of two main business segments: the APM service segment, where we provide APM services under our registered trademark 公路醫生 (Road Doctor) to repair damaged asphalt pavement surfaces, and the APM equipment segment, where we manufacture and sell a wide range of APM equipment.

The following table is a description of the Group's operating activities during the year under review, with comparisons to those of 2024.

1. Revenue

a. APM Services

	Year ended 31 December				
	2025		2024		Decrease
	HK\$'000	Area serviced (square meters '000)	HK\$'000	Area serviced (square meters '000)	
Revenue (net of VAT)					
"Hot-in-Place" Projects	99,792	2,160	169,101	3,833	(41.0%)

	Year ended 31 December				
	2025		2024		Decrease
	HK\$'000	Margin	HK\$'000	Margin	
Gross profit					
"Hot-in-Place" Projects	28,946	29.0%	78,602	46.5%	(63.2%)

Revenue for this segment decreased in the year of 2025 compared to 2024 due to the effect of the decline in the total service area of the Group's "Hot-in-Place" projects as the funds for these projects have not yet been confirmed in 2025 and decrease in the selling price of the Group's "Hot-in-Place" projects. The gross profit margin of this segment decreased from 46.5% in 2024 to 29.0% in 2025 due to the decrease in the total service area resulted a higher cost per square meter as the requirement of incurring some fixed cost and the decrease in the selling price.

MANAGEMENT DISCUSSION AND ANALYSIS

b. APM Equipment

	Year ended 31 December				
	2025		2024		Increase/ (Decrease)
	HK\$'000	Units/sets	HK\$'000	Units/sets	
Revenue (net of VAT)					
Standard series	11,616	8	15,937	13	(27.1%)
Modular series	19,133	1	–	–	N/A
Repair and maintenance	3,257	N/A	2,920	N/A	11.5%
Total	34,006		18,857		80.3%

	Year ended 31 December				
	2025		2024		Increase/ (Decrease)
	HK\$'000	Margin	HK\$'000	Margin	
Gross profit					
Standard series	3,306	28.5%	9,490	59.5%	(65.2%)
Modular series	8,223	43.0%	–	–	N/A
Repair and maintenance	2,197	67.5%	1,876	64.2%	17.1%
Total	13,726	40.4%	11,366	60.3%	20.8%

Revenue for the APM equipment segment for 2025 increased by 80.3% as compared to the corresponding period for 2024. This was mainly due to the net effect of decrease in the revenue of the standard series due to the limited capital investment by the local government and the successful of selling a set of modular series equipment. Due to the revenue during the year under review includes lower gross profit margin model, the gross profit margin for APM equipment decreased from 60.3% in 2024 to 40.4% in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Other Income

Other income from continuing operations for the year under review decreased by approximately HK\$0.6 million, from approximately HK\$5.9 million in 2024 to approximately HK\$5.3 million in 2025 primarily due to the decrease in penalty income received from the overdue trade receivables balance and bank interest income.

3. (Provision for)/Reversal of Impairment Losses on Financial and Contract Assets

The recognition of provision for impairment losses on financial and contract assets from continuing operations of approximately HK\$7.1 million was primarily due to the more long aged of trade receivables and contract assets had been recognised expected credit loss allowance.

4. Selling and Distribution Costs

Selling and distribution costs from continuing operations for the year under review decreased by approximately HK\$3.2 million, from approximately HK\$16.7 million in 2024 to approximately HK\$13.5 million in 2025 due to the decrease in warranty expenses (decrease in the revenue of the standard series equipment in recent years).

5. Administrative Expenses

Administrative expenses from continuing operations increased by approximately 8.7%, or approximately HK\$5.5 million, from approximately HK\$63.1 million in 2024 to approximately HK\$68.6 million in 2025, primarily due to the more travelling and entertainment expenses were incurred in 2025.

6. Research Costs

Research costs from continuing operations increased by approximately 20.8%, or approximately HK\$3.0 million, from approximately HK\$14.4 million in 2024 to approximately HK\$17.4 million in 2025, primarily due to more cost to incurred in the upgrading and diversification of the product range of the Group in road industry.

7. Share of Profits or Loss of Joint Ventures

The Group's share of loss from joint ventures of approximately HK\$0.8 million in 2025 primarily due to the business of the joint ventures was affected by the funds for the "Hot-in-Place" projects have not yet been confirmed in 2025.

8. Finance Costs

Finance costs from continuing operations decreased by approximately HK\$0.4 million, from approximately HK\$3.7 million in 2024 to approximately HK\$3.3 million in 2025 primarily due to the decrease in the bank borrowings balances and interest rate.

9. Income Tax Expense

Income tax expense from continuing operations decreased by approximately HK\$4.7 million, from approximately HK\$5.2 million in 2024 to approximately HK\$0.5 million in 2025 due to the decrease in the profit before tax of the PRC's subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

10. Discontinued Operation

The results of Tianjin Expressway Maintenance were classified as discontinued operation upon deconsolidation and presented as a single line item in the consolidated statement of profit or loss for 2024. Net profit from discontinued operation for 2024 amounted to HK\$16.5 million. Details of results of the discontinued operation are set out in note 44 to the consolidated financial statements.

11. Loss

Loss attributable to owners of the Company from the continuing operation amounted to approximately HK\$55.8 million compared in 2025 with the profit attributable to owners of the Company from the continuing operation amounted to approximately HK\$5.3 million in 2024, primarily due to the net effect of (i) the decrease in the revenue of the APM service segment; (ii) the increase in the revenue of APM equipment segment; (iii) the recognition of provision for impairment losses on financial and contract assets; and (iv) the increase in administrative expenses.

12. Financial Position

As at 31 December 2025, the total equity of the Group amounted to approximately HK\$666.5 million (2024: HK\$708.8 million). Decrease in the total equity of the Group was due to the net effect of (i) the loss attributable to owners of the Company from the continuing operation for the year ended 31 December 2025; (ii) the changes in foreign currency translation reserve as a result of the appreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

The Group's net current assets as at 31 December 2025 amounted to approximately HK\$411.7 million (2024: HK\$474.2 million). The current ratio, which is the amount of the current assets divided by the amount of the current liabilities as at 31 December 2025, was 2.6 (31 December 2024: 2.8). The decrease in the net current assets and the current ratio was mainly due to the net decrease in cash and cash equivalents in 2025.

13. Liquidity and Financial Resources and Capital Structure

As at 31 December 2025, the Group's bank balances and cash, pledged bank deposits and financial assets at FVTPL amounted to approximately HK\$208.0 million (2024: HK\$293.8 million). The decrease was primarily due to the effect of (1) net cash flows used in operating activities, (2) payment for construction of investment property, (3) repayment of amount due to a non-controlling shareholder, and; (4) decrease in bank borrowings. As at 31 December 2025, the bank borrowings of the Group amounted to HK\$108.3 million (2024: HK\$117.5 million). As at 31 December 2024 and 2025, the Group was in a net cash position.

Due to the net effect of the decrease in revenue in 2025 and most of the Group's APM services projects were due in first half of 2026, the gross amount of trade receivables and contract assets balances increased from HK\$475.2 million as at 31 December 2024 to HK\$487.9 million as at 31 December 2025. The contract assets balance also includes some retention money withheld by the customers (5% to 10%) of the contract price which is to be paid after the expiration of the warranty period and not yet past due as at 31 December 2025. As at the latest practicable date, third party customers had settled trade receivables amounting to approximately HK\$57.6 million (RMB50.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Though the Group does not have any collateral over most of the receivables, the management considers that there is no recoverability problem as the remaining amounts are due from the local PRC government authorities. The Group has credit policy and internal control procedures in place to review and collect the outstanding trade receivables of the Group. In order to minimise the risk of placing heavy reliance on obtaining project from the local PRC government and to further diversify the overall credit risk, the Group will widen its customer base. For those customers whose credit terms are extended by the Group, the Group has policies in place to evaluate the credit risk for these customers, taking into account of its repayment ability and long-term relationship with the Group.

As at 31 December 2025, the Group's liquidity position remained strong and the management of the Company believes that this will enable the Group to expand in accordance with their plans. The Group strives to efficiently use its financial resources and adopts a prudent financial policy in order to maintain a healthy capital ratio and support its business expansion requirements.

14. Interest-Bearing Bank Borrowings

As at 31 December 2025, the Group had total debt of HK\$108.3 million (2024: HK\$117.5 million), which was comprised of guaranteed interest-bearing bank borrowings of HK\$97.2 million (2024: HK\$86.1 million) and unguaranteed interest-bearing bank borrowings of HK\$11.1 million (2024: HK\$31.4 million).

As at 31 December 2025, bank balance of approximately HK\$5.3 million (2024: HK\$14.5 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings as at 31 December 2024 and 2025 were repayable within one year or on demand.

15. Investment Property

As at 31 December 2025, the Group's investment property was measured using the fair value model and was approximately HK\$178.4 million (as at 31 December 2024: HK\$144.3 million). The investment property is a parcel of land and is located at lot 04-05 and 04-06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建鄴區江心洲). It was acquired by the Group in December 2016 and will be developed for research and development use. The construction has commenced in the first quarter of 2022. Due to the strict COVID-19 pandemic control in second quarter of 2022 and some changes of the construction plan, the construction works were suspended during the period from around April 2022 to around February 2023 resulting in a delay in the progress of the construction. It was expected that the completion date of the construction will be in or around the first quarter of 2027. The Group intends to fund 80% of the contract cost by bank financing and 20% by its internal resources. The site area of the investment property is approximately 35,673 square meters, with plot ratio not more than 1.2 and gross floor area permissible for sale is no more than 40% of the total gross floor area. The investment property will be developed into the global technology research and development centre of the Group, two main office buildings with total gross floor area of approximately 25,696 square meter (the "Main Buildings") and seventeen small office buildings with total gross floor area of approximately 17,055 square meter (the "Office Buildings") will be developed. Upon the completion of the construction, the Group intends to lease some office spaces of the Main Buildings to third parties, which will bring additional income streams to the Group. The Group also decides to sell the Office Buildings to repay the construction cost. During the year ended 31 December 2021, as the management of the Group had decided to sell Office Buildings upon completion and the investment property of approximately HK\$136.5 million had been transferred to inventories. The Group intends to develop the investment property to bring additional income to the Group, it is an one-off transaction and the Group does not have the intention to enter into real estate development industry.

MANAGEMENT DISCUSSION AND ANALYSIS

16. Use of Proceeds Raised from Initial Public Offering (“IPO”)

The Group received approximately HK\$687.0 million net proceeds, after deducting underwriting fees and other related expenses, from the Company’s IPO. In order to enhance the efficiency of the use of the net proceeds and to balance the use of the net proceeds in a more reasonable manner while aligning with the Company’s business development need, coupled with the changes in external environmental factors, the Board has resolved on 27 November 2023, the unutilised net proceeds of approximately HK\$79.7 million for establishing joint ventures and expanding APM service teams and acquisitions of other APM service providers had been re-allocated for investment in research and development activities, constructing new production facility and general corporate purposes and working capital requirements of HK\$30.0 million, HK\$14.7 million and HK\$35.0 million, respectively. For further details in respect of the change in use of proceeds from the IPO, please refer to the announcement of the Company dated 27 November 2023 (the “Change in Use of Proceeds Announcement”) and clarification announcement of the Company dated 28 November 2023 (the “Clarification Announcement”).

These net proceeds were applied in the year ended 31 December 2025 in the manner as stated in the prospectus of the Company dated 14 June 2013, the Change in Use of Proceeds Announcement and the Clarification Announcement, as follows:

	Available HK\$ million	Net proceeds utilised during the year HK\$ million	Net proceeds utilised up to 31 December 2025 HK\$ million
Investment in research and development activities	167.4	12.8	167.4
Establishing joint ventures and expanding APM service teams	99.9	–	99.9
Manufacturing APM equipment and expanding our APM service teams	103.1	–	103.1
Acquisitions of other APM service providers	60.8	–	60.8
Constructing new production facility	83.4	6.4	83.4
Establishing sales offices in new markets and marketing expenses	68.7	–	68.7
General corporate purposes and working capital requirements	103.7	16.5	103.7
	687.0	35.7	687.0

As at 31 December 2025, the proceeds have been fully utilized.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

17. Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

During the year under review, there were no other significant investments held, nor were there any material acquisitions or disposals of any subsidiaries, associates or joint ventures. There was no concrete plan authorised by the Board for other material investments or additions of capital assets as at the date of this Annual Report.

18. Capital Commitments and Contingent Liabilities

The Group's capital commitments as at 31 December 2025 are set out in note 37 to the consolidated financial statements. As at 31 December 2025, the Group did not have any material contingent liabilities.

19. Financial Risk Management

The Group's business is exposed to a variety of financial risks, such as interest rate risk, foreign currency risk and credit risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances with a floating interest rate. As at 31 December 2025, all of the Group's bank borrowings are at fixed interest rate (2024: all at fixed interest rate). The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group collects most of its revenue in RMB and most of its expenditures as well as capital expenditures are also denominated in RMB. The Group's exposure to foreign currency risk arises mainly from certain bank deposits denominated in foreign currency of the relevant group entities. As at 31 December 2025, certain pledged bank deposits and bank balances and cash of approximately HK\$181,438,000 (2024: HK\$286,044,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 31 December 2025, the Group's bank borrowings denominated in RMB amounted to approximately HK\$108,342,000 (equivalent to RMB97,500,000) (2024: HK\$117,506,000 (equivalent to RMB110,500,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the year under review was the result of the appreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

The Group has policies in place to evaluate credit risk when accepting new business and to limit its credit exposure to individual customers.

MANAGEMENT DISCUSSION AND ANALYSIS

20. Employees and Remuneration

As at 31 December 2025, the Group had a total of 283 full time employees (2024: 295). The Group provides competitive remuneration packages to retain its employees including discretionary bonus schemes, medical insurance and other allowances and benefits in kind as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC. The Group has adopted a share award scheme and a share option scheme under which shares of the Company may be awarded/granted to the selected employees (including executive directors of the Company) as incentives to retain them for the continual operation and development of the Group.

21. Environmental Policy

The Group initiates and strives to minimize our environmental impact by using its unique technology to repair the damaged asphalt payment surfaces and able to achieve 100% recycling damaged pavement materials. The Group operates in an environmental-friendly manner to promote and achieve sustainable development. Its environmental policies and measures reflect its commitment to minimise the environmental impact of its operations. During the year under review, the Group complies with the relevant environmental regulations and rules and possess all necessary permission and approval from the PRC regulators.

22. Compliance with Relevant Laws and Regulations

The Group's operations are carried out by the Company's subsidiaries in the PRC and Hong Kong. Our operations are regulated by PRC and Hong Kong law. During the year under review and up to date of this report, we have complied with the relevant laws and regulations that have significant impact in the PRC and Hong Kong.

23. Relationships with Stakeholders

The Group recognises that employees, customers, suppliers, research partners, government and other public bodies are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services and products to its customers and enhancing cooperation with its business partners. The Group provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and industry and, at the same time, improve their ability, performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide highest standard of services and products which satisfy the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand. The Group has also established procedures to handle customers' feedbacks and complaints to ensure customers' opinions are dealt with in a prompt and timely manner.

The Group maintains sound business relationship with suppliers, research partners, government and other public bodies through business visits, group discussion and seminars. These activities would allow the Group to better understand the stakeholders' views to develop the Group's sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

24. Principal Risks and Uncertainties

Certain principal risks and uncertainties facing the Group may affect its business, operating results and its financial conditions, including:

(i) Industry risk in the PRC

The Group generates a substantial portion of revenue from the PRC local government through selling of APM equipment and providing of APM services. Our APM equipment and services are used in the road maintenance sector and the development of our business depends on the sustained growth of this sector in the PRC. The volatility on the local government spending, business investment and inflation in the PRC which may affect our revenue and profitability.

If the PRC economy does not grow at the expected rate or the PRC local government's spending for road maintenance work declines, this could lead to less expected business and maintenance activity. In order to diversify the risk, the Group will widen its customer base.

The Group will focus on managing the existing unsatisfactory business performance of subsidiaries and joint ventures to seize the current business opportunity. In addition, the Group will appoint some local experienced APM services providers as its potential joint venture partner.

(ii) Financial credit risk

The Group is subject to the risk that trade receivables may not be collected in a timely manner and some of our customers may delay payment of the outstanding balances after due dates due to various reasons beyond our control, such as slow settlement from local government funding. There is credit risk exposure that allowance for impairment of trade receivables may increase due to above reasons. In order to minimise the risk, the Group continues to enhance and strengthen the credit control and collection policies.

(iii) Environmental and regulations compliance risks

The PRC government has introduced and imposed stricter measures on the industrial sector in relation to environmental protection, such as low-carbon requirements. The Group has environmental compliance policy and procedures in place to ensure the discharge of pollutants and wastes and other activities are in compliance with the relevant laws and regulations. Due to increase concern over the deteriorating environment in the PRC, in order to comply with the increasingly stringent laws and regulations, the Group may incur additional costs to update the environment protection devices and take more measures and assign more personnel to make sure the compliance with such laws and regulations.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Sze Wai Pan	<i>Chairman, Chief Executive Officer and Executive Director</i>
Mr. Chan Kai King	<i>Executive Director</i>
Ms. Sze Wan Nga	<i>Non-executive Director</i>
Mr. Zhou Jichang	<i>Non-executive Director</i>
Prof. Tong Wai Cheung Timothy	<i>Non-executive Director</i>
Dr. Chan Yan Chong	<i>Non-executive Director</i>
Ms. Yeung Sum	<i>Independent Non-executive Director</i>
Prof. Lau Chi Pang, J.P.	<i>Independent Non-executive Director</i>
Prof. Lai Kin Keung	<i>Independent Non-executive Director</i>

DIRECTORS — BIOGRAPHIES

Mr. Sze Wai Pan (“Mr. Sze”), aged 60, is the founder of our Group and was appointed as an executive director of the Company in June 2011. He is the Chairman, chief executive officer, chief engineer and the chairman of the nomination committee of the Company. He is responsible for overall research and development activities, overall corporate strategies planning and business development of the Group. He is a director of all our major PRC operating subsidiaries of our Group. Mr. Sze obtained a master’s degree in science (with distinction) from The University of Warwick, the United Kingdom in July 1991, and a master’s degree in arts from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in December 1994. He has been a member of standing committee of Jiangsu Provincial Political Consultative Conference (江蘇省政治協商會議) since January 2023. He was a member of Nanjing Political Consultative Conference (南京市政治協商會議) from January 2008 to January 2023. Mr. Sze received a Nanjing Science and Technology Achievement Award (南京市科技功臣獎) from the Nanjing Municipal Government in May 2009 in recognition of his achievement in the APM industry and was nominated for the Young to Middle-aged Expert with Outstanding Contributions in Jiangsu Province for 2012 (2012江蘇省有突出貢獻中青年專家) from the Nanjing Municipal Bureau of Human Resources and Social Security (南京市人力資源和社會保障局) in February 2013. Further, Mr. Sze is an inventor of all our 266 registered patents and an inventor of our Hot-in-Place technology. Mr. Sze has over 20 years of experience in engineering, overall corporate strategies, planning and business development of our Group. Mr. Sze is the brother of Ms. Sze Wan Nga.

Mr. Chan Kai King (“Mr. Chan”), aged 58, was appointed as an executive director of the Company in August 2012. He joined our Group in September 2000. Mr. Chan became the head of the engineering and mechanical design institute of a major operating subsidiary of our Group in May 2005. Mr. Chan received a master’s degree in mechanical engineering in October 2011 from Hong Kong Polytechnic University and a bachelor’s degree in manufacturing engineering in December 1994 from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong). Mr. Chan has over 10 years of experience in the mechanical engineering industry and is primarily responsible for the research and development of products and technology of our Group.

Ms. Sze Wan Nga (“Ms. Sze”), aged 52, was appointed as an executive director and a member of remuneration committee of the Company in June 2011 and June 2013, respectively. Ms. Sze resigned as an executive director upon her re-designation as a non-executive Director on 16 February 2021. She joined our Group in September 2000. She is also a director of several major PRC operating subsidiaries of our Group. Ms. Sze obtained the Master of Business Administration degree from Hong Kong Baptist University in November 2004, and a Bachelor of Combined Science degree from Hong Kong Baptist University in November 1995, majoring in applied physics. She has been a member of Nanjing Political Consultative Conference (南京市政治協商會議) from January 2023. She has over 20 years of experience in executive management and between September 2000 and February 2021, she was primarily responsible for finance and overall operation of our Group. Ms. Sze is the sister of Mr. Sze.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou Jichang (“Mr. Zhou”), aged 76, was appointed as a non-executive director of the Company in February 2021. He previously served as chairman of the board of directors of China Communications Construction Company Limited (中國交通建設股份有限公司) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1800). Mr. Zhou is honorary president of China Highway Construction Association (中國公路建設行業協會), and a member of the 11th and 12th National Committee of the Chinese People’s Political Consultative Conference. Mr. Zhou successively served as technician, engineer, deputy officer of the bridge design workshop, personnel director and deputy director of CCCC First Highway Survey & Design Institute (交通部第一公路勘察設計院) from January 1977 to May 1992. He served as vice chairman of the board of directors, deputy general manager, chairman of the board of directors and general manager of China Road and Bridge Construction Corporation (中國公路橋樑建設總公司) from May 1992 to November 1997. He served as chairman of the board of directors, president and secretary of the Communist Party Committee of China Road and Bridge Corporation (中國路橋(集團)總公司) from November 1997 to August 2005. He served as chairman of the board of directors, general manager and deputy secretary of the Communist Party Committee of China Communications Construction Group (Limited) (中國交通建設集團有限公司), and chairman of the board of directors and secretary of the Communist Party Committee of China Communications Construction Company Limited (中國交通建設股份有限公司) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1800) from August 2005 to April 2013. He served as independent director of Shenzhen Overseas Chinese Town Co., Ltd. (深圳華僑城股份有限公司) (listed on the Shenzhen Stock Exchange, Stock Code: 000069.SZ) from November 2016 to April 2020. Mr. Zhou served as an independent non-executive director of Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1618) from March 2019 to March 2025. Mr. Zhou graduated from Tongji University with a major in bridge, road and tunnel construction. He is a Senior Engineer.

Prof. Tong Wai Cheung Timothy (“Prof. Tong”), BBS, aged 73, was appointed as a non-executive director of the Company in July 2019. Prof. Tong has over 30 years of teaching experience in universities in Hong Kong and the United States. Prof. Tong was the president of The Hong Kong Polytechnic University from 2009 to 2018 and dean of the School of Engineering and Applied Science at The George Washington University, United States. Being an expert in the field of heat transfer, Prof. Tong has published over 80 technical articles. He is a fellow of the American Society of Mechanical Engineers, the Hong Kong Academy of Engineering Sciences and the International Thermal Conductivity Conference. Prof. Tong is actively engaged in public services in Hong Kong. He is currently the chairman of the Citizens Advisory Committee on Community Relations of Hong Kong Independent Commission Against Corruption. He has been a member of the Chinese People’s Political Consultative Conference since 2012. He is also a member of the Committee of 100, Board of Counselors of the International Institute of Management, and chairman of the Council of the Hong Kong Laureate Forum. Prof. Tong was awarded the Bronze Bauhinia Star from the Government of Hong Kong S.A.R. in July 2019. Prof. Tong holds a Bachelor of Science degree in Mechanical Engineering from Oregon State University, United States, and a Master’s and a Doctoral degree in the same discipline from the University of California, Berkeley, United States. Prof. Tong is currently an independent non-executive director of Gold Peak Industries (Holdings) Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 40). Prof. Tong served as an independent non-executive director of Xiaomi Corporation (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1810) from August 2019 to January 2024.

* For identification purpose only

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Chan Yan Chong (“Dr. Chan”), aged 74, was appointed as a non-executive director of the Company in October 2016. He graduated from Nanyang University in Singapore with a degree in Mathematics. Then he obtained a Master degree in Operational Research at Lancaster University and Doctorate in Management Sciences at Manchester University. Dr. Chan worked as programme director for the master of business administration programme and associate professor in the Department of Management Sciences at City University of Hong Kong. He is currently a director of Au Chan Investment Limited. In 2001, Dr. Chan won the best commercial application research award from City University of Hong Kong. In 2007, Dr. Chan was awarded the Medal of Honor (M.H.) from the Government of Hong Kong S.A.R., and Nanyang Alumnus Award from Nanyang Technological University, and obtained the International Financial Awards of Excellence for his Distinguished Financial Research by Chinese Institute of Certified Financial Planners. He has published 50 professional books and more than 5,000 articles, and is also a feature column writer for many newspapers and magazines. Between July 2009 to July 2019, Dr. Chan was an independent non-executive director of Shanghai Jiada Withub Information Industrial Company Limited* (上海交大慧谷信息產業股份有限公司) (Stock Code: 8205), the shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited.

Ms. Yeung Sum (“Ms. Yeung”), aged 52, joined in August 2012 as an independent non-executive director of the Company. She is the chairman of the audit committee and a member of the remuneration committee of the Company. Ms. Yeung worked in Ernst & Young between January 1995 and April 2012 where she was promoted as a partner in January 2006, mainly responsible for risk management and internal control services. Ms. Yeung obtained a bachelor of commerce majoring in finance and accounting from University of Auckland in May 1995. She has been a certified public accountant certified by the American Institute of Certified Public Accountants since April 2006, and a certified internal auditor awarded by the Institute of Internal Auditors since November 2002. Ms. Yeung has around 18 years of experience in finance and risk management. Ms. Yeung is currently an independent non-executive director of China United Venture Investment Limited (listed on the GEM Board of The Stock Exchange of Hong Kong Limited, Stock Code: 8159) since June 2024.

Prof. Lau Chi Pang, J.P. (“Prof. Lau”), aged 65, was appointed as an independent non-executive director of the Company in December 2022. He is also a member of the audit committee and the nomination committee and the chairman of the remuneration committee. Prof. Lau obtained a master of philosophy from the University of Hong Kong in November 1987 and a doctor of philosophy from the University of Washington in August 2000. He is currently a professor in the history department of Lingnan University. He has lectured at Lingnan University since September 1993. He has also been the secretary general of Hong Kong Local Records Foundations and director of Hong Kong Local Records Office (香港地方誌辦公室) since June 2009 and the director of the history of Hong Kong and southern China research department of Lingnan University since September 2005. Prof. Lau is a current member of the seventh Hong Kong Legislative Council. He had served as the vice chairman of the Tuen Mun District Council of Hong Kong from July 2011 to December 2011 and had been a member of the Tuen Mun District Council from January 2004 to December 2011. He has been an independent non-executive director of Shengjing Bank Co., Ltd. (盛京銀行股份有限公司) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 02066) from July 2014 to August 2018. Prof. Lau is currently an independent non-executive director of Future Bright Mining Holdings Limited (Stock Code: 2212) and Acme International Holdings Limited (Stock Code: 1870) since August 2018 and October 2019, respectively, both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

* For identification purpose only

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Prof. Lai Kin Keung (“Prof. Lai”), aged 75, was appointed as an independent non-executive director of the Company in December 2022. Prof. Lai is also a member of the audit committee and the nomination committee. Prof. Lai obtained a doctor of philosophy degree in civil engineering from Michigan State University, United States of American, in September 1977. He is currently a professor at the College of Economics, Shenzhen University, the PRC and an honorary professor at the Department of Industrial and Manufacturing Systems Engineering, the University of Hong Kong. Prof. Lai taught at the City University of Hong Kong from July 1985 to August 2016 where his last post was the chair professor of management science between September 2003 and August 2016. Prof. Lai was also the dean of the College of Business Administration of Hunan University, the PRC, from February 2005 to February 2008. Prof. Lai was an independent non-executive director of Minshang Creative Technology Holdings Limited (formerly known as Food Wise Holdings Limited) (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1632) and Zoomlion Heavy Industry Science and Technology Co., Ltd. (listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 1157) from November 2016 to July 2018 and June 2015 to June 2023, respectively. He has been an independent director of Bank of Communications Schroders in Shanghai since October 2018.

SENIOR MANAGEMENT — BIOGRAPHIES

Mr. Lim Eng Sun (“Mr. Lim”), aged 49, is the chief financial officer and company secretary of our Company. Mr. Lim joined our Group in December 2011 as financial controller of our Group and is primarily responsible for the finance and accounting affairs of our Group. He has over 15 years of experience in finance and accounting. Prior to joining our Group, between October 2006 and May 2011, Mr. Lim worked in Ernst & Young as a senior accountant and then a manager, mainly responsible for providing supervision of audit engagement. Mr. Lim received a bachelor of business degree in November 2001 and a master’s of business law in November 2005 from Monash University. Since July 2006, Mr. Lim has been an associate member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Annual Report for the year ended 31 December 2025.

1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieve high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability by further expand into the APM business. The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2025, except code provisions C.2.1 and D.2.1 as more particularly described below.

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Sze Wai Pan ("Mr. Sze") to assume both roles as the chairman and chief executive officer of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles to be assumed by two individuals. With the strong business experience of the directors, they do not expect any issues would arise due to the combined role of Mr. Sze. The Group also has in place an internal control system to perform a check and balance function. There are also three independent non-executive directors on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power safeguards in place to enable the Company to make and implement decisions promptly and effectively.

Code Provision D.2.1 of Appendix C1 to the Listing Rules, which requires issuers to disclose how they have complied with the risk management and internal control code provisions, in particular the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects. According to the announcement dated 3 November 2025 and circular dated 24 December 2025 issued by the Company, the Company has inadvertently failed to comply with the announcement, circular and shareholders' approval requirements under Rules 14.34, 14.38A and 14.40 in a timely manner due to the Chief Financial Officer at both the subsidiary and Company levels had mistakenly believed that certain principal- and interest-guaranteed structured deposit products issued by six banks between 14 January 2025 and 4 September 2025 which subscribed by the two subsidiaries of the Company were equivalent to fixed deposits and therefore did not constitute transactions under Chapter 14 of the Listing Rules. To prevent similar incident in the future, the Company has taken/will take the following remedial measures:

1. the Company has organised a meeting with the Chief Financial Officer and the finance department of the Company, Freetech Recycling and Nanjing Freetech in second half of September 2025 to inform the relevant employees responsible for compliance the correct classification of structured deposit products and reminded the relevant employees to report the subscription/redemption of structured deposit products to the finance department and the Chief Financial Officer of the Company before the subscription/redemption of structured deposit products to ensure the relevant transaction complies with relevant requirements under the Listing Rules;

CORPORATE GOVERNANCE REPORT

2. The Company has updated the internal control policy governing the disclosure of notifiable transactions under Chapter 14 of the Listing Rules to specifically include some common types of transactions e.g. subscription/redemption of structured deposit products. The Company has provided the updated internal control policy to its legal adviser for review before circulating to its directors, senior management and responsible employees on 29 September 2025;
3. The Company will conduct half-yearly internal trainings to its directors, senior management and responsible employees to provide any update on the requirements of the Listing Rules and to refresh their understanding on the relevant requirements. The Company's finance department in the PRC and the finance department in Hong Kong (including the Chief Financial Officer) shall work more closely to oversee and monitor the Company's on-going compliance with the Listing Rules. The Company should seek advice from its external legal or other professional advisers to confirm compliance requirements for any proposed transactions or events if it considers necessary.

2. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiries have been made of all the directors of the Company and the directors have confirmed that they have complied with the Model Code throughout the year.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "Employee Written Guidelines").

No incident of non-compliance with the Employee Written Guidelines was noted by the Company during the year.

3. BOARD OF DIRECTORS

The Board currently comprises a total of 9 members, with 2 executive directors, 4 non-executive directors and 3 independent non-executive directors:

Executive Directors:

Mr. Sze Wai Pan (*Chairman and Chief Executive Officer*)
Mr. Chan Kai King

Non-executive Directors:

Ms. Sze Wan Nga
Mr. Zhou Jichang
Prof. Tong Wai Cheung Timothy
Dr. Chan Yan Chong

Independent non-executive Directors:

Ms. Yeung Sum
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

CORPORATE GOVERNANCE REPORT

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules.

The biography details of the directors of the Company are set out under the section headed “Board of Directors and Senior Management” in this annual report and save as disclosed therein, there is no material relationship among members of the Board (including financial, business, family or other material relationships).

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As explained under the above paragraph headed “Compliance with the Corporate Governance Code”, the Board considers it would be beneficial to the Group for Mr. Sze to assume both roles as the chairman and chief executive officer of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group’s continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles to be assumed by two individuals.

The role of chairman provides leadership for the Board and is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures. Whereas the role of chief executive officer focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Independent Non-executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board. These independent non-executive directors are seasoned individuals from diversified backgrounds and industries and one member has appropriate accounting and related financial management expertise.

The independent non-executive directors serve the relevant function of bringing independent judgement and advice on the overall management of the Company. They take the lead where potential conflicts of interests arise.

The Company has received an annual confirmation of independence from each of the independent non-executive directors. The Company is of the view that all of the independent non-executive directors meet the guidelines for assessing independence as set out in the Listing Rules and considers them to be independent.

Non-executive Directors, Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company’s Articles of Association. The Nomination Committee is responsible for reviewing Board composition, monitoring the appointment of directors and assessing the independence of independent non-executive directors.

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The non-executive directors of the Company are appointed for a specific term of two to three years, and are subject to retirement by rotation once every three years. Each of the independent non-executive directors of the Company is appointed for a specific term of two to three years and is subject to retirement by rotation once every three years.

In accordance with the Company’s articles of association, all directors of the Company are subject to retirement by rotation at least every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

CORPORATE GOVERNANCE REPORT

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the chief executive officer, and through him, to the senior management, for executing the Board's strategy and implementing its policies through the day-to-day management and operation of the Group.

The Board determines which functions are reserved to the Board and which are delegated to the senior management. It delegates appropriate aspects of its management and administrative functions to senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors, announcements of interim and final results and payment of dividends.

Directors' Continuous Professional Development

During the year, to develop and refresh their knowledge and skills, all directors have participated in appropriate continuous professional development training which covered updates on laws, rules and regulations and also directors' duties and responsibilities. The following sets out the training of each of the directors received during the year:

	Attending seminars/ Briefings	Reading materials
Executive Directors:		
Mr. Sze Wai Pan	✓	✓
Mr. Chan Kai King	✓	✓
Non-executive Directors:		
Ms. Sze Wan Nga	✓	✓
Mr. Zhou Jichang	✓	✓
Prof. Tong Wai Cheung Timothy	✓	✓
Dr. Chan Yan Chong	✓	✓
Independent Non-executive Directors:		
Ms. Yeung Sum	✓	✓
Prof. Lau Chi Pang, J.P.	✓	✓
Prof. Lai Kin Keung	✓	✓

CORPORATE GOVERNANCE REPORT

4. BOARD COMMITTEES

The Board has established a remuneration committee, a nomination committee and an audit committee. They are each established with specific written terms of reference which deal clearly with their respective authority and responsibilities.

There was satisfactory attendance for meetings of the board committees during the year. The minutes of the committee meetings are circulated to all members of the Board unless a conflict of interest arises. The committees are required to report back to the Board on key findings, recommendations and decisions.

Remuneration Committee

The purpose of the committee is to make recommendations to the Board on the remuneration policy and structure for all directors and senior management of the Group and the remuneration of all directors of each member of the Group.

The committee is responsible for making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy in respect of all directors and senior management and for determining remuneration packages of individual executive directors and senior management. It also makes recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors).

The committee consults the chairman and the chief executive officer about remuneration proposals for other executive directors.

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. The following factors are considered when determining the remuneration packages of directors and senior management of the Company: 1. Business requirements; 2. Individual performance and contribution results; 3. Company performance and profitability; 4. retention considerations and the potential of individuals; 5. corporate goals and objectives; 6. changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and 7. General economic situation.

Members of the committee are:

Prof. Lau Chi Pang, J.P.	<i>(Independent non-executive director)</i>	<i>(Chairman)</i>
Ms. Yeung Sum	<i>(Independent non-executive director)</i>	
Ms. Sze Wan Nga	<i>(Non-executive director)</i>	

The Remuneration Committee met once during the year under review to review the performance of the executive directors, approving the terms of the service contracts of the executive directors, and made recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of all directors and senior management and other related matters.

Details of directors' remuneration are set out in note 13 to the financial statements. Details of five highest paid employees are set out in note 13 to the financial statements. In addition, the remuneration of the one senior management fell within the band of less than HK\$1,000,000 (2024: one senior management fell within the band of less than HK\$1,000,000 and one of the senior management fell within the band of HK\$1,000,001 to HK\$1,500,000) for the year under review.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The purpose of the nomination committee is to lead the process for Board appointments and for identifying and nominating for the approval of the Board candidates for appointment to the Board.

The committee is responsible for reviewing the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. The committee is also responsible for assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the vice chairman and the chief executive officer of the Company.

In assessing the Board composition, the nomination committee would take various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and education background, professional qualifications, skills, knowledge and industry and regional experience. The nomination committee would discuss and agree on measurable objectives for achieving diversity on the Board, consults the chairman of the Board about his proposals relating to the process for Board appointments and for identifying and nominating candidates as members of the Board.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's skills, knowledge, experience and integrity and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company.

During the year ended 31 December 2025, the nomination committee held one meeting to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, the Board Diversity Policy and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company. The nomination committee considered an appropriate balance of diversity perspectives of the Board is maintained. The current Board members comprise business leaders, industry experts, professionals and academia experts, with industry, accounting, financial, business, management and academic backgrounds. With two female Directors sitting on the Board, the Board has achieved diversity in terms of gender. The Board comprises members of different age groups (i.e. (a) 50–59 years old — 3 Directors; (b) 60–69 years old — 2 Director and (c) 70–79 years old — 4 Directors). Based on the foregoing, the composition and diversity of the Board enable the management to benefit from a diverse and objective external perspective, on issues raised before the Board. The Board will develop an appropriate pipeline of potential successors to ensure that gender diversity in the Board could be maintained. Each Director has been appointed based on the strength of his/her calibre, expertise, experience and his/her potential contribution to the Group and its businesses. Profiles of the Directors are set out in the section entitled "Board of Directors and Senior Management" on pages 20 to 23 of this Annual Report. As at 31 December 2025, approximately 15.2% of our total workforce (including the senior management) were female. At present, the road maintenance industry is still largely male-dominated; we will continue to strive for gender diversity and maintain female representation in our workforce.

CORPORATE GOVERNANCE REPORT

Members of the committee are:

Mr. Sze Wai Pan	<i>(Chief executive officer)</i>	<i>(Chairman)</i>
Ms. Yeung Sum	<i>(Independent non-executive director)</i> <i>appointed with effect from 30 March 2026)</i>	
Prof. Lai Chi Pang, J.P.	<i>(Independent non-executive director)</i>	
Prof. Lai Kin Keung	<i>(Independent non-executive director)</i> <i>(resigned with effect from 30 March 2026)</i>	

Audit Committee

The purpose of the committee is to establish formal and transparent arrangements to consider how the Board applies financial reporting and internal control principles and maintains an appropriate relationship with the Company's external auditors.

The committee is responsible for making recommendations to the Board on the appointment, re- appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and considering any questions of its resignation or dismissal.

The committee reports to the Board any suspected fraud and irregularities, failures of internal control or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

Members of the committee are:

Ms. Yeung Sum	<i>(Independent non-executive director)</i>	<i>(Chairman)</i>
Prof. Lau Chi Pang, J.P.	<i>(Independent non-executive director)</i>	
Prof. Lai Kin Keung	<i>(Independent non-executive director)</i>	

The members of the committee possess appropriate professional qualifications and/or experience in financial matters.

The committee meets as and when required to perform its responsibilities, and at least twice in each financial year of the Company. Two meetings were held during the year under review. The committee reviewed, together with senior management and the external auditors, the financial statements for the year ended 31 December 2024 and six months ended 30 June 2025, the accounting principles and practices adopted by the Company, statutory compliance, the effectiveness of the internal audit function, other financial reporting matters, internal control and risk management systems and continuing connected transactions of the Company.

The committee has recommended to the Board (which endorsed the recommendation) that, subject to shareholders' approval at the forthcoming annual general meeting, BDO Limited be re-appointed as the Company's external auditors for 2026.

CORPORATE GOVERNANCE REPORT

5. ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

	Number of meetings held during the year attended				General meeting
	Board	Remuneration committee	Nomination committee	Audit committee	
Executive Directors:					
Mr. Sze Wai Pan	4/4		1/1		2/2
Mr. Chan Kai King	4/4				2/2
Non-executive Directors:					
Ms. Sze Wan Nga	4/4	1/1			2/2
Mr. Zhou Jichang	4/4				2/2
Prof. Tong Wai Cheung Timothy	4/4				2/2
Dr. Chan Yan Chong	4/4				2/2
Independent Non-executive Directors:					
Ms. Yeung Sum	4/4	1/1		2/2	2/2
Prof. Lau Chi Pang, J.P.	4/4	1/1	1/1	2/2	2/2
Prof. Lai Kin Keung	4/4		1/1	2/2	2/2

6. CORPORATE GOVERNANCE FUNCTIONS

The Board has the following responsibilities:

- (a) to develop and review the Company's policies and practices on corporate governance; and to review the compliance with the CG Code and disclosures in the corporate governance report;
- (b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (c) to review and monitor the training and continuous professional development of the directors and senior management; and
- (d) to develop, review and monitor the code of conduct applicable to the directors and employees.

CORPORATE GOVERNANCE REPORT

7. FINANCIAL REPORTING

The directors of the Company acknowledge their responsibilities for preparing the financial statements for the Group. The directors are regularly provided with updates on the Company's businesses, potential investments, financial objectives, plans and actions. The external auditors of the Company, BDO Limited, have also stated their reporting responsibility in the section headed "Independent Auditor's Report" of this report.

The Board aims at presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. Management provides such explanation and information to the directors to enable the Board to make informed assessments of the financial and other matters put before the Board for approval.

The Board considers that, through a review made by the audit committee, the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function are adequate.

8. INTERNAL CONTROLS AND RISK MANAGEMENT

Except for the non-compliance mentioned under the heading of "1. Compliance With The Corporate Governance", the Board has overall responsibility for maintaining a sound and effective internal control system and for reviewing its effectiveness, particularly in respect of controls on financial, operational, compliance and risk management, to safeguard shareholders' investment and the Group's assets. The Board conducts annual review on its internal control and risk management system. During the year under review, through discussions with our management and the internal audit team, the Board has conducted assessments and reviews of the effectiveness of the Group's internal control system, including, among others, financial control, operational and compliance controls and risk management functions.

The internal audit team formulates the internal audit plan of the Group based on the strategic objectives analysis, business flow analysis, risk assessment and performance evaluation under the authority of the Board and the guidance of the Audit Committee. It reports to the Audit Committee and the Board for its findings and recommendations on internal control. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonably but not absolute assurance against material misstatement or loss.

During the year under review, the internal audit team continuously optimised job responsibilities and functions of different departments according to the audit plan. The Board, through the Audit Committee and internal audit team, conducted a review of the effectiveness of the internal control system of the Group annually during the year ender review, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function. Based on information furnished to it and on its own observations, the Board is satisfied with present internal control systems of the Group and considers them effective and adequate. During the year under review and up to the date of this annual report, nothing has been found which requires substantial improvement.

The Company has formulated policies on information disclosure and regularly reminded Directors and employees to properly comply with relevant policies on inside information while notifying the Directors, senior management and employees the latest guidance announced by the regulatory body on such information disclosure from time to time to keep all of them abreast of the latest requirements.

CORPORATE GOVERNANCE REPORT

9. COMPANY SECRETARY

The company secretary of the Company confirmed that he has complied with all training requirements of the Listing Rules during the year under review.

10. AUDITORS' REMUNERATION

For the year under review, BDO Limited charged the Group HK\$1,600,000 for the provision of audit services, and other certified public accountant firms charged HK\$447,000 for the provision of audit services to the Company's subsidiaries located in Hong Kong and China. During the year under review, BDO Limited charged the Group HK\$190,000 for the provision of non-audit services.

11. SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 58 of the Company's Articles of Association, an extraordinary general meeting shall be called by the Board on the written resolution of any one or more shareholders of the Company, provided that such shareholder(s) held 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. Such meeting shall be called for the transaction of any business specified in the written requisition to the Board or the company secretary of the Company; and shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

Procedures for Putting Forward Proposals at General Meetings

There are no statutory provisions granting the right to shareholders to put forward or move new resolutions at general meetings under the Cayman Islands Companies Act or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board to the following:

Address: Room 2501, 25/F., Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Fax: 2363 7987
Email: enquiry@freetech-holdings.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, except for the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CORPORATE GOVERNANCE REPORT

12. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

To enhance transparency, the Company endeavours to maintain open dialogue with shareholders of the Company through a wide array of channels such as annual general meetings and other general meetings. Shareholders of the Company are encouraged to participate in these meetings and provide comments and recommendations to the Directors.

The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

General meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at shareholder meetings. During the year under review, an extraordinary general meeting of the Company was held on 16 April 2025 and an annual general meeting of the Company was held on 30 May 2025, at which all the Directors attended either by person or by means of electronic facilities to communicate with the shareholders of the Company.

To promote effective communication, the Company maintains a website at <http://www.freetech-holdings.hk/>, where up-to-date information and updates on the Company's business operations and developments, financial information and other information are available for public access. The Board considers that the shareholders communication policy is effective during the year ended under review.

The Company has established a number of channels for maintaining an ongoing dialogue with its shareholders as follows:

- (a) Shareholders' enquiries: Shareholders should direct their questions about their shareholdings to the Company's share registrar.
- (b) Corporate Communication: "Corporate Communication" refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the auditor's report, interim report, notice of meeting, circular and proxy form. Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.
- (c) Corporate Website: A dedicated Investor Relations section is available on the Company's website at <http://www.freetech-holdings.hk/en/article/type/39-1.html>. Information on the Company's website is updated on a regular basis.
- (d) Shareholders' Meetings: Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Board members, in particular, either the chairmen or deputy chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

13. DIVIDEND POLICY

Pursuant to the Company's dividend policy, the Company may declare dividends in the future after taking into account our results of operations, cash flows, financial condition and future prospects, as well as statutory and regulatory restrictions on our ability to make dividend payments and any other factors that the Company may consider relevant. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2025.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 43 to the financial statements. During the year under review, there were no significant changes in the nature of the Group's principal activities.

Detailed business review, including further discussions of the risks and uncertainties that the Group might face, likely future development of the Group's business, and analysis on the financial key performance indicators, are set out in the Chairman's Statement on pages 4 to 6 and the Management Discussion and Analysis on pages 7 to 19. These discussions form part of this Report of the Directors.

2. SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal operating activities and the Group's revenue and non-current assets by geographical area of operations for the year ended 31 December 2025 is set out in note 5 and note 6 to the financial statements. The Group's revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

3. RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2025 and the state of affairs of the Group and of the Company at that date are set out in the financial statements on pages 48 to 143.

Pursuant to the Company's dividend policy, the Company may declare dividends in the future after taking into account our results of operations, cash flows, financial condition and future prospects, as well as statutory and regulatory restrictions on our ability to make dividend payments and any other factors that the Company may consider relevant. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders.

The directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2025.

Taking into the factors set out in the Company's dividend policy, the directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2025. As at the date of this report, there was no arrangement with any shareholder of the Company under which he/she/it has waived or agreed to waive any dividends.

4. FIVE YEARS FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 144. This summary does not form part of the audited financial statements.

REPORT OF THE DIRECTORS

5. PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

6. BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2025 are set out in note 32 to the financial statements.

7. SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 34 to the financial statements.

8. PRE-EMPTIVE RIGHTS

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

9. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the year under review. As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

10. RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 46 to the financial statements and in the consolidated statement of changes in equity, respectively.

11. DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Act of the Cayman Islands amounted to approximately HK\$570.2 million (2024: HK\$571.7million), of which none (2024: none) was proposed as a final dividend for the year. Under the acts of Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

12. MAJOR CUSTOMERS AND MAJOR SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 40.0% of the total sales for the year and sales to the largest customer included therein amounted to approximately 13.9%. Purchases from the Group's five largest suppliers accounted for approximately 24.1% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 6.9%.

None of the directors or any of their close associates or any shareholders (which, to the best of the knowledge of the directors, own more than 5% of the Company's issued share capital) (excluding treasury shares (as defined under the Listing Rules)) had any beneficial interest in the Group's five largest customers or suppliers.

13. CHARITABLE DONATION

Charitable donation made by the Group during the year under review amounted to HK\$307,000.

REPORT OF THE DIRECTORS

14. DIRECTORS

The directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Mr. Sze Wai Pan
Mr. Chan Kai King

Non-executive Directors:

Ms. Sze Wan Nga
Mr. Zhou Jichang
Prof. Tong Wai Cheung Timothy
Dr. Chan Yan Chong

Independent Non-executive Directors:

Ms. Yeung Sum
Prof. Lau Chi Pang, J.P.
Prof. Lai Kin Keung

Pursuant to Article 84(1) of the Articles of Association of the Company, Mr. Chan Kai King, Prof. Lau Chi Pang and Prof. Lai Kin Keung are subject to retirement by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received an annual confirmation of Independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules and, as at the date of this report, still considers them to be independent.

15. DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract for an initial term of three years commencing from 7 June 2013, which has been automatically renewed for a consecutive term of three years on 7 June 2016, 7 June 2019, 7 June 2022 and 7 June 2025, respectively, and is subject to termination by either party giving not less than three months' written notice.

Dr. Chan Yan Chong has entered into a letter of appointment for an initial term of two years commencing on 23 December 2016. Dr. Chan Yan Chong has entered into renewal contract with the Company on 23 December 2018, 23 December 2020, 23 December 2022 and 23 December 2024, for a term of 2 years, and is subject to termination by either party giving not less than three months' written notice. Prof. Tong Wai Cheung Timothy has entered into a letter of appointment with the Company for a term of three years effective from 2 July 2019. Prof. Tong Wai Cheung Timothy has entered into renewal contract with the Company on 7 July 2022 and 7 July 2025, for a term of 3 years and is subject to termination by either party giving not less than three months' written notice. Ms. Sze Wan Nga and Mr. Zhou Jichang have entered into a letter of appointment with the Company for a term of three years effective from 16 February 2021. Ms. Sze Wan Nga and Mr. Zhou Jichang have entered into renewal contract with the Company on 16 February 2024, for a term of 3 years and is subject to termination by either party giving not less than three months' written notice.

REPORT OF THE DIRECTORS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

16. DIRECTORS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance in relation to the business of the Group to which the Company, its holding company or any of their respective subsidiaries was a party and in which a director or an entity connected with the director had a material interest, whether directly or indirectly, subsisted at the end of, or at any time during the year under review.

17. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the interests and short positions of the directors and the chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long Positions in the Shares of the Company

Name of director	Personal Interests			Approximate percentage of existing issued share capital of the Company
	Number of share held	Corporate Interests	Total	
Mr. Sze Wai Pan ("Mr. Sze")	13,000,000	529,688,260 ⁽¹⁾	542,688,260	50.30%
Ms. Sze Wan Nga ("Ms. Sze")	880,000	29,640,000 ⁽²⁾	30,520,000	2.83%
Mr. Chan Kai King	3,166,667	–	3,166,667	0.29%
Dr. Chan Yan Chong	50,000	–	50,000	0.00%

Notes:

1. Mr. Sze is the beneficial owner of all the issued share capital of Freetech (Cayman) Ltd. ("Freetech Cayman"), Freetech (BVI) Limited ("Sze BVI") and Freetech Technology (Holdings) Limited ("Freetech Technology") and therefore is deemed to be interested in a total of 529,688,260 shares of the Company held by Freetech Cayman, Sze BVI and Freetech Technology. Mr. Sze is the director of Freetech Cayman, Sze BVI and Freetech Technology.
2. Ms. Sze is the beneficial owner of all the issued share capital of Intelligent Executive Limited ("Intelligent Executive") and therefore is deemed to be interested in 29,640,000 shares of the Company held by Intelligent Executive. Ms. Sze is the director of Intelligent Executive, Freetech Cayman, Sze BVI and Freetech Technology.

REPORT OF THE DIRECTORS

(ii) Long Position in the Shares of Associated Corporation of the Company

Name of director	Name of associated corporation	Capacity	Number of shares held in associated corporation	Percentage of existing issued share capital of the associated corporations
Mr. Sze	Freetech Cayman	Beneficial owner	1,162,956	100%
Mr. Sze	Sze BVI	Beneficial owner	1	100%
Mr. Sze	Freetech Technology	Beneficial owner	100	100%
Ms. Sze	Intelligent Executive	Beneficial owner	10,000	100%

Save as disclosed above, as at 31 December 2025, none of the directors nor the chief executive of the Company had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations.

18. INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, so far as is known to the directors of the Company, the following persons or corporations (other than directors or the chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Name of shareholder	Capacity	Number of shares or underlying shares held in the Company	Approximate percentage of existing issued share capital of the Company
Freetech Technology ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Sze BVI ⁽¹⁾	Interest in controlled corporation	529,688,260	49.09%
Freetech Cayman ⁽¹⁾	Beneficial owner	529,688,260	49.09%
Bank of Communications Trustee Limited ⁽²⁾	Trustee	101,854,200	9.43%

Notes:

- The relationship between Freetech Technology, Sze BVI, Freetech Cayman and Mr. Sze is disclosed under the section heading "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above.
- Bank of Communications Trustee Limited is appointed by the Company to purchase such the shares of the Company on the Stock Exchange or off-market and to hold them in trust for the benefit of the employees on and subject to the terms and conditions of the scheme rules and the trust deed of the share award scheme.
- Bank of Communications Trustee Limited ("BOCM Trustee") is appointed by the Company to purchase such the shares of the Company on the Stock Exchange or off-market and to hold them in trust for the benefit of the employees on and subject to the terms and conditions of the scheme rules and the trust deed of the share award scheme. According to the disclosure interest form filed by BOCM Trustee on 11 April 2025, the number of shares held by BOCM Trustee were 97,236,200. During the year under review, as additional shares acquired by BOCM Trustee, the number of shares held by BOCM Trustee were 101,854,200 as at 31 December 2025.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2025, the directors of the Company are not aware of any other persons (other than the directors of the Company whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” above) who held any interests or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

19. SHARE OPTION SCHEME

A new share option scheme was conditionally adopted by the Company on 21 May 2024 (the “Share Option Scheme”) which is valid for a period of 10 years until 20 May 2034. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the eligible participants (including employees and directors including non-executive directors and independent non-executive directors of the Company or any of its subsidiaries) that such eligible participants have made or may make to the Group, to provide incentives and/or reward to such eligible participants for their contributions to the Group and/or to enable the Group to recruit high caliber employees and/or attract human resources that are valuable to the Group. During the year ended 31 December 2025 (2024: nil), no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 31 December 2025 (2024: nil). The total number of share options which is available for being granted under the Share Option Scheme as at 1 January 2025, 31 December 2025 and as at the date of this report were 107,900,000 share options (representing 10% of the total number of shares in issue (excluding treasury shares)).

Subject to the terms and conditions of the Share Option Scheme, the Board shall be entitled at any time on a business day within a period of 10 years commencing on the effective date to make an offer or offers to any eligible participant(s) as the Board may in its absolute discretion select. An offer shall be deemed to have been accepted when the Company receives a duplicate offer letter duly signed from the grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof.

The vesting period of any particular share option shall not be less than 12 months except in the following circumstances: (a) grants of “make-whole” share option to new joiners to replace the share awards or share options they forfeited when leaving their previous employers; (b) grants that are made in batches during a year for administrative and compliance reasons; or (c) grants of share option with a mixed or accelerated vesting schedule such as where the Share Options may vest evenly over a period of 12 months.

The exercise period of a share option shall not be more than ten (10) years from the relevant grant date. Subject to the relevant exercise period and the other terms and conditions of the grant, a share option shall be exercised in whole or in part by the grantee by giving notice in writing to the Company stating that the share option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice shall be accompanied by a payment for the full amount of the exercise price for the shares in respect of which the notice is given or such payment shall be settled in such other way as directed by the Board. Within 28 business days (excluding any period(s) of closure of the Company’s share register) after receipt of the notice together with remittance of the relevant exercise price in full and, where appropriate, receipt of the certificate given by the Auditor or an independent financial adviser, the Company shall allot and issue the relevant number of shares to the grantee credited as fully paid.

REPORT OF THE DIRECTORS

The exercise price in respect of any particular share option (subject to adjustment in accordance with the terms of the Share Option Scheme) shall be a price determined by the Board and stated in the offer letter, and shall be at least the higher of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (c) if applicable, the nominal value of the shares on the date of the offer.

Where any grant of share option to an eligible participant would result in the shares issued and to be issued in respect of all options and awards granted under the Share Option Scheme and other schemes to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the Share Option Scheme and other schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares) as at the date of such grant, such grant shall be subject to approval from the Shareholders. In addition, (a) any grant of share options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates shall be approved by the Independent Non-Executive Director (excluding any Independent non-executive Director who is the proposed Grantee of such Options); and (b) where any grant of Options to an Independent Non-Executive Director or a substantial shareholder of the Company or any of their respective associates would result in the shares issued and to be issued in respect of all options and awards granted under the Share Option Scheme or other schemes (excluding any share options lapsed in accordance with the terms of the Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue (excluding treasury shares), such further grant of share options shall be approved by the Shareholders in general meeting.

Details of the Share Option Scheme as required to be disclosed under Chapter 17 of the Listing Rules are set out in Note 35 to the financial statements.

20. SHARE AWARD SCHEME

On 7 May 2014 (the "Adoption Date"), the Company adopted the share award scheme (as amended on 22 December 2020 and 7 May 2024) (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including executive directors) of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The Share Award Scheme aims to recognize the contributions by certain Selected Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Share Award Scheme became effective on the Adoption Date and, unless otherwise terminated or amended, will remain in force for a term of 10 years commencing on the Adoption Date. On 7 May 2024, the Share Award Scheme has been amended that, among other things, the term of the Share Award Scheme has been extended for a term of 10 years commencing from 7 May 2024.

In connection with the implementation of the Share Award Scheme, the Board may from time to time cause to be paid certain funds to Bank of Communications Trustee Limited (the "Trustee") for the purchase of the shares of the Company and instruct the Trustee to purchase such shares on The Stock Exchange of Hong Kong Limited or off-market and to hold them in trust for the benefit of the employees on and subject to the terms and conditions of the scheme rules and the trust deed of the Share Award Scheme. The Trustee shall not exercise any voting right attached in respect of any Awarded Shares held in trust by it under the Share Award Scheme (including but not limited to the returned shares, any bonus shares or scrip shares derived therefrom).

REPORT OF THE DIRECTORS

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, grant such number of Awarded Shares to any Selected Employee at no consideration on and subject to such terms and conditions as it may in its absolute discretion determine.

The aggregate number of the Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 15% of the issued share capital of the Company from time to time (excluding treasury shares). Since the Adoption Date and up to the date of this report, a total of 8,427,000 Awarded Shares had been vested under the Share Award Scheme, representing about 0.8% of the issued share capital of the Company on the Adoption Date (excluding treasury shares). The total number of unvested shares as at 1 January 2025, 31 December 2025 and as at the date of this report were both nil share. The total number of Awarded Shares which is available for being further awarded under the Share Award Scheme as at 1 January 2025, 31 December 2025 and 30 March 2026 (the date of this report) were 153,423,000 shares (represents 14.22% of the issued share capital of the Company (excluding treasury shares) as at 1 January 2025, 31 December 2025 and 30 March 2026) (the date of this report). As at 31 December 2025, taking into account the shares acquired out of the dividends from the shares held under the Trustee, there were 101,854,200 Awarded Shares held in trust under the Share Award Scheme.

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant Awarded Shares to that employee at no consideration. The selected employee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

During the year under review, no (2024: nil) Awarded Shares have been awarded. As at 1 January 2025 and 31 December 2025, there was not unvested share award. During the year under review, there was no share award granted, vested, cancelled or lapsed. The vesting period of the Awarded Shares will be determined upon grant.

Further details of the Share Award Scheme are disclosed in note 35 to the financial statements.

21. DEED OF NON-COMPETITION

The controlling shareholders of the Company, being Freetech Cayman, Sze BVI, Freetech Technology and Mr. Sze (together, the "Controlling Shareholders"), have confirmed to the Company of their compliance with the terms of the non-competition undertaking provided to the Company under a deed of non-competition dated 7 June 2013 (the "Deed"). The independent non-executive directors of the Company have reviewed the confirmation given by the Controlling Shareholders and confirmed that all the undertaking under the Deed have been complied with by the Controlling Shareholders and duly enforced during the year ended 31 December 2025 and up to the date of the Annual Report. None of the new opportunities in any business, which is or may be in competition with the business of any member of the Company and its subsidiaries, that have been referred from any of our Controlling Shareholders under the Deed has been rejected by the Company during the year ended 31 December 2025 and up to the date of the Annual Report.

The directors of the Company are not interested in any business which competes, or is likely to compete, either directly or indirectly, with the Company's business.

REPORT OF THE DIRECTORS

22. CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the related party transactions and connected transactions of the Company are set out in note 42 to the consolidated financial statements. These related party transactions and connected transactions are not required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

23. SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

24. AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors.

The audit committee has reviewed the financial statements with the management of the Company.

25. AUDITORS

The consolidated financial statements for the year ended 31 December 2025 have been audited by BDO Limited ("BDO"), who will retire, and being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of BDO as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

26. PERMITTED INDEMNITY PROVISIONS

The Articles of Association of the Company provides that every director of the Company shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, 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, or supposed duty, in their respective offices or trusts. Directors liability insurance is in place to protect the directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against the directors.

27. DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save for those disclosed in the section headed "Share Option Scheme" in this Directors' report in this annual report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

On behalf of the Board

Mr. Sze Wai Pan

Chairman and Chief Executive Officer

Hong Kong, 30 March 2026

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF FREETECH ROAD RECYCLING TECHNOLOGY (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Freetech Road Recycling Technology (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 143, 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, 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 judgment, 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

Impairment on trade receivables and contract assets

As at 31 December 2025, the Group had trade receivables and contract assets, before allowance for credit losses, of approximately HK\$343.0 million and HK\$145.0 million respectively, and the balance of loss allowance of trade receivables and contract assets were approximately HK\$232.2 million and HK\$21.9 million respectively. Management of the Group estimates the amounts of lifetime expected credit losses ("ECL") of trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors and contract assets, ageing, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables and contract assets that are credit impaired are assessed for ECL individually.

We identified the provision of ECL for trade receivables and contract assets as a key audit matter because of the involvement of subjective judgement and management estimates in evaluating the ECL of the Group's trade receivables and contract assets at the end of the reporting period.

Refer to notes 24, 26 and 40 to the consolidated financial statements and the accounting policies in note 3 to the consolidated financial statements.

Our response:

- obtaining an understanding of management's process of assessing the ECL of trade receivables and contract assets;
- evaluating the reasonableness of management's determination and reassessment of the internal credit rating of individual debtors based on of the historical default rates applied for individual debtor and examining documents that reflect debtors' historical default rates for a selection of debtors;
- evaluating the reasonableness of forward-looking adjustments; and
- checking the arithmetical accuracy of management's calculation of the ECL for trade receivables and contract assets.

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.

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the 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 HKSAs 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT

- 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 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.

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

Tang Tak Wah

Practising Certificate no. P06262

Hong Kong, 30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	133,798	187,958
Cost of sales		(91,126)	(97,990)
Gross profit		42,672	89,968
Other income	7	5,271	5,884
Other gains and losses, net	8	7,085	7,066
(Provision for)/reversal of impairment losses on financial and contract assets, net	9	(7,088)	5,074
Selling and distribution costs		(13,460)	(16,734)
Administrative expenses		(68,605)	(63,146)
Research costs		(17,369)	(14,435)
Other expenses		(226)	(16)
Share of profit or loss of joint ventures		(816)	14
Finance costs	10	(3,343)	(3,698)
(Loss)/profit before income tax expense	12	(55,879)	9,977
Income tax expense	11	(459)	(5,209)
(Loss)/profit for the year from continuing operations		(56,338)	4,768
Profit from a discontinued operation (net of tax)	44	–	16,532
(Loss)/profit for the year		(56,338)	21,300
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(1,941)	(1,789)
Exchange differences arising from translation to the presentation currency		29,247	(25,433)
Other comprehensive income for the year, net of tax		27,306	(27,222)
Total comprehensive income for the year		(29,032)	(5,922)
(Loss)/profit for the year attributable to:			
Owners of the Company		(55,814)	12,557
Non-controlling interests		(524)	8,743
		(56,338)	21,300
Total comprehensive income attributable to:			
Owners of the Company		(28,241)	(13,192)
Non-controlling interests		(791)	7,270
		(29,032)	(5,922)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year attributable to owners of the Company			
— from continuing operations		(55,814)	5,273
— from a discontinued operation		—	7,284
		(55,814)	12,557
Total comprehensive income attributable owners of the Company			
— from continuing operations		(28,241)	(19,569)
— from a discontinued operation		—	6,377
		(28,241)	(13,192)
(Loss)/earnings per share attributable to equity holders of the Company			
From continuing and discontinued operations			
— Basic (HK cents)	15	(4.80)	1.26
— Diluted (HK cents)		(4.80)	1.26
From continuing operations			
— Basic (HK cents)	15	(4.80)	0.53
— Diluted (HK cents)		(4.80)	0.53
From a discontinued operation			
— Basic (HK cents)	15	—	0.73
— Diluted (HK cents)		—	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	74,433	86,497
Right-of-use assets	17	8,673	5,126
Investment property	18	178,360	144,325
Goodwill	19	–	–
Other intangible assets	20	600	271
Interests in joint ventures	22	6,045	6,543
Equity instruments at FVTOCI	23	2,366	4,165
Prepayments and deposits for acquisition of leasehold land		3,630	3,474
Deferred tax assets	21	–	–
		274,107	250,401
Current assets			
Inventories	25	198,856	167,244
Bills and trade receivables	26	110,769	84,656
Contract assets	24	123,060	154,620
Prepayments, deposits and other receivables	27	35,786	32,611
Financial assets at fair value through profit or loss ("FVTPL")	28	7,778	-
Pledged bank deposits	29	5,349	14,502
Bank balances and cash	29	194,859	279,258
		676,457	732,891
Total assets		950,564	983,292

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
LIABILITIES			
Current liabilities			
Bills, trade and other payables	30	148,909	135,781
Contract liabilities	31	2,102	548
Taxation payable		3,156	3,838
Bank borrowings	32	108,342	117,506
Lease liabilities	33	2,206	984
		264,715	258,657
Net current assets		411,742	474,234
Total assets less current liabilities		685,849	724,635
Non-current liabilities			
Lease liabilities	33	2,576	–
Deferred tax liabilities	21	16,775	15,869
		19,351	15,869
Total liabilities		284,066	274,526
NET ASSETS		666,498	708,766
EQUITY			
Capital and reserves			
Share capital	34	107,900	107,900
Reserves		561,170	591,274
Attributable to owners of the Company		669,070	699,174
Non-controlling interests	43	(2,572)	9,592
TOTAL EQUITY		666,498	708,766

The consolidated financial statements on pages 48 to 143 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Mr. Sze Wai Pan
Director

Mr. Chan Kai King
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Shares held under the share award scheme HK\$'000 (Note c)	Contributed surplus HK\$'000 (Note a)	Reserve funds HK\$'000 (Note b)	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
As at 1 January 2025	107,900	732,463	(27,979)	25,328	91,344	(122,315)	(104,816)	(2,751)	699,174	9,592	708,766
Profit for the year	-	-	-	-	-	-	(55,814)	-	(55,814)	(524)	(56,338)
Other comprehensive income for the year	-	-	-	-	-	29,514	-	(1,941)	27,573	(267)	27,306
Total comprehensive income for the year	-	-	-	-	-	29,514	(55,814)	(1,941)	(28,241)	(791)	(29,032)
Repurchase of Company's shares	-	-	(1,863)	-	-	-	-	-	(1,863)	-	(1,863)
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	-	-	(11,373)	(11,373)
Disposal of a subsidiary	-	-	-	-	-	(2,068)	2,068	-	-	-	-
Transfer to reserve funds	-	-	-	-	29	-	(29)	-	-	-	-
As at 31 December 2025	107,900	732,463	(29,842)	25,328	91,373	(94,869)	(158,591)	(4,692)	669,070	(2,572)	666,498

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Shares held under the share award scheme	Contributed surplus	Reserve funds	Foreign currency translation reserve	Accumulated losses	Investment revaluation reserve	Total	Non-controlling interests	Total
	HKS'000	HKS'000	HKS'000 (Note c)	HKS'000 (Note a)	HKS'000 (Note b)	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
As at 1 January 2024	107,900	732,463	(24,983)	25,328	97,115	(98,355)	(123,144)	(962)	715,362	47,953	763,315
Profit for the year	-	-	-	-	-	-	12,557	-	12,557	8,743	21,300
Other comprehensive income for the year	-	-	-	-	-	(23,960)	-	(1,789)	(25,749)	(1,473)	(27,222)
Total comprehensive income for the year	-	-	-	-	-	(23,960)	12,557	(1,789)	(13,192)	7,270	(5,922)
Repurchase of Company's shares	-	-	(2,996)	-	-	-	-	-	(2,996)	-	(2,996)
Disposal of a subsidiary	-	-	-	-	(6,731)	-	6,731	-	-	(45,631)	(45,631)
Transfer to reserve funds	-	-	-	-	960	-	(960)	-	-	-	-
As at 31 December 2024	107,900	732,463	(27,979)	25,328	91,344	(122,315)	(104,816)	(2,751)	699,174	9,592	708,766

Notes:

- The contributed surplus represents the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the reorganisation, details of which are set out under the section "History and Corporate Structure" to the Company's prospectus dated 14 June 2013.
- Pursuant to the relevant laws and regulations, a portion of the profits of the Company's subsidiaries which are established in the PRC has been transferred to reserve funds which are restricted to use.
- The amount represents payments by the Group to the trustee of the Share Award Scheme (as defined in note 35), net off with the vested portion of selected employees who have been awarded shares under the Share Award Scheme. Details of the Share Award Scheme are set out in note 35.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

Notes	2025 HK\$'000	2024 HK\$'000
Operating activities		
(Loss)/profit before income tax expense		
— Continuing operations	(55,879)	9,977
— A discontinued operation	–	20,546
	(55,879)	30,523
Adjustments for:		
Interest income	(701)	(1,272)
Finance costs	3,343	3,795
Share of profit or loss of joint ventures	816	(14)
Depreciation of property, plant and equipment	16,303	23,524
Depreciation of right-of-use assets	2,733	2,798
Amortisation of other intangible assets	254	571
Change in fair value of financial assets at FVTPL	(1,228)	(1,549)
Change in fair value of investment property	–	(4,183)
Net gains on disposal of property, plant and equipment	(5,642)	(1,772)
Gain on disposal of a subsidiary	–	(14,170)
Provision for/(reversal of) impairment losses		
on financial and contract assets, net		
— Trade receivables	2,565	(7,723)
— Contract assets	6,138	4,182
— Other receivables	(1,615)	870
Unrealised exchange differences	5,940	4,475
Operating (loss)/profit before movements in working capital	(26,973)	40,055
Increase in inventories	(5,891)	(3,039)
(Increase)/decrease in bills and trade receivables	(22,210)	24,897
Decrease/(increase) in contract assets	35,308	(125,840)
Increase in prepayments, deposits and other receivables	(209)	(7,542)
(Decrease)/increase in bills, trade and other payables	(12,404)	82,200
Increase in contract liabilities	1,506	175
Cash (used in)/generated from operations	(30,873)	10,906
Income tax paid	(1,080)	(4,558)
Net cash (used in)/generated from operating activities	(31,953)	6,348

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Investing activities			
Interest received		701	1,272
Purchase of property, plant and equipment		(5,839)	(21,866)
Proceeds from disposal of items of property, plant and equipment		197	6,566
Purchases of intangible assets		(318)	–
Payment for construction of investment property		(1,327)	(3,876)
Placement of financial assets at FVTPL		(504,803)	(46,694)
Withdrawal of financial assets at FVTPL		497,194	47,800
Placement of pledged bank deposits		(12,924)	(14,790)
Withdrawal of pledged bank deposits		22,732	7,340
Placement of restricted bank deposits		–	(6,975)
Withdrawal of restricted bank deposits		–	5,159
Disposal of a subsidiary	44, 45	(213)	50,029
Income tax paid		–	(2,635)
Net cash (used in)/generated from investing activities		(4,600)	21,330
Financing activities			
Proceeds from bank borrowings	41	127,723	138,764
Repayments of bank borrowings	41	(141,854)	(116,187)
Repayment of principal portion of the lease liabilities	41	(2,298)	(2,169)
Repayment of amount due to non-controlling shareholder	41	(23,737)	–
Interest paid	41	(3,343)	(3,795)
Repurchase of shares held under the share award scheme	35	(1,834)	(2,996)
Dividend paid to non-controlling shareholder		(11,373)	–
Net cash (used in)/generated from financing activities		(56,716)	13,617
Net (decrease)/increase in cash and cash equivalents		(93,269)	41,295
Cash and cash equivalents at the beginning of the year		279,258	246,688
Effects of exchange rate changes on the balance of cash held in foreign currencies		8,870	(8,725)
Cash and cash equivalents at the end of the year, represented by bank balances and cash		194,859	279,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 8 June 2011 under the Companies Law, Chapter 22 of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. Its subsidiaries (the Company and its subsidiaries are collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of road maintenance equipment, provision of road maintenance services and development, sales and leasing of properties in the People’s Republic of China (the “PRC”). Details of its principal subsidiaries are set out in note 43.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 26 June 2013.

The Company’s functional currency is Renminbi (“RMB”). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”). The directors of the Company consider that the presentation of the consolidated financial statements in HK\$ is more appropriate for a company listed in Hong Kong and for the convenience of the shareholders of the Company.

2. CHANGES IN ACCOUNTING POLICIES

(a) New standards, interpretations and amendments — effective 1 January 2025

The Group has applied the following new and amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

None of these new or amendments to HKFRS Accounting Standards has a material impact on the Group’s results and financial position for the current or prior period but affect the disclosure of accounting policies of the Group. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New standards, interpretations and amendments that have been issued but are not yet effective

The following new or amendments to HKFRS Accounting Standards 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	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
HK Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause 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 No mandatory effective date yet determined but available for adoption.

The Group is currently assessing the impact of the amendments. The Group does not expect the amendments that are issued but yet to be effective to have a material impact to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, and are initially measured at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. Subsequent to the acquisition, profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Leases

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. 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 assets are initially recognised at cost which comprises (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.

Except for right-of-use asset that meets the definition of an investment property or leasehold land where the interest in the land is held as inventory, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group subsequently measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value. Right-of-use asset that is classified as inventories are carried at the lower of cost and net realisable value.

Lease liability

The lease liability is initially 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, the Group uses the lessee's incremental borrowing rate.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in foreign currencies are recorded in its functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On disposal of a group entity that is not a foreign operation, the exchange differences accumulated in equity relating to the translation of assets and liabilities of that group entity into presentation currency of the Group are transferred to retained earnings.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Hong Kong's Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Short-term benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense other than those to produce inventories and construction of investment properties.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Equity-settled share-based payment transactions

The Company operates a share option scheme and a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled share-based payments").

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimates of the number of options and awards that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustments to share-based compensation reserve.

For share options and awards that vest immediately at the date of grant, the fair value of the share options and awards granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to retained earnings.

Where the Company's employee share trust purchases shares from the market, the consideration paid, including any directly attributable incremental costs is presented as "shares held under the share award scheme" and presented as a deduction against equity attributable to owners of the Company.

When the awarded shares are transferred to the awardees upon vesting, the related cost of the awarded shares previously recognised in "shares held under the share award scheme", and the related employment costs of the awarded shares previously recognised in "share-based compensation reserve" are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purpose of measuring deferred tax of investment properties that are measured using the fair value model, the Group has rebutted the presumption that such properties are recovered entirely through sale, details of which are set out in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible, and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generated unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

— **Maintenance services and sale of equipment**

Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

— **Properties under development for sale**

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Properties under development are classified as current assets unless those will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification and subsequent measurement of financial assets

(i) Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost when the financial asset is held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI, that is not held for trading and the Group has irrecoverably elected to present subsequently changes in fair value in other comprehensive income, are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included, if any, in the "other gains and losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Interest income on financial assets measured at amortised cost

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

The Group always recognises lifetime ECL for bills and trade receivables without significant financing component. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings with the exception of those that are credit-impaired, in which case, are assessed for ECL individually.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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.

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.

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 purposes, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(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.

(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. 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

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.

Specifically, the Group had applied the probability of default approach in measuring the ECL, where 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

- (v) Measurement and recognition of ECL *(Continued)*
- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group.);
 - Past-due status;
 - Nature, size and industry of debtors; and
 - External credit ratings where available.

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

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including bills, trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Revenue from contracts with customers

Maintenance Services (with milestone payments)

The Group provides asphalt pavement maintenance ("APM") services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these APM services based on the stage of completion of the contract using output method.

The Group's APM services contracts include payment schedules which require stage payments over the APM services period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 10% to 30% of total contract sum, when the Group receives a deposit before APM services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Maintenance Services (with milestone payments) *(Continued)*

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the APM services are performed represents the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. The Group's typical timing of transferring the contract assets to trade receivables is ranging from three months to one year. Impairment losses are recognised on the same basis as trade receivables.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the APM services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the APM services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The Group accounts for this in accordance with HKAS 37 and has not accounted for as separate performance obligation and hence no consideration is allocated to them. The Group has not adjusted the transaction price for the existence of any financing component given the period between when the transfer of control of the services to customers and the payment date is one year or less and retention receivables are to protect the customer from the Group's failure to complete its obligation under the contract.

Sale of equipment (revenue recognised at one point in time)

For sale of equipment, revenue is recognised when control of the equipment was transferred, being at the point when the equipment has been shipped to the customer's specific location (delivery), being at the point that the customer obtains the control of the equipment and the Group has present right to payment and collection of the consideration is probable. After this point, the Group no longer has physical possession of the asset, whilst the customer has discretion over the manner of use, and bears the risk of obsolescence and loss in relation to the equipment. The normal credit term of the standard series equipment and parts for repairs and maintenance are 7 days upon delivery. The normal credit term of the modular series equipment is 6 months to 12 months upon delivery with upfront deposits range from 10% to 30%.

Sales-related warranties associated with equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 and has not accounted for as separate performance obligation and hence no consideration is allocated to them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are presented in the consolidated statement of profit or loss and other comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, 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 may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Deferred taxation on investment property

For the purpose of measuring deferred tax liabilities arising from investment property that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Therefore, in determining the Group's deferred taxation on investment property, the directors of the Company have determined that the presumption that the carrying amounts of investment property measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment property based on director's best estimate assuming future tax consequences through usage of such property for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment property is subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment property by leasing over time. In the event the investment property is being disposed, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables and contract assets

The management of the Group estimates the amounts of lifetime ECL of trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors and contract assets, ageing, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables and contract assets that are credit impaired are assessed for ECL individually. Loss allowance amounts of trade receivables and contract assets are 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.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 26, 24 and 40 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Useful lives and residual value of property, plant and equipment, and impairment of property, plant and equipment

The Group's management determines the residual values, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher depreciation charge and/or write-off or write-down of technically obsolete assets when residual value or useful lives are less than previously estimated.

In assessing the impairment of property, plant and equipment, the Group is required to estimate the recoverable amount of those assets. The determination of recoverable amount requires the Group to estimate the future cash flows expected to arise from those assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which result in downward revision of future cash flows, a material impairment loss/further impairment loss may arise.

As at 31 December 2025, the carrying amount of property, plant and equipment amounted to approximately HK\$74,433,000 (2024: HK\$86,497,000), details of which are set out in note 16.

Allowance for inventories

The management reviews the aging analysis of inventories of the Group and makes provision for obsolete inventory items. The management estimates the net realisable value for such inventories primarily based on the latest invoice prices and current market conditions. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories. If the market conditions were to change, resulting in a change of provision for obsolete items, the difference will be recorded in the period when it is identified. As at 31 December 2025, the carrying amount of inventories was approximately HK\$198,856,000 (2024: HK\$167,244,000).

Fair value of investment property

At the end of the reporting period, investment property is stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value of investment property, the Group uses valuation techniques that use inputs which are not based on observable market data including the capitalisation rate, monthly market rent and the best use of the property. Please refer to note 18 for details of valuation techniques, inputs and assumptions used in estimating the fair value of investment property. The carrying amount of investment property as at 31 December 2025 was approximately HK\$178,360,000 (2024: HK\$144,325,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

Disaggregation of revenue from contracts with customers

Segments — continuing operations	For the year ended 31 December 2025		
	Maintenance services HK\$'000	Sale of equipment HK\$'000	Total HK\$'000
Type of goods or services			
Maintenance services			
“Hot-in-place” Projects	99,792	–	99,792
Sale of equipment			
Standard series	–	11,616	11,616
Modular Series	–	19,133	19,133
Parts for repair and maintenance	–	3,257	3,257
Total	99,792	34,006	133,798
Geographical markets			
Mainland China	99,792	30,655	130,447
Overseas	–	3,351	3,351
Total	99,792	34,006	133,798
Timing of revenue recognition			
A point in time	–	34,006	34,006
Over time	99,792	–	99,792
Total	99,792	34,006	133,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segments — continuing operations	For the year ended 31 December 2024		
	Maintenance services HK\$'000	Sale of equipment HK\$'000	Total HK\$'000
Type of goods or services			
Maintenance services			
“Hot-in-place” Projects	169,101	–	169,101
Sale of equipment			
Standard series	–	15,937	15,937
Parts for repair and maintenance	–	2,920	2,920
Total	169,101	18,857	187,958
Geographical markets			
Mainland China	169,101	16,030	185,131
Overseas	–	2,827	2,827
Total	169,101	18,857	187,958
Timing of revenue recognition			
A point in time	–	18,857	18,857
Over time	169,101	–	169,101
Total	169,101	18,857	187,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OPERATING SEGMENTS

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, the chief operating decision maker (the “CODM”), in order to allocate resources to the segments and to assess their performance. The Group’s operating and reportable segments are as follows:

Maintenance services	—	Provision of road maintenance services
Sale of equipment	—	Manufacturing and sales of road maintenance equipment
Properties	—	Development, sales and leasing of properties

Segment revenue and results

Continuing operations

	Maintenance services HK\$'000	Sale of equipment HK\$'000	Properties HK\$'000	Consolidated total HK\$'000
For the year ended 31 December 2025				
Segment revenue:				
Sales to external customers	99,792	34,006	—	133,798
Intersegment sales	—	11,806	—	11,806
	99,792	45,812	—	145,604
Reconciliation				
Elimination of intersegment sales	—	(11,806)	—	(11,806)
Revenue	99,792	34,006	—	133,798
Segment result	(16,674)	(19,887)	(548)	(37,109)
Reconciliation:				
Interest income				701
Foreign exchange gains, net				229
Change in fair value of financial assets at FVTPL				1,228
Finance costs				(3,343)
Unallocated corporate expenses				(16,769)
Share of profit or loss of joint ventures				(816)
Loss before income tax expense				(55,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OPERATING SEGMENTS *(Continued)*

Segment revenue and results *(Continued)*

Continuing operations

	Maintenance services HK\$'000	Sale of equipment HK\$'000	Properties HK\$'000	Consolidated total HK\$'000
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For the year ended 31 December 2024

Segment revenue:

Sales to external customers	169,101	18,857	–	187,958
Intersegment sales	–	38,710	–	38,710
	169,101	57,567	–	226,668
Reconciliation				
Elimination of intersegment sales	–	(38,710)	–	(38,710)
Revenue	169,101	18,857	–	187,958
Segment result	60,827	(21,524)	3,335	42,638
Reconciliation:				
Interest income				1,272
Foreign exchange losses, net				(416)
Change in fair value of financial assets at FVTPL				1,549
Finance costs				(3,698)
Unallocated corporate expenses				(31,382)
Share of profit or loss of joint ventures				14
Profit before income tax expense				9,977

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The accounting policies of the operating and reportable segments information are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned or loss incurred by each segment without allocation of head office and corporate expenses, interest income, exchange gains and losses, change in fair value of financial assets at FVTPL, share of profits or losses of joint ventures and finance costs. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

	Maintenance services HK\$'000	Sale of equipment HK\$'000	Properties HK\$'000	Consolidated total HK\$'000
As at 31 December 2025				
Segment assets	448,511	375,948	345,709	1,170,168
Elimination of intersegment receivables				(403,008)
Bank balances and cash				194,859
Interests in joint ventures				6,045
Other unallocated assets				(17,500)
Total assets				950,564
Segment liabilities	217,032	50,644	288,334	556,010
Elimination of intersegment payables				(403,008)
Bank borrowings				108,342
Other unallocated liabilities				22,722
Total liabilities				284,066

	Maintenance services HK\$'000	Sale of equipment HK\$'000	Properties HK\$'000	Consolidated total HK\$'000
As at 31 December 2024				
Segment assets	385,969	349,121	284,082	1,019,172
Elimination of intersegment receivables				(344,494)
Bank balances and cash				279,258
Interests in joint ventures				6,543
Other unallocated assets				22,813
Total assets				983,292
Segment liabilities	185,000	65,217	227,708	477,925
Elimination of intersegment payables				(344,494)
Bank borrowings				117,506
Other unallocated liabilities				23,589
Total liabilities				274,526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OPERATING SEGMENTS *(Continued)*

Other segment information (included in the measure of segment results and segment assets)

Continuing operations

	Maintenance services HK\$'000	Sale of equipment HK\$'000	Properties HK\$'000	Consolidated total HK\$'000
For the year ended 31 December 2025				
Provision for impairment losses recognised in respect of trade receivables, contract assets and other receivables	6,404	606	78	7,088
Depreciation and amortisation	14,295	4,995	–	19,290
Capital expenditure (Note)	4,695	1,462	26,947	33,104

For the year ended 31 December 2024

(Reversal of)/provision for impairment losses recognised in respect of trade receivables, contract assets and other receivables	(5,213)	217	(78)	(5,074)
Depreciation and amortisation	16,791	2,056	–	18,847
Capital expenditure (Note)	19,552	383	3,876	23,811

Note: Capital expenditure consists of additions to property, plant and equipment, investment properties, right-of-use assets and other intangible assets.

For the purposes of assessing segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than pledged bank deposits, bank balances and cash, interests in joint ventures, equity instruments at FVTOCI, financial assets at FVTPL and other unallocated head office and corporate assets as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than deferred tax liabilities, bank borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the year ended 31 December 2024, revenue from a customer accounted for 10% or more of the Group's revenue from continuing operations and its revenue amounted to approximately HK\$28,980,000. The sales to the above customer were derived from the provision of road maintenance services.

During the year ended 31 December 2025, revenue from two customers accounted for 10% or more of the Group's revenue from continuing operations and their revenue amounted to approximately HK\$15,059,000 from the provision of road maintenance services and HK\$19,113,000 from the sales of equipment, respectively.

The Group's revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Government grants (note)	653	329
Interest income	701	1,272
Others	3,917	4,283
	5,271	5,884

Note: The government grants mainly represent unconditional subsidies from the PRC local governments to encourage the operations of certain subsidiaries. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

8. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Net gains on disposal of property, plant and equipment	5,642	1,772
Foreign exchange gains/(losses), net	229	(416)
Change in fair value of financial assets at FVTPL	1,228	1,549
Change in fair value of investment property	–	4,183
Others	(14)	(22)
	7,085	7,066

9. (PROVISION FOR)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS, NET

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
(Provision for)/reversal of impairment losses on financial and contract assets recognised on:		
— Trade receivables	(2,565)	7,800
— Contract assets	(6,138)	(1,845)
— Other receivables	1,615	(881)
	(7,088)	5,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest on:		
— Bank borrowings	3,190	3,637
— Lease liabilities	153	61
	3,343	3,698

11. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
PRC Enterprise Income Tax ("EIT"):		
— Current year (credit)/expense	(312)	5,475
— Under provision in prior years	571	—
	259	5,475
Deferred tax expense/(credit)	200	(266)
	459	5,209

No provision for Hong Kong Profits Tax has been made since there is no tax assessable profit for the years ended 31 December 2025 and 2024.

Except as described below, provision for PRC EIT is made based on the estimated taxable income for PRC taxation purposes at 25% pursuant to the Law of the PRC on Enterprise Income Tax and Implementation Regulation.

英達熱再生有限公司 Freetech Road Recycling Corporation ("Freetech Road Recycling") was recognised as a High-Tech company in 2022 and 2025 respectively and the applicable tax rate is 15% from 18 November 2022 to 17 November 2025 and from 18 November 2025 to 17 November 2028.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation ("Nanjing Freetech Vehicle Manufacturing") was recognised as a High-Tech company in 2022 and 2025 respectively and the applicable tax rate is 15% from 12 December 2022 to 11 December 2025 and from 19 December 2025 to 18 December 2028.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. INCOME TAX EXPENSE *(Continued)*

Withholding tax of approximately HK\$200,000 (2024: HK\$1,321,000) has been provided for the year ended 31 December 2025 with reference to the anticipated dividends to be distributed by the PRC entities to non-PRC tax residents.

The taxation charge for the year can be reconciled to the (loss)/profit before income tax expense per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before income tax expense	(55,879)	9,977
Tax at the applicable income tax rate of 25% (2024: 25%) (Note)	(13,970)	2,495
Tax effect of expenses not deductible for tax purposes	6,848	4,382
Tax effect of tax losses not recognised	8,186	4,591
Tax effect of income not taxable for tax purpose	(1,989)	(171)
Tax effect of share of profit or loss of joint ventures	373	(4)
Tax effect of deductible temporary differences not recognised	1,777	(2,311)
Income tax at concessionary rates	1,829	(2,565)
Under provision in prior years	571	–
Tax effect of additional deduction related to research costs	(3,366)	(2,529)
Withholding tax on undistributed profits of PRC subsidiaries	200	1,321
	459	5,209

Note: The domestic income tax rate of 25% (2024: 25%) represents the PRC EIT rate. The PRC is the primary tax jurisdiction relevant to the Group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
(Loss)/profit before income tax expense has been arrived at after charging/(crediting):		
Directors' emoluments (note 13)	6,417	6,574
Other staff costs	36,804	29,898
Other staff retirement benefit scheme contributions	5,080	6,144
Total staff costs	48,301	42,616
Amortisation of other intangible assets	254	557
Auditor's remuneration	1,600	1,910
Cost of inventories sold	20,280	7,491
Cost of services provided	70,846	90,499
Net gains on disposal of property, plant and equipment	(5,642)	(1,772)
Depreciation charge:		
— Owned property, plant and equipment	16,303	16,434
— Right-of-use assets included within:		
— Leasehold land	264	263
— Buildings	2,469	1,593
Interest on lease liabilities	153	61
Short-term lease expenses	2,148	2,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to the directors for the years ended 31 December 2025 and 2024 were as follows:

	2025					2024				
	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related bonuses (Note (i)) HK\$'000	Contributions to retirement benefit schemes HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance related bonuses (Note (i)) HK\$'000	Contributions to retirement benefit schemes HK\$'000	Total HK\$'000
Executive directors										
Sze Wai Pan	-	3,576	-	18	3,594	-	3,576	100	18	3,694
Chan Kai King	-	724	-	24	748	-	748	-	23	771
Non-executive directors										
Sze Wan Nga	596	-	-	18	614	631	-	-	18	649
Chan Yan Chong	240	-	-	-	240	240	-	-	-	240
Tong Wai Cheung Timothy	240	-	-	-	240	240	-	-	-	240
Zhou Jichang	261	-	-	-	261	260	-	-	-	260
Independent non-executive directors										
Yeung Sum	240	-	-	-	240	240	-	-	-	240
Lau Chi Pang, J.P.	240	-	-	-	240	240	-	-	-	240
Lai Kin Keung	240	-	-	-	240	240	-	-	-	240
	2,057	4,300	-	60	6,417	2,091	4,324	100	59	6,574

Note:

(i) Performance related bonuses are determined with reference to the performance of the individual directors.

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' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals included two (2024: two) directors of the Company, details of whose emoluments are set out above. The emolument of the remaining three (2024: three) highest paid individual during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries and allowances	2,740	2,744
Performance related bonuses	220	261
Retirement benefits scheme contributions	54	54
	3,014	3,059

Their emoluments are within the following bands:

	Number of employee	
	2025	2024
HK\$Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	2	2

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during both years.

14. DIVIDENDS

No final dividend and interim dividend were proposed by the directors for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. (LOSS)/EARNINGS PER SHARE

	2025 HK\$'000	2024 HK\$'000
Number of shares:		
Weighted average number of ordinary shares in issue less shares held under the share award scheme during the year for the purpose of calculating basic and diluted (loss)/earnings per share	1,162,276,611	999,509,152
	2025 HK\$'000	2024 HK\$'000
Continuing operations (Loss)/earnings:		
(Loss)/profit for the purposes of calculating basic and diluted (loss)/earnings per share — attributable to owners of the Company	(55,814)	5,273
	2025 HK\$'000	2024 HK\$'000
Discontinued operation (Loss)/earnings:		
Profit for the purposes of calculating basic and diluted (loss)/earnings per share — attributable to owners of the Company	—	7,284

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
COST						
At 1 January 2024	89,624	350,727	39,277	10,800	2,501	492,929
Additions	–	19,795	1,296	775	–	21,866
Disposal/write-off	–	(7,647)	(1,896)	(1,174)	–	(10,717)
Disposal of a subsidiary	(6,472)	(79,797)	(6,528)	(1,943)	(2,260)	(97,000)
Effect of foreign currency exchange differences	(3,084)	(16,194)	(1,473)	(372)	(100)	(21,223)
At 31 December 2024 and 1 January 2025	80,068	266,884	30,676	8,086	141	385,855
Additions	–	3,171	2,165	503	–	5,839
Disposal/write-off	–	(3,379)	(1,712)	–	–	(5,091)
Disposal of a subsidiary	–	(120)	–	–	–	(120)
Effect of foreign currency exchange differences	3,599	4,729	1,562	384	24	10,298
At 31 December 2025	83,667	271,285	32,691	8,973	165	396,781
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	39,426	291,609	30,988	8,894	2,363	373,280
Depreciation provided for the year	3,693	16,732	1,790	1,171	138	23,524
Disposal/write-off	–	(3,027)	(1,802)	(1,094)	–	(5,923)
Disposal of a subsidiary	(712)	(66,381)	(4,710)	(1,466)	(2,260)	(75,529)
Effect of foreign currency exchange differences	(1,429)	(12,946)	(1,197)	(322)	(100)	(15,994)
At 31 December 2024 and 1 January 2025	40,978	225,987	25,069	7,183	141	299,358
Depreciation provided for the year	3,702	10,597	924	1,080	–	16,303
Disposal/write-off	–	(3,116)	(1,558)	–	–	(4,674)
Disposal of a subsidiary	–	(77)	–	–	–	(77)
Effect of foreign currency exchange differences	1,924	7,843	1,284	363	24	11,438
At 31 December 2025	46,604	241,234	25,719	8,626	165	322,348
CARRYING AMOUNT						
At 31 December 2025	37,063	30,051	6,972	347	–	74,433
At 31 December 2024	39,090	40,897	5,607	903	–	86,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The estimated useful lives for each category of property, plant and equipment are as follows:

Buildings	20 years, which is the shorter of the lease term of land and estimated useful lives of the building
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	5 years or shorter of the terms of the related lease

17. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Buildings HK\$'000	Total HK\$'000
Cost			
At 1 January 2024	9,853	12,971	22,824
Capitalisation of a lease	–	2,432	2,432
Disposal of a subsidiary	(4,572)	(3,315)	(7,887)
Effect of foreign currency exchange differences	(339)	(89)	(428)
At 31 December 2024 and 1 January 2025	4,942	11,999	16,941
Capitalisation of a lease	–	6,096	6,096
Derecognition of a lease	–	(2,889)	(2,889)
Effect of foreign currency exchange differences	222	11	233
At 31 December 2025	5,164	15,217	20,381
Depreciation			
At 1 January 2024	908	10,417	11,325
Charge during the year	394	2,404	2,798
Disposal of a subsidiary	(489)	(1,725)	(2,214)
Effect of foreign currency exchange differences	(39)	(55)	(94)
At 31 December 2024 and 1 January 2025	774	11,041	11,815
Charge during the year	264	2,469	2,733
Derecognition of a lease	–	(2,889)	(2,889)
Effect of foreign currency exchange differences	40	9	49
At 31 December 2025	1,078	10,630	11,708
Carrying Amount			
At 31 December 2025	4,086	4,587	8,673
At 31 December 2024	4,168	958	5,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT PROPERTY

	Investment property under construction HK\$'000
FAIR VALUE	
At 1 January 2024	140,859
Additions	3,876
Fair value gain	4,183
Effect of foreign currency exchange differences	(4,593)
At 31 December 2024 and 1 January 2025	144,325
Additions	26,947
Effect of foreign currency exchange differences	7,088
At 31 December 2025	178,360

All of the Group's property interests held under construction are measured using the fair value model.

The fair values of the Group's investment property as at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd (北京華亞正信資產評估有限公司), an independent qualified professional valuer not connected to the Group.

In determining the fair value of the relevant properties, the Group has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the property, the highest and best use of the property is their current use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENT PROPERTY (Continued)

Investment property	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Investment property under construction located in Jiangxinzhou, Nanjing, the PRC	Income capitalisation	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition of 5.8% (2024: 5.9%).	An increase in the capitalisation rate used would result in a decrease in fair value, and vice versa.
		Monthly market rent, using direct market comparables and taking into account of time, location, and individual factors, such as frontage and size of the property, of RMB98.4 (2024: RMB101.7) per square metre ("sqm") per month for the base level.	An increase in the market rent used would result in an increase in fair value, and vice versa.

Details of the Group's investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 fair value	
	2025 HK\$'000	2024 HK\$'000
Investment property under construction located in Nanjing, the PRC	178,360	144,325

There were no transfers into or out of Level 3 during the year.

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For the year ended 31 December 2025

19. GOODWILL

	Freetech Ordos HK\$'000	Hunan Freetech Tongqu HK\$'000	Xinjiang Jianda HK\$'000	Suqian Hengtong HK\$'000	Tianjin Expressway Maintenance HK\$'000	Futech Road Recycling HK\$'000	Guangdong Suitong HK\$'000	Fuzhou Suda HK\$'000	Total HK\$'000
Cost									
At 1 January 2024	731	115	1,198	2,863	6,150	2,313	-	47	13,417
Disposal of a subsidiary	-	-	-	-	(6,150)	-	-	-	(6,150)
At 31 December 2024	731	115	1,198	2,863	-	2,313	-	47	7,267
Impairment									
At 1 January 2024	(731)	(115)	(1,198)	(2,863)	-	(2,313)	-	(47)	(7,267)
Provided for the year	-	-	-	-	-	-	-	-	-
At 31 December 2024	(731)	(115)	(1,198)	(2,863)	-	(2,313)	-	(47)	(7,267)
Carrying amount									
At 31 December 2024	-	-	-	-	-	-	-	-	-

On 21 June 2012, the Group acquired 2% equity interest in 內蒙古英達東方道路再生工程有限公司 Inner Mongolia Freetech Dongfang Road Recycling Engineering Co., Ltd. ("Freetech Ordos"), which was previously a 51% owned joint venture of the Group, from an independent third party at a cash consideration of approximately HK\$1,481,000 (equivalent to approximately RMB1,200,000), resulting in a goodwill of approximately HK\$731,000. The equity interests held by the Group in Freetech Ordos increased from 51% to 53% upon the completion of this acquisition. The goodwill of Freetech Ordos has been fully impaired in prior years.

On 25 August 2014, the Group acquired 4% equity interest in 湖南英達通衢道路再生工程有限公司 Hunan Freetech Tongqu Road Recycling Engineering Co., Ltd. ("Hunan Freetech Tongqu"), which was previously a 55% owned joint venture of the Group, from an independent third party at a cash consideration of approximately HK\$2,125,000 (equivalent to approximately RMB1,680,000), resulting in a goodwill of approximately HK\$115,000. The equity interests held by the Group in Hunan Freetech Tongqu increased from 55% to 59% upon the completion of this acquisition. The goodwill of Hunan Freetech Tongqu has been fully impaired in prior years.

On 3 November 2014, the Group acquired 40% equity interest in 新疆建達道路工程有限公司 Xinjiang Jianda Road Engineering Co., Ltd. ("Xinjiang Jianda"), which was previously a 49% owned associate of the Group, from an independent third party at a cash consideration of approximately HK\$5,074,000 (equivalent to approximately RMB4,000,000), resulting in a goodwill of approximately HK\$1,198,000. The equity interests held by the Group in Xinjiang Jianda increased from 49% to 89% upon the completion of this acquisition. The goodwill of Xinjiang Jianda has been fully impaired in prior years. Xinjiang Jianda was deregistered on 8 April 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. GOODWILL (Continued)

On 27 November 2014, the Group acquired a 30% equity interest in 宿遷恒通道路再生工程有限公司 Suqian Hengtong Road Recycling Constructions Co., Ltd. ("Suqian Hengtong"), which was previously a 35% owned associate of the Group, from two independent third parties at an aggregate cash consideration of approximately HK\$13,268,000 (equivalent to approximately RMB10,500,000), resulting in a goodwill of approximately HK\$2,863,000. The equity interests held by the Group in Suqian Hengtong increased from 35% to 65% upon the completion of this acquisition. The goodwill of Suqian Hengtong has been fully impaired in prior years.

On 31 August 2015, the Group acquired 55% equity interest in 天津市高速公路養護有限公司 Tianjin Expressway Maintenance Company Limited. ("Tianjin Expressway Maintenance"), which was previously owned by a third party 天津高速公路集團有限公司 Tianjin Expressway Group Company Limited ("Tianjin Expressway Group"), at a cash consideration of approximately HK\$58,503,000 (equivalent to approximately RMB46,802,400), resulting in a goodwill of HK\$6,150,000. As at 31 December 2024, Tianjin Expressway Maintenance was disposed of and the goodwill was written off upon disposal as detailed in note 44.

On 22 December 2015, the Group acquired 25% equity interest in 福達道路再生工程有限公司 Futech Road Recycling Engineering Limited ("Futech Road Recycling"), which was previously a 50% owned joint venture of the Group, from an independent third party at a cash consideration of approximately HK\$13,388,000, resulting in a goodwill of approximately HK\$2,313,000. The equity interests held by the Group in Futech Road Recycling increased from 50% to 75% upon the completion of this acquisition. The goodwill of Futech Road Recycling has been fully impaired in prior years.

On 30 December 2016, the Group subscribed additional capital of approximately HK\$14,165,000 in 廣東穗通道路再生工程有限公司 Guangdong Suitong Road Recycling Engineering Co., Ltd. ("Guangdong Suitong"), which was previously a 51% owned joint venture of the Group, resulting in a goodwill of approximately HK\$4,146,000. The equity interests held by the Group in Guangdong Suitong increased from 51% to 94.19% upon the completion of this subscription. The goodwill of Guangdong Suitong has been fully impaired in prior years. Guangdong Suitong was deregistered on 22 September 2023.

On 27 December 2016, the Group acquired 65% equity interest in 福州速達道路養護工程有限公司 Fuzhou Suda Road Maintenance Engineering Co., Ltd. ("Fuzhou Suda"), which was previously a 35% owned joint venture of the Group, from an independent third party at a cash consideration of approximately HK\$12,009,000, resulting in a goodwill of approximately HK\$47,000. The equity interests held by the Group in Fuzhou Suda increased from 35% to 100% upon the completion of this acquisition. The goodwill of Fuzhou Suda has been fully impaired in prior years. Fuzhou Suda was deregistered on 7 January 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. OTHER INTANGIBLE ASSETS

	Software HK\$'000	Construction qualification certificate HK\$'000	Total HK\$'000
Cost			
At 1 January 2024	1,818	2,433	4,251
Disposal of a subsidiary	(196)	–	(196)
Effect of foreign currency exchange differences	(66)	(93)	(159)
At 31 December 2024 and 1 January 2025	1,556	2,340	3,896
Additions	318	–	318
Effect of foreign currency exchange differences	77	356	433
At 31 December 2025	1,951	2,696	4,647
Amortisation			
At 1 January 2024	1,648	1,681	3,329
Charge for the year	51	520	571
Disposal of a subsidiary	(137)	–	(137)
Effect of foreign currency exchange differences	(64)	(74)	(138)
At 31 December 2024 and 1 January 2025	1,498	2,127	3,625
Charge for the year	37	217	254
Effect of foreign currency exchange differences	68	100	168
At 31 December 2025	1,603	2,444	4,047
Carrying Amount			
At 31 December 2025	348	252	600
At 31 December 2024	58	213	271

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following period:

Software	5 years
Construction qualification certificate	4.5 years

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21. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	–	–
Deferred tax liabilities	(16,775)	(15,869)
	(16,775)	(15,869)

At 31 December 2025, the Group had not recognised deductible temporary difference in aggregate of approximately HK\$284,648,000 (2024: HK\$266,857,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At 31 December 2025, the Group had tax losses arising in Hong Kong of approximately HK\$260,817,000 (2024: HK\$222,746,000) that can be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arise. The Group also had tax losses arising in Mainland China of approximately HK\$112,963,000 (2024: HK\$149,410,000) that will expire at various dates up to and including 2030 (2024: 2029) for offsetting against future taxable profits. No deferred tax assets have been recognised in respect of such losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK\$39 million (2024: HK\$44 million) as the Group is able to control the timing of the reversal of the temporary differences and the Group has determined that this portion of profits derived from these PRC operating subsidiaries will be retained by these subsidiaries and will not be distributed in the foreseeable future. Therefore, it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Withholding tax HK\$'000	Unrealised profits from transactions with joint ventures HK\$'000	Fair value adjustment on investment property HK\$'000	Total HK\$'000
At 1 January 2024	(2,039)	9	(14,990)	(17,020)
Credit/(charge) to profit or loss	1,321	(9)	(1,046)	266
Effect of foreign currency exchange differences	351	–	534	885
At 31 December 2024 and 1 January 2025	(367)	–	(15,502)	(15,869)
Charge to profit or loss	(200)	–	–	(200)
Effect of foreign currency exchange differences	(7)	–	(699)	(706)
At 31 December 2025	(574)	–	(16,201)	(16,775)

22. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in joint ventures	62,443	60,678
Share of post-acquisition loss and other comprehensive income, net of dividend received	(55,652)	(52,708)
Unrealised profit from sales to joint ventures	(746)	(1,427)
	6,045	6,543

When the share of losses of a joint venture exceeds its interest in that joint venture, a negative balance of the interest in that joint venture will be recognised only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. Such negative balance will not be netted off with other interests in joint ventures and is reclassified and included under the line item of bills, trade and other payables in the consolidated statement of financial position. There is no such negative balance at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. INTERESTS IN JOINT VENTURES *(Continued)*

As at 31 December 2025 and 2024, the Group had interests in the following joint ventures:

Name of entity	Type of entity	Place/Country of establishment/ incorporation, principal place of operation	Proportion of nominal value of registered capital held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025	2024	2025	2024	
南京路捷道路養護工程有限公司 Nanjing Lujie Road Maintenance Engineering Co., Ltd. ("Nanjing Lujie")	PRC equity joint venture	PRC	45%	45%	45%	45%	Provision of road maintenance services
連雲港路達道路再生工程有限公司 Lianyungang Luda Road Recycling Engineering Co., Ltd. ("Lianyungang Luda")	PRC equity joint venture	PRC	35%	35%	35%	35%	Provision of road maintenance services
貴州英達道路工程有限公司 Guizhou Freetech Road Engineering Co., Ltd. ("Guizhou Freetech")	PRC equity joint venture	PRC	49%	49%	49%	49%	Provision of road maintenance services

Note:

Under the joint venture agreements, Nanjing Lujie, Lianyungang Luda and Guizhou Freetech are jointly controlled by the Group and other parties because the financial and operating decisions related to those entities require the unanimous consent of the Group and the other parties sharing the control. In addition, the Group has rights to the net assets than rights to its assets and obligations for its liabilities. Therefore, Nanjing Lujie, Lianyungang Luda and Guizhou Freetech are classified as joint ventures of the Group.

Summarised financial information of a material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards, adjusted to reflect adjustments made by the Group when using the equity method.

The joint venture is accounted for using the equity method in these consolidated financial statements.

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For the year ended 31 December 2025

22. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of a material joint venture *(Continued)*

Nanjing Lujie

	2025 HK\$'000	2024 HK\$'000
Current assets	64,853	86,923
Non-current assets	2,326	2,942
Current liabilities	61,547	82,587

The above amounts of assets and liabilities included the following:

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalent	10,094	9,529
Current financial liabilities (excluding trade and other payables and provisions)	3,278	–

	2025 HK\$'000	2024 HK\$'000
Revenue	37,715	76,477
Loss for the year	(1,929)	(328)
Other comprehensive income for the year	284	(264)
Total comprehensive income for the year	(1,645)	(592)
Dividends received from Nanjing Lujie during the year	–	–

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For the year ended 31 December 2025

22. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of a material joint venture *(Continued)*

Nanjing Lujie *(Continued)*

The above loss for the year included the following:

	2025 HK\$'000	2024 HK\$'000
Depreciation and amortisation	177	48
Interest income	9	49
Interest expense	18	102
Income tax expense	–	–

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Nanjing Lujie recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets of Nanjing Lujie	5,632	7,278
Proportion of the Group's ownership interest in Nanjing Lujie	45%	45%
Carrying amount of the Group's interest in Nanjing Lujie	2,534	3,275

Aggregate information of joint ventures that are not individually material:

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit or loss and total comprehensive income for the year	740	281
Aggregate carrying amount of the Group's interests in the joint ventures	3,511	3,268

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23. EQUITY INSTRUMENTS AT FVTOCI

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments in the PRC, designed as at FVTOCI	2,366	4,165

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

24. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Maintenance services	127,872	162,996
Sale of equipment	17,089	10,269
	144,961	173,265
Less: Allowance for credit losses	(21,901)	(18,645)
	123,060	154,620

At 31 December 2025, included in the contract assets are amounts due from the Group's related parties and connected parties of approximately HK\$28,802,000 (2024: HK\$29,634,000 from the Group's related parties and connected parties), details of which are set out in note 42.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of impairment assessment of contract assets for the year ended 31 December 2025 are set out in note 40.

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For the year ended 31 December 2025

25. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	13,705	12,609
Work-in-progress	20,734	13,468
Finished goods	–	1,986
Property under development for sale	164,417	139,181
	198,856	167,244

The movement in property under development for sale during the year is as follows:

	HK\$'000
At 1 January 2024	141,567
Development expenditures	2,523
Effect of foreign currency exchange differences	(4,909)
At 31 December 2024 and 1 January 2025	139,181
Development expenditures	18,567
Effect of foreign currency exchange differences	6,669
At 31 December 2025	164,417

Since 2021, the Group commenced development of its property located in Jiangxinzhou, Nanjing, the PRC, into individual office units. Upon completion of the development, the Group will start its marketing for sale of these units under the property segment.

26. BILLS AND TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	342,959	301,897
Less: Allowance for credit losses	(232,190)	(217,249)
	110,769	84,648
Bills receivable	–	8
	110,769	84,656

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For the year ended 31 December 2025

26. BILLS AND TRADE RECEIVABLES *(Continued)*

As at 31 December 2025 and 2024, trade receivables from contracts with customers amounted to approximately HK\$110,769,000 and HK\$84,648,000 respectively.

The following is an aging analysis of bills receivable at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 180 days	–	8

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group's trade customers are principally government agencies. The credit period is determined on a case by case basis, subject to the fulfilment of conditions as stipulated in the respective sales contracts. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by the senior management.

The following is an aging analysis of trade receivables, net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	21,143	9,342
3 to 12 months	23,352	22,371
1 to 2 years	24,062	24,216
Over 2 years	42,212	28,719
	110,769	84,648

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$110,769,000 (2024: HK\$81,526,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$69,256,000 (2024: HK\$63,198,000) has been past due for 90 days or more and is not considered as in default as most of the Group's customers are government agencies and the risk of default is not high.

At 31 December 2025, included in the trade receivables are amounts due from the Group's related companies of approximately HK\$436,000 (2024: HK\$2,370,000), which are repayable on credit terms similar to those offered to the major customers of the Group, details of which are set out in note 42.

Details of impairment assessment of trade receivables for the year ended 31 December 2025 are set out in note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Other receivables	37,872	38,705
Less: Allowance for credit losses	(30,557)	(30,963)
	7,315	7,742
Prepayments and deposits	24,604	21,696
Other tax recoverable	3,867	3,173
	35,786	32,611

At 31 December 2025, included in the Group's prepayments, deposits and other receivables are amounts due from related companies of approximately HK\$3,066,000 (2024: HK\$467,000), which are unsecured, interest-free and have no fixed terms of repayment, details of which are set out in note 42.

Details of impairment assessment of other receivables for the year ended 31 December 2025 are set out in note 40.

28. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Financial assets measured at FVTPL:		
Structured bank deposits	7,778	–
Analysed for reporting purposes as:		
Current assets	7,778	–

29. PLEDGED BANK DEPOSITS, BANK BALANCES AND CASH

Pledged bank deposits represented bank deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged deposits at 31 December 2025 carried interest at rates that range from 0.05% to 0.2% (2024: 0.5% to 1.05%) per annum.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturities of three months or less. Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for various periods ranging from 1 to 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate for short-term bank deposits at 31 December 2025 was ranging from 0.01% to 0.07% (2024: 1.05% to 2.98%) per annum.

At 31 December 2025, certain pledged bank deposits and bank balances and cash and of approximately HK\$181,438,000 (2024: HK\$286,044,000) are denominated in RMB which is not a freely convertible currency in the international market. The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. BILLS, TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Bills payable	3,608	5,698
Trade payables	53,147	55,267
Other tax payables	18,496	20,817
Other payables and accrued charges	73,658	53,999
	148,909	135,781

At 31 December 2025, included in the Group's trade payables are amounts due to related parties of approximately HK\$9,765,000 (2024: HK\$160,000) which is repayable within 90 days, which represents credit terms similar to those offered by related parties to their major customers, details of which are set out in note 42.

At 31 December 2025, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK\$Nil (2024: HK\$24,000,000, which is unsecured, interest-free and has no fixed terms of repayment).

The following is an aging analysis of bills payable at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
0 to 180 days	3,608	5,698

The Group normally receives credit terms of 30 days to 180 days (2024: 30 days to 180 days) from its suppliers. The following is an aging analysis of trade payables at the end of the reporting period, presented based on the invoice date:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	29,998	26,345
3 to 12 months	9,781	16,003
1 to 2 years	187	2,272
Over 2 years	13,181	10,647
	53,147	55,267

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31. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Maintenance services	1,135	–
Sale of equipment	967	548
	2,102	548

Movements in contract liabilities:

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 January	548	382
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(525)	(375)
Increase in contract liabilities as a result of billing in advance of maintenance services and delivering of equipment	2,052	542
Effect of foreign currency exchange differences	27	(1)
Balance as at 31 December	2,102	548

32. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured	97,230	86,136
Unsecured	11,112	31,370
	108,342	117,506
Carrying amounts repayable: Within one year or on demand	108,342	117,506

At 31 December 2025, the Group's bank borrowings denominated in RMB amounted to approximately HK\$108,342,000 (equivalent to approximately RMB97,500,000) (2024: HK\$117,506,000 (equivalent to approximately RMB110,500,000)). The RMB denominated bank loan carries interest at rates that ranged from 2.3% to 3.0% (2024: 2.3% to 3.2%).

At 31 December 2025, included in the Group's bank borrowings repayable within one year or on demand of approximately HK\$97,230,000 (2024: HK\$86,136,000) were secured by corporate guarantees provided by subsidiaries within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. LEASES

The values in the table below reflect the current portion of lease payments that are fixed.

	Lease contracts Number	Fixed payments HK\$'000
31 December 2025		
Property leases with fixed payments	2	2,451
31 December 2024		
Property leases with fixed payments	3	1,675

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 HK\$'000	2024 HK\$'000
Other properties leased for own-use, carried at depreciated cost	4,587	958
Leasehold land, carried at depreciated cost	4,086	4,168
	8,673	5,126

Lease liabilities

	Other properties leased for own use HK\$'000
At 1 January 2024	2,600
Commencement of a lease contract	2,216
Interest expense	158
Lease payments	(2,327)
Disposal of a subsidiary	(1,629)
Effect of foreign currency exchange differences	(34)
At 31 December 2024 and 1 January 2025	984
Commencement of a lease contract	6,096
Interest expense	153
Lease payments	(2,451)
At 31 December 2025	4,782

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For the year ended 31 December 2025

33. LEASE (Continued)

Lease liabilities (Continued)

Future lease payments are due as follows:

	Future lease payments 2025 HK\$'000	Interest 2025 HK\$'000	Present value 2025 HK\$'000
Not later than one year	2,332	126	2,206
Later than one year and not later than two years	2,623	47	2,576
	4,955	173	4,782

	Future lease payments 2024 HK\$'000	Interest 2024 HK\$'000	Present value 2024 HK\$'000
Not later than one year	993	9	984

The present value of future lease payments is analysed as:

	2025 HK\$'000	2024 HK\$'000
Current liabilities	2,206	984
Non-current liabilities	2,576	–
	4,782	984

	2025 HK\$'000	2024 HK\$'000
Short-term lease expense	2,148	2,749
Aggregate undiscounted commitments for short-term leases	20	12

34. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,079,000,000	107,900

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35. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

On 7 May 2014, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company may award selected employees (including executive directors) of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for a term of 10 years commencing on the adoption date. On 7 May 2024, the Share Award Scheme has been amended that, among other things, the term of the Share Award Scheme has been extended for a term of 10 years commencing from 7 May 2024.

The aggregate number of the awarded shares (the "Awarded Shares") permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 15% of the issued share capital of the Company from time to time. The maximum number of the Awarded Shares which may be awarded to a selected employee shall not exceed 1% of the issued share capital of the Company from time to time.

When a selected employee has satisfied all vesting conditions, which might include service and/or performance conditions specified by the board of directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no consideration. The selected employee, however, is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

During the years ended 31 December 2025 and 2024, no share awards were granted, vested or forfeited by the Company under the Share Award Scheme. There were no outstanding share awards under the Share Award Scheme as at 31 December 2025 and 2024.

Movement of the Company's shares held by the trustee under the Share Award Scheme during the year is as follows:

	Number of shares '000		
	Held by the trustee yet to be awarded	Held by the trustee for the grantee	Total held by the trustee
At 1 January 2024	74,969	–	74,969
Number of the Company's shares acquired by the trustee under the Share Award Scheme	16,157	–	16,157
At 31 December 2024 and 1 January 2025	91,126	–	91,126
Number of the Company's shares acquired by the trustee under the Share Award Scheme	10,728	–	10,728
At 31 December 2025	101,854	–	101,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share award scheme *(Continued)*

- (i) During the year ended 31 December 2025, based on the Company's instruction, the trustee acquired 10,728,000 (2024: 16,157,000) ordinary shares of the Company for the Share Award Scheme through purchases in the open market at a total cost of HK\$1,863,000 (2024: HK\$2,996,000), including related transaction costs of approximately HK\$6,000 (2024: HK\$11,000). As at 31 December 2025, HK\$29,000 of the purchase cost remained outstanding.
- (ii) During the year ended 31 December 2024, the Company repurchased its own shares through the trustee as follows:

Month		Price per share		Aggregate amount paid
		Lowest HK\$	Highest HK\$	HK\$'000
April 2024	1,110,000	0.16	0.20	198
May 2024	540,000	0.18	0.19	100
June 2024	400,000	0.18	0.19	74
July 2024	800,000	0.15	0.16	124
September 2024	3,131,000	0.15	0.17	506
October 2024	7,600,000	0.18	0.21	1,496
November 2024	2,176,000	0.19	0.20	422
December 2024	400,000	0.19	0.19	76
	16,157,000			2,996

- (iii) During the year ended 31 December 2025, the Company repurchased its own shares through the trustee as follows:

Month		Price per share		Aggregate amount paid
		Lowest HK\$	Highest HK\$	HK\$'000
Jan-25	2,650,000	0.16	0.19	469
Apr-25	4,560,000	0.15	0.19	779
May-25	3,000,000	0.18	0.18	533
Jun-25	200,000	0.18	0.18	36
Dec-25	318,000	0.14	0.15	46
	10,728,000			1,863

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35. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of recognising and acknowledging the contributions of the eligible participants have made or may make to the Group, providing incentives and/or reward to the eligible participants for their contributions to the Group and/or enabling the Group to recruit high-calibre employees and/or attracting human resources that are valuable to the Group. Eligible persons of the Scheme include any director or any employee employed by any members of the Group from time to time (whether full time or part time), including persons who are granted share options under the Scheme as an inducement to enter into employment contracts with any of such companies. The Scheme became effective on 21 May 2024 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible person in the Scheme within any twelve-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any twelve-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within twenty eight days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company and ends on a date which is not later than ten years from the date of offer of share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors of the Company, but may not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the offer date; and (iii) the average closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the years ended 31 December 2025 and 2024, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 31 December 2025 and 2024.

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36. RETIREMENT BENEFIT SCHEMES

As stipulated by the relevant rules and regulations in the PRC, the Group contributes to the retirement benefit scheme managed by local social security bureau in the PRC. The Group contributes a certain percentage of the basic salaries of its employees to the retirement benefit scheme to fund the benefits.

The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of the trustee. The Group basically contributes 5% of the relevant payroll costs to the scheme.

The total expense recognised in profit or loss of approximately HK\$5,140,000 (2024: HK\$6,204,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2025, contributions of approximately HK\$408,000 (2024: HK\$448,000) due in respect of the year ended 31 December 2025 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

37. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for in respect of the acquisition of property, plant and equipment	950	2,470
Contracted, but not provided for in respect of the acquisition of leasehold land	14,521	13,896
Contracted, but not provided for in respect of construction contract	257,356	292,667

38. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to secure the general banking facilities granted to the Group.

	2025 HK\$'000	2024 HK\$'000
Bank deposits	5,349	14,502

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39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, net of bank balances and cash, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, issue of shares, repayment of borrowings and the raising of borrowings.

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Equity instruments at FVTOCI	2,366	4,165
Financial assets at FVTPL	7,778	–
Amortised cost (including cash and cash equivalents)	319,051	389,206
Financial liabilities		
Amortised cost	243,537	233,454

Financial risk management objectives and policies

The Group's major financial instruments include bills and trade receivables, deposits and other receivables, financial assets at FVTPL, equity instruments at FVTOCI, pledged bank deposits, restricted bank deposits, bank balances and cash, bills, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the management policies remain unchanged from prior year.

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40. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Currency risk

The Group collects most of its revenue in RMB and most of the operating as well as capital expenditures are also denominated in RMB. The Group's sales are mainly denominated in RMB and the disbursements are also mainly settled in RMB, which is the functional currency of the relevant subsidiaries. The Group's exposure to foreign currency risk is arising mainly from the bank balances of the Group which are denominated in foreign currencies of the relevant group entities. Except for the bank balances, trade and other receivables and trade and other payables denominated in foreign currencies of the relevant group entities, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the reporting period. The management conducts periodic review of exposure and requirements of various currencies, and will consider hedging significant foreign currency exposures should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
United States dollars ("US\$")	2,542	1,417	–	–
Hong Kong dollars ("HK\$")	12,164	9,312	7,394	4,164

The Group is mainly exposed to the currency risk on US\$ and HK\$ against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The analysis illustrates the impact for a 5% strengthening of RMB against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit/loss.

	US\$ impact (i)		HK\$ impact (ii)	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Increase/decrease in post-tax profit/loss for the year as a result of a 5% strengthening of RMB against the foreign currency	(106)	(59)	(508)	(215)

(i) This is mainly attributable to the exposure outstanding on US\$ trade receivables of the Group at the end of the reporting period.

(ii) This is mainly attributable to the exposure outstanding on HK\$ bank balances and cash of the Group at the end of the reporting period.

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40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk and cash flow interest rate risk in relation to pledged bank deposits and bank balances (see note 29 for details). The directors of the Company monitor interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost	701	1,272

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (including pledged bank deposits and bank balances) at the end of the reporting period, and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of these financial instruments.

A 10 basis points (2024: 10 basis points) increase or decrease in interest rates on variable pledged bank deposits and bank balances represent the managements' assessment of the reasonably possible changes in interest rates.

If interest rates on variable-rate pledged bank deposits and bank balances had been 10 basis points (2024: 10 basis points) higher and all other variables were held constant, a positive number below indicates a decrease/an increase in post-tax profit/loss.

	2025 HK\$'000	2024 HK\$'000
Decrease/increase in post-tax profit/loss for the year	147	219

The post-tax profit/loss for the year would be increased/decreased by the same amount as mentioned above if interest rates on variable-rate pledged bank deposits and bank balances had been 10 basis points (2024: 10 basis points) lower and all other variables were held constant.

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40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to meet their obligations in relation to the Group's principal financial and contract assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual balance at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model in accordance with HKFRS 9 on trade balances based on provision matrix. In addition, credit-impaired trade balances were assessed for ECL individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Pledged bank deposits and bank balances

There is concentration of credit risk on pledged bank deposits and bank balances for the Group as at 31 December 2025 and 31 December 2024. As at 31 December 2025, balances with the four largest banks accounted for 56.6% (2024: 74.7%) of total pledged bank deposits and bank balances of the Group. The credit risk on liquid funds is limited because the majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

Internal credit rating	Grade	Description	Trade receivables and contract assets	Other financial assets/other items
Low risk	A	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	B	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	C	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	D	There is evidence indicating the asset 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000	
2025						
Bank balances and cash, pledged bank deposits	29	AAA	note i	12-month ECL	200,208	200,208
Deposits	27	N/A	note ii	12-month ECL	759	759
Other receivables	27	N/A	note ii	12-month ECL	4,105	
				Lifetime ECL (not credit impaired)	3,794	
				Lifetime ECL (credit impaired)	29,973	37,872
Trade receivables	26	N/A	note iii	Lifetime ECL (provision matrix)	131,964	
				Lifetime ECL (credit impaired)	210,995	342,959
Contract assets	24	N/A	note iii	Lifetime ECL (provision matrix)	130,055	
				Lifetime ECL (credit impaired)	14,906	144,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					HK\$'000	HK\$'000
2024						
Bank balances and cash, pledged bank deposits, restricted bank deposits	29	AAA	note i	12-month ECL	293,760	293,760
Deposits	27	N/A	note ii	12-month ECL	3,048	3,048
Bills receivable	26	AAA	note i	12-month ECL	8	8
Other receivables	27	N/A	note ii	12-month ECL Lifetime ECL (not credit impaired) Lifetime ECL (credit impaired)	7,619 325 30,761	38,705
Trade receivables	26	N/A	note iii	Lifetime ECL (provision matrix) Lifetime ECL (credit impaired)	91,858 210,039	301,897
Contract assets	24	N/A	note iii	Lifetime ECL (provision matrix) Lifetime ECL (credit impaired)	158,998 14,267	173,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

- i. For bank balances and cash, pledged bank deposits and bills receivable, the management considered the credit risk has not increased significantly since the initial recognition. According to the historical observed default rates of these debtors, the average loss rate is minimal.
- ii. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition, which is supplemented by available press and regulatory information about the debtors and where available, any published credit ratings.

	Past due HK\$'000	Not past due HK\$'000	Total HK\$'000
2025			
Deposits	–	759	759
Other receivables	29,973	7,899	37,872
	29,973	8,658	38,631
2024			
Deposits	–	3,048	3,048
Other receivables	30,761	7,944	38,705
	30,761	10,992	41,753

- iii. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk and loss allowance for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2025 and 2024 within lifetime ECL (not credit impaired). As at 31 December 2025, the credit-impaired debtors with gross carrying amounts of approximately HK\$225,901,000 (2024: HK\$224,306,000) were assessed individually.

Individual credit rating	Average loss rate HK\$'000	2025 Trade receivables HK\$'000	Contract assets HK\$'000
Grade A	0.16%	12,454	21,188
Grade B	4.03%	78,614	84,837
Grade C1	15.41%	31,783	12,994
Grade C2	72.74%	9,113	11,036
		131,964	130,055

Individual credit rating	Average loss rate HK\$'000	2024 Trade receivables HK\$'000	Contract assets HK\$'000
Grade A	0.16%	17,100	51,724
Grade B	4.08%	54,444	102,639
Grade C1	14.51%	17,946	3,243
Grade C2	69.31%	2,368	1,393
		91,858	158,999

The estimated loss rates are estimated based on historically 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.

As at 31 December 2025, the Group provided approximately HK\$21,195,000, HK\$6,996,000 and HK\$584,000 (2024: HK\$7,210,000, HK\$4,378,000 and HK\$202,000) impairment allowance for trade receivables, contract assets and other receivables respectively, on the non-credit-impaired debtors. Impairment allowance of approximately HK\$255,874,000 (2024: HK\$255,067,000) were made on the credit-impaired debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2025	7,210	210,039	217,249
Transfer to credit-impaired	(3,727)	3,727	–
Reversal of impairment losses recognised	13,517	(10,952)	2,565
Transfer from contract assets	3,773	–	3,773
Disposal of a subsidiary	(17)	–	(17)
Effect of foreign currency exchange differences	439	8,181	8,620
At 31 December 2025	21,195	210,995	232,190
At 1 January 2024	9,823	228,316	238,139
Transfer to credit-impaired	(2,999)	2,999	–
Reversal of impairment losses recognised	(3,423)	(4,300)	(7,723)
Transfer from contract assets	4,589	–	4,589
Disposal of a subsidiary	(481)	(10,322)	(10,803)
Effect of foreign currency exchange differences	(299)	(6,654)	(6,953)
At 31 December 2024	7,210	210,039	217,249

Changes in the loss allowance for trade receivables are mainly due to the net effect of (i) settlement of trade receivables with gross amount of approximately HK\$83,098,000 and (ii) contract assets with gross carrying amount of approximately HK\$120,562,000 transferred to trade receivables when the Group's rights to consideration become unconditional (2024: (i) settlement of trade receivables with gross amount of approximately HK\$119,811,000 and (ii) contract assets with gross carrying amount of approximately HK\$26,960,000 transferred to trade receivables when the Group's rights to consideration become unconditional).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2025	4,378	14,267	18,645
Provision/(reversal of) for impairment losses recognised	6,141	(3)	6,138
Transfer to trade receivables	(3,773)	–	(3,773)
Effect of foreign currency exchange differences	249	642	891
As at 31 December 2025	6,995	14,906	21,901
At 1 January 2024	18,192	17,360	35,552
Provision/(reversal of) for impairment losses recognised	5,114	(932)	4,182
Transfer to trade receivables	(4,589)	–	(4,589)
Disposal of a subsidiary	(13,702)	(1,582)	(15,284)
Effect of foreign currency exchange differences	(637)	(579)	(1,216)
As at 31 December 2024	4,378	14,267	18,645

Changes in the loss allowance for contract assets are mainly due to the increase in the contract assets with gross carrying amount of HK\$96,281,000 and contract assets with gross carrying amount of approximately HK\$120,562,000 transferred to trade receivables when the Group's rights to consideration become unconditional (2024: the increase in the contract assets with gross carrying amount of HK\$48,761,000 and contract assets with gross carrying amount of approximately HK\$26,960,000 transferred to trade receivables when the Group's rights to consideration become unconditional).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following tables show reconciliation of loss allowances that has been recognised for deposits and other receivables.

	12-Month ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2025	158	44	30,761	30,963
Transfer to lifetime ECL	(12)	–	12	–
Provision for impairment losses recognised	197	519	(2,331)	(1,615)
Effect of foreign currency exchange differences	(310)	(12)	1,531	1,209
At 31 December 2025	33	551	29,973	30,557
At 1 January 2024	162	30	30,890	31,082
Transfer to lifetime ECL	(16)	–	16	–
Provision for/(reversal of) impairment losses recognised	78	16	776	870
Disposal of a subsidiary	(8)	–	–	(8)
Effect of foreign currency exchange differences	(58)	(2)	(921)	(981)
At 31 December 2024	158	44	30,761	30,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank borrowings. In addition, banking facilities have been put in place for contingency purposes.

The following table details the remaining contractual maturity for the Group's financial liabilities based on the agreed repayment terms. The table below, which presenting the undiscounted cash flows of financial liabilities, has been drawn up based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand and less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2025						
Non-derivative financial liabilities						
Non-interest bearing	–	130,413	–	–	130,413	130,413
Lease liabilities	3.50%	583	1,749	2,623	4,955	4,782
Bank borrowings	2.38%	108,342	–	–	108,342	108,342
		239,338	1,749	2,623	243,710	243,537
2024						
Non-derivative financial liabilities						
Non-interest bearing	–	114,964	–	–	114,964	114,964
Lease liabilities	5.00%	–	993	–	993	984
Bank borrowings	2.76%	117,506	–	–	117,506	117,506
		232,470	993	–	233,463	233,454

At 31 December 2025, included in interest-bearing instruments were term loans in the amount of approximately HK\$108,342,000 (2024: HK\$117,506,000). The loan agreement contains a repayment on-demand clause giving the bank the unconditional right to call back the loan at any time. In the opinion of the directors of the Company, it is not probable that the bank will exercise their discretion to demand repayment so long as these requirements were continued to be met. Such term loan would be repaid by instalment in accordance with the scheduled repayment dates. For the purpose of the above maturity profile, the total amount was classified as "on demand".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table that follows summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained in above.

	Carrying amount HK\$'000	Total undiscounted cash flows HK\$'000	Within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
2025	108,342	109,961	109,961	–	–
2024	117,506	119,611	119,611	–	–

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values at the end of reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value measurements recognised in the consolidated statement of financial position

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the inputs is observable and the significance of the inputs to the fair value measurement in its entirety.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The outstanding structured bank deposits at FVTPL as at 31 December 2025 was HK\$7,778,000 (2024:HK\$Nil).

Equity instruments at FVTOCI with carrying amount of approximately HK\$2,366,000 (2024: HK\$4,165,000) were level 3 measurement at 31 December 2025. The details are as follows:

Financial assets	Fair value as at 31 December 2024	Fair value hierarchy	Basis of fair value measurement	Basis of significant unobservable input	Unobservable inputs to fair value
Equity instruments at FVTOCI	Equity investments in PRC Provision of road maintenance services HK\$4,165,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership	An increase in the discount rate would result in a decrease in the fair value measurement of the financial assets at FVTOCI, and vice versa.	Discount rate ranging from 9.1% to 11.5%.

Financial assets	Fair value as at 31 December 2025	Fair value hierarchy	Basis of fair value measurement	Basis of significant unobservable input	Unobservable inputs to fair value
Equity instruments at FVTOCI	Equity investments in PRC Provision of road maintenance services HK\$2,366,000	Level 3	Adjusted net asset value method under cost approach	An increase in Adjusted net asset value would result in a increase in the fair value measurement of the financial assets at FVTOCI, and vice versa.	Adjusted net asset value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

Based on the recent operating performance of the equity investments in the PRC, the fair value of the investments was determined by using the asset-based approach rather than the income approach. For the valuation as at 31 December 2025, the asset-based approach, being based on the adjusted net asset value derived from the identifiable assets and liabilities at the valuation date, is a more widely adopted valuation technique for assessing the value of a company which has yet to demonstrate stable profitability and predictable future cash flows. Notwithstanding this, for cross-referencing purpose, the valuer performed the valuation by using both the asset-based approach and the income approach, and concluded that the asset-based approach provides a more robust and verifiable basis for the valuation conclusion given the company's operational uncertainties.

The following movements in fair value measurements within level 3 during the year are as follows:

	HK\$'000
Equity instruments at FVTOCI	
At 1 January 2024	6,127
Change in fair value recognised in other comprehensive income during the year	(1,789)
Effect of foreign currency exchange differences	(173)
At 31 December 2024 and 1 January 2025	4,165
Change in fair value recognised in other comprehensive income during the year	(1,941)
Effect of foreign currency exchange differences	142
At 31 December 2025	2,366

Fair value measurements recognised in the consolidated statement of financial position

	HK\$'000
Structured bank deposits	
At 1 January 2024	–
Placement of structured bank deposits	46,694
Withdrawal of structured bank deposits	(47,800)
Change in fair value recognised in profit or loss during the year	1,549
Effect of foreign currency exchange differences	(443)
At 31 December 2024 and 1 January 2025	–
Placement of structured bank deposits	504,803
Withdrawal of structured bank deposits	(497,194)
Change in fair value recognised in profit or loss during the year	1,228
Effect of foreign currency exchange differences	(1,059)
At 31 December 2025	7,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

For the year ended 31 December 2025:

	Bank borrowings (note 32) HK\$'000	Lease liabilities (note 33) HK\$'000	Amount due to a non- controlling shareholder (note 30) HK\$'000	Total HK\$'000
At 1 January 2025	117,506	984	24,000	142,490
Financing cash flows:				
Proceeds from bank borrowings	127,723	–	–	127,723
Repayment of bank borrowings	(141,854)	–	–	(141,854)
Repayment of principal portion of the lease liabilities	–	(2,298)	–	(2,298)
Repayment of amount due to non-controlling shareholder	–	–	(23,737)	(23,737)
Interest paid	(3,190)	(153)	–	(3,343)
Total changes from cash flows	(17,321)	(2,451)	(23,737)	(43,509)
Non-cash changes				
Commencement of a lease contract	–	6,096	–	6,096
Interest expense	3,190	153	–	3,343
Effect of foreign currency exchange differences	4,967	–	(263)	4,704
Total non-cash changes	8,157	6,249	(263)	14,143
At 31 December 2025	108,342	4,782	–	113,124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

For the year ended 31 December 2024:

	Bank borrowings (note 32) HK\$'000	Lease liabilities (note 33) HK\$'000	Amount due to a non-controlling shareholder (note 30) HK\$'000	Total HK\$'000
At 1 January 2024	99,117	2,600	24,900	126,617
Financing cash flows:				
Proceeds from bank borrowings	138,764	–	–	138,764
Repayment of bank borrowings	(116,187)	–	–	(116,187)
Repayment of principal portion of the lease liabilities	–	(2,169)	–	(2,169)
Interest paid	(3,637)	(158)	–	(3,795)
Total changes from cash flows	18,940	(2,327)	–	16,613
Non-cash changes				
Commencement of a lease contract	–	2,216	–	2,216
Disposal of a subsidiary	–	(1,629)	–	(1,629)
Interest expense	3,637	158	–	3,795
Effect of foreign currency exchange differences	(4,188)	(34)	(900)	(5,122)
Total non-cash changes	(551)	711	(900)	(740)
At 31 December 2024	117,506	984	24,000	142,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. RELATED PARTY AND CONNECTED PARTY DISCLOSURES

During the year, other than those disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with its related companies and connected parties:

(a) Related party and connected party transactions

Name	Sales of goods		Consulting service		Road maintenance service		Leasing service	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nanjing Lujie (Note (1)) **	3,911	120	-	-	15,060	28,980	-	-
Freetech Technology (Holdings) Limited (Note (3)) **	-	-	2,200	2,500	-	-	-	-
Tianjin Expressway Group (Note (2)) Subsidiaries of Tianjin Expressway Group	-	-	-	-	-	203,689	-	-
Associates of Tianjin Expressway Group	-	-	-	-	-	679	-	-
Sixianghui (Nanjing) Technology Culture Limited* (思享會(南京)科技文化有限公司) ("Sixianghui") (Note (4))**	-	-	-	-	-	59,366	-	-
							349	348

Notes:

** Related party identified under HKAS 24

(1) A joint venture of the Group.

(2) Tianjin Expressway Group was the non-controlling shareholder, holding 45% equity interests in Tianjin Expressway Maintenance (as defined in note 19), which itself is a 55% owned subsidiary of the Group. Tianjin Expressway Maintenance was disposed of during the year ended 31 December 2024 as detailed in note 44.

(3) Freetech Technology (Holdings) Limited is the ultimate holding company of the Group.

(4) Mr. Sze Wai Pan is common director of the Company and Sixianghui.

* For identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. RELATED PARTY DISCLOSURES *(Continued)*

(b) Details of the remuneration of directors and other members of key management during the year are set out in note 13.

(c) Details of the amounts due from related parties and connected parties are as follows:

Name of related parties and connected parties	2025 HK\$'000	2024 HK\$'000
Nanjing Lujie (Note) **	32,304	32,471

Details of the amounts due to related parties and connected parties are as follows:

Name of related parties and connected parties	2025 HK\$'000	2024 HK\$'000
Nanjing Lujie (Note) **	9,598	–
Lianyungang Luda (Note) **	167	160
	9,765	160

Note: A joint venture of the Group.

** Related party identified under HKAS 24

(d) Details of the disposal of a subsidiary to a company controlled by Mr. Sze Wai Pan during the year are set out in note 45.

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43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 were as follows:

Name of subsidiary	Date, place/country of incorporation/ establishment and form of structure	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2025	2024	
Freetech Road Recycling Engineering Limited (Note)	British Virgin Islands — limited liability company 23 November 2009	Share — US\$2 (2024: US\$2)	100%	100%	Investment holding
BS (BVI) Limited (Note)	British Virgin Islands — limited liability company 30 March 2011	Share — US\$1 (2024: US\$1)	100%	100%	Investment holding
Freetech Road Maintenance Engineering Co., Limited	Hong Kong — limited liability company 17 August 2001	Share — HK\$3 (2024: HK\$3)	100%	100%	Investment holding and sale of road maintenance equipment
BS (Int'l) Automobile Technology Co., Limited	Hong Kong — limited liability company 18 August 2004	Registered capital — HK\$1,000,000 (2024: HK\$1,000,000)	100%	100%	Investment holding and sale of road maintenance equipment
Freetech Road Recycling (as defined in note 11)	PRC-Wholly-foreign-owned enterprise 8 September 2000	Registered capital — US\$135,060,000 (2024: US\$135,060,000)	100%	100%	Provision of road maintenance services
南京奔騰養護機械有限公司 Nanjing BS Maintenance Machinery Company Limited	PRC — Wholly-foreign-owned enterprise 22 July 2009	Registered capital — US\$5,050,000 (2024: US\$5,050,000)	100%	100%	Sale of road maintenance equipment
Nanjing Freetech Vehicle Manufacturing (as defined in note 11)	PRC — Sino-foreign joint venture 21 June 2005	Registered capital — US\$9,700,000 (2024: US\$9,700,000)	100%	100%	Manufacturing and sale of road maintenance equipment
Freetech Ordos (as defined in note 19)	PRC — Limited liability company 17 June 2011	Registered capital — RMB30,000,000 (2024: RMB30,000,000)	53%	53%	Provision of road maintenance services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date, place/country of incorporation/ establishment and form of structure	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2025	2024	
新疆英達熱再生有限公司 Xinjiang Freetech Road Recycling Co., Ltd.	PRC — Limited liability company 8 June 2012	Registered capital — RMB10,000,000 (2024: RMB10,000,000)	100%	100%	Provision of road maintenance services
Hunan Freetech Tongqu (as defined in note 19)	PRC — Limited liability company 11 April 2011	Registered capital — RMB35,000,000 (2024: RMB35,000,000)	59%	59%	Provision of road maintenance services
Suqian Hengtong (as defined in note 19)	PRC — Limited liability company 31 May 2012	Registered capital — RMB35,000,000 (2024: RMB35,000,000)	65%	65%	Provision of road maintenance services
Xinjiang Jianda (as defined in note 19 and deregistered on 8 April 2025)	PRC — Limited liability Company 20 December 2012	Registered capital — RMB20,000,000 (2024: RMB20,000,000)	Nil	89%	Provision of road maintenance services
Fretech Smart Road Recycling Engineering Investment Limited	Hong Kong — limited liability company 11 August 2014	Registered capital — HK\$50,000 (2024: HK\$50,000)	51%	51%	Investment holding
Futech Road Recycling (as defined in note 19)	Hong Kong — limited liability company 15 May 2012	Registered capital — HK\$100,000,000 (2024: HK\$100,000,000)	100%	100%	Investment holding
Quanzhou Fuda Road Recycling Engineering Co., Ltd	PRC — Limited liability company 6 June 2012	Registered capital — HK\$63,000,000 (2024: HK\$63,000,000)	100%	100%	Provision of road maintenance services
英達生態科技發展(南京)有限公司 Freetech Ecological Technology Development (Nanjing) Co., Ltd.	PRC — Limited liability company 28 November 2016	Registered capital — RMB165,000,000 (2024: RMB165,000,000)	100%	100%	Property holding and development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date, place/country of incorporation/ establishment and form of structure	Issued and fully paid share/ registered capital	Effective proportion of nominal value of issued share/ registered capital held by the Company		Principal activities
			2025	2024	
英達循環科技裝備(南京)有限公司 Freetech Recycling Technology Equipment (Nanjing) Limited	PRC — Limited liability company 10 May 2016	Registered capital — USD24,000,000 (2024: USD24,000,000)	100%	100%	Sale of road maintenance equipment
Fuzhou Suda (as defined in note 19 and deregistered on 7 January 2025)	PRC — Limited liability company 14 June 2013	Registered capital — RMB25,000,000 (2024: RMB25,000,000)	Nil	100%	Provision of road maintenance services

Note: Directly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

At 31 December 2025, the Group has 37 (2024: 40) subsidiaries. The above table lists the 18 (2024: 18) subsidiaries of the Group which, in the opinion of the Company's directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length. At the end of the reporting period, the Company has 16 (2024: 19) subsidiaries that are not material to the Group. These subsidiaries operate in the PRC and Hong Kong. Out of the Group's total 37 (2024: 40) subsidiaries, 28 (2024: 29) subsidiaries are wholly-owned by the Group. The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Freetech Ordos	PRC	47%	47%	131	82	(8,299)	(8,070)
Tianjin Expressway Maintenance	PRC	–	–	–	2,249	–	–
Subsidiaries with individually immaterial non-controlling interests						5,727	17,662
						(2,572)	9,592

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Freotech Ordos

	2025 HK\$'000	2024 HK\$'000
Current assets	7,768	7,758
Non-current assets	17	56
Current liabilities	25,450	24,992
Equity attributable to owners of the Company	(9,366)	(9,108)
Non-controlling interests	(8,299)	(8,070)
	2025 HK\$'000	2024 HK\$'000
Revenue	995	1,491
Provision for impairment losses on financial assets	(413)	(984)
Expenses	(303)	(332)
Profit attributable to owners of the Company	148	93
Profit attributable to non-controlling interests	131	82
Profit for the year	279	175
Other comprehensive income attributable to owners of the Company	(406)	339
Other comprehensive income attributable to non-controlling interests	(360)	301
Other comprehensive income for the year	(766)	640
Total comprehensive income attributable to owners of the Company	(258)	432
Total comprehensive income attributable to non-controlling interests	(229)	383
Total comprehensive income for the year	(487)	815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Freotech Ordos (Continued)

	2025 HK\$'000	2024 HK\$'000
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	241	166
Net cash outflow from investing activities	–	–
Net cash inflow from financing activities	–	–
Net cash inflow	241	166

Tianjin Expressway Maintenance

	2024* HK\$'000
Current assets	387,389
Non-current assets	27,203
Current liabilities	312,334
Non-current liabilities	835
Equity attributable to owners of the Company	55,792
Non-controlling interests	45,631

* as at date of completion of disposal (see note 44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Tianjin Expressway Maintenance *(Continued)*

	2024* HK\$'000
Revenue	353,807
Expenses	347,771
Income tax expense	1,379
Profit attributable to owners of the Company	2,748
Profit attributable to non-controlling interests	2,249
Profit for the year	4,997
Other comprehensive income attributable to owners of the Company	(1,779)
Other comprehensive income attributable to non-controlling interests	(1,456)
Other comprehensive income for the year	(3,235)
Total comprehensive income attributable to owners of the Company	969
Total comprehensive income attributable to non-controlling interests	793
Total comprehensive income for the year	1,762
Dividends paid to non-controlling interests	–

* up to date of completion of disposal (see note 44)

	2024* HK\$'000
Net cash inflow from operating activities	412
Net cash outflow from investing activities	(1,110)
Net cash outflow from financing activities	(845)
Net cash outflow	(1,543)

* up to date of completion of disposal (see note 44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. DISCONTINUED OPERATION

On 22 November 2024, the Group entered into a share purchase agreement with Tianjin Expressway Group to dispose of a subsidiary, Tianjin Expressway Maintenance, for a cash consideration of RMB71,099,000 (equivalent to HK\$76,112,000). The disposal was completed on 31 December 2024, on which date control of Tianjin Expressway Maintenance was passed to the acquirer. The directors consider that the disposal will allow the Group to have more flexibility in management and resources allocation for the development of its APM Services through "Hot-in-Place" projects. Tianjin Expressway Maintenance has been classified as a discontinued operation and no longer included in the note 6 on operating segment information in the Group's consolidated financial statements since the year ended 31 December 2024.

The results and cash flows of Tianjin Expressway Maintenance for the year ended 31 December 2024 up to the date of disposal are set out in note 43.

The net assets of Tianjin Expressway Maintenance at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	21,471
Right-of-use assets	5,673
Other intangible assets	59
Inventories	6,970
Bills and trade receivables	4,135
Contract assets	343,389
Prepayments, deposits and other receivables	4,815
Restricted bank deposits	1,997
Bank balances and cash	26,083
Bills, trade and other payables	(310,628)
Taxation payable	(912)
Lease liabilities (current)	(794)
Lease liabilities (non-current)	(835)
Net assets disposed of	101,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. DISCONTINUED OPERATION *(Continued)*

The table below details the reconciliation of the gain on disposal and net cash proceeds received on 31 December 2024:

	HK\$'000
Gain on disposal of Tianjin Expressway Maintenance:	
Cash consideration received	76,112
Less: net assets disposed of	(101,423)
Less: goodwill	(6,150)
Add: non-controlling interests	45,631
	14,170
	2024
	HK\$'000
Net cash inflow arising from disposal:	
Consideration received	76,112
Cash and cash equivalents disposed of	(26,083)
	50,029
	2024
	HK\$'000
Profit from a discontinued operation (net of tax):	
Profit of Tianjin Expressway Maintenance for the year	4,997
Gain on disposal of Tianjin Expressway Maintenance	14,170
Withholding tax on disposal	(2,635)
	16,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

45. DISPOSAL OF A SUBSIDIARY

On 30 September 2025, the Group entered into an equity transfer agreement with Winley Technology Group Limited to dispose of a subsidiary, Jiangsu Freetech Green Technology Research Institution Limited (“Jiangsu Freetech”), for a cash consideration of RMB338,000 (equivalent to HK\$359,000). Winley Technology Group Limited is a company incorporated in Hong Kong and wholly owned by a director of the Company, Mr. Sze Wai Pan.

The net assets of the Jiangsu Freetech at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	43
Inventories	9
Bills and trade receivables	556
Prepayments, deposits and other receivables	64
Bank balances and cash	213
Bills, trade and other payables	(526)
Net assets disposed of	359

The table below details the reconciliation of the gain on disposal and net cash consideration receivable:

	2025 HK\$'000
Gain on disposal:	
Cash consideration receivable	359
Less: net assets disposed of	(359)
	–

	2025 HK\$'000
Net cash outflow arising from disposal:	
Consideration received	–
Cash and cash equivalents disposed of	(213)
	(213)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Property, plant and equipment	19	27
Investments in subsidiaries	438,149	439,974
Dividend receivable	241,352	241,352
	679,520	681,353
Current assets		
Prepayments, deposits and other receivables	–	139
Bank balances and cash	740	576
	740	715
Current liabilities		
Other payables	1,382	1,984
Amounts due to subsidiaries	742	458
	2,124	2,442
Net current liabilities	(1,384)	(1,727)
NET ASSETS	678,136	679,626
Capital and reserves		
Share capital	107,900	107,900
Reserves	570,236	571,726
TOTAL EQUITY	678,136	679,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Shares held under the share award scheme HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000	Total HK\$'000
At 1 January 2024	732,463	1,253,901	(24,983)	(1,343,329)	(20,863)	597,189
Loss for the year	–	–	–	(12,526)	–	(12,526)
Other comprehensive income for the year	–	–	–	–	(9,941)	(9,941)
Total comprehensive income for the year	–	–	–	(12,526)	(9,941)	(22,467)
Repurchase of Company's shares	–	–	(2,996)	–	–	(2,996)
At 31 December 2024 and 1 January 2025	732,463	1,253,901	(27,979)	(1,355,855)	(30,804)	571,726
Loss for the year	–	–	–	(11,575)	–	(11,575)
Other comprehensive income for the year	–	–	–	–	11,948	11,948
Total comprehensive income for the year	–	–	–	(11,575)	11,948	373
Repurchase of Company's shares	–	–	(1,863)	–	–	(1,863)
At 31 December 2025	732,463	1,253,901	(29,842)	(1,367,430)	(18,856)	570,236

Note: The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation described under the section "History and Corporate Structure" to the Company's prospectus dated 14 June 2013, over the nominal value of the Company's shares issued in exchange therefor.

FINANCIAL SUMMARY

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
RESULTS					
Turnover	133,798	187,958	187,889	478,257	511,619
(Loss)/profit before income tax expense	(55,879)	9,977	6,603	(36,066)	49,823
Income tax expense	(459)	(5,209)	(913)	(3,088)	(5,562)
(Loss)/profit for the year from continuing operations	(56,338)	4,768	5,690	(39,154)	44,261
Profit from a discontinued operation	–	16,532	22,692	–	–
(Loss)/profit for the year	(56,338)	21,300	28,382	(39,154)	44,261
As at 31 December					
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES					
Total assets	950,564	983,292	1,236,245	1,274,470	1,340,268
Total liabilities	284,066	274,526	472,930	519,337	476,462
Net assets	666,498	708,766	763,315	755,133	863,806



Freotech Road Recycling Technology (Holdings) Limited
英達公路再生科技(集團)有限公司