ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BESTWISE ENVIROTECH LIMITED

TO THE DIRECTORS OF SFK CONSTRUCTION HOLDINGS LIMITED

Introduction

We report on the historical financial information of Bestwise Envirotech Limited (the "Target Company") set out on pages 3 to 6, which comprises the statements of financial position of the Target Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 7 to 45 forms an integral part of this report, which has been prepared for inclusion in the circular of SFK Construction Holdings Limited (the "Company") dated 18 September 2026 (the "Circular") in connection with the proposed disposal of 51% equity interest of the Target Company by the Company.

Responsibilities of directors for the historical financial information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2(b) to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the directors of the Target Company are responsible for assessing the Target Company'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 Target Company or to cease operations, or have no realistic alternative but to do so.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2(b) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BESTWISE ENVIROTECH LIMITED

TO THE DIRECTORS OF SFK CONSTRUCTION HOLDINGS LIMITED

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial positions of the Target Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of its financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2(b) to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the unaudited stub period comparative financial information of the Target Company comprising the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2026 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2(b) to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2(b) to the Historical Financial Information.

Report on matters under the rules governing the listing of securities on the Stock Exchange and the Companies (winding up and miscellaneous provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Dividends

We refer to the Historical Financial Information which states that no dividend has been paid by the Target Company in respect of the Track Record Period.

CHENG & CHENG LIMITED
Certified Public Accountants

Hong Kong, 18 September 2026

Lui Chun Yip
Practising Certificate number P07004

BESTWISE ENVIROTECH LIMITED
百威環保科技有限公司

STATEMENTS OF FINANCIAL POSITION
For the period from 1 January 2023 to 30 June 2026

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	4	2,077	1,382	2,982	3,457
Deferred tax assets	13	17,014	15,000	12,772	12,080
		19,091	16,382	15,754	15,537
Current assets					
Contract assets	6	7,088	11,605	56,599	79,417
Trade and other receivables	7	63,126	59,941	67,149	33,015
Amounts due from fellow subsidiaries	19	106,472	104,382	164,356	965
Amounts due from the immediate holding company	19	66,000	61,200	-	-
Cash at bank and on hand	22	16,682	35,694	23,141	16,635
		259,368	272,822	311,245	130,032
Current liabilities					
Contract liabilities	6	39,267	33,719	16,600	42,411
Trade and other payables	9	70,177	74,832	98,518	46,951
Amount due to fellow subsidiaries	19	873	2,855	1,150	25,083
Lease liabilities	10	1,164	1,142	1,038	1,102
Interest-bearing borrowings	12	-	-	20,000	-
		111,481	112,548	137,306	115,547
Net current assets		147,887	160,274	173,939	14,485
Total assets less current liabilities		166,978	176,656	189,693	30,022
Non-current liability					
Lease liabilities	10	959	241	2,021	1,467
Net Assets		166,019	176,415	187,672	28,555
Capital and reserves					
Share capital	11	200,578	200,578	200,578	38,000
Reserves	11	(34,559)	(24,163)	(12,906)	(9,445)
		166,019	176,415	187,672	28,555

BESTWISE ENVIROTECH LIMITED
百威環保科技有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2023 to 30 June 2026

	Notes	Year ended 31 December			For the six months ended 30 June	
		2023	2024	2025	2025 (unaudited)	2026
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	14	254,517	415,926	476,555	201,027	126,223
Cost of sales		(225,551)	(394,945)	(452,457)	(191,611)	(117,123)
Gross profit		28,966	20,981	24,098	9,416	9,100
Other income	15	3,197	1,850	1,197	120	36
Administrative and other operating expenses		(9,374)	(10,359)	(11,353)	(6,578)	(4,713)
Other net loss(gain)	15	87	(19)	(66)	74	40
Finance costs	16	(69)	(43)	(391)	(14)	(310)
Profit before taxation	17	22,807	12,410	13,485	3,018	4,153
Income tax	18	(3,588)	(2,014)	(2,228)	(465)	(692)
Profit for the year/period		19,219	10,396	11,257	2,553	3,461

There was no other comprehensive income or loss during the year/period.

BESTWISE ENVIROTECH LIMITED
百威環保科技有限公司

STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2023 to 30 June 2026

	Share capital HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2023	200,578	(53,778)	146,800
Profit for the year	-	19,219	19,219
Balance at 31 December 2023 and 1 January 2024	200,578	(34,559)	166,019
Profit for the year	-	10,396	10,396
Balance at 31 December 2024 and 1 January 2025	200,578	(24,163)	176,415
Profit for the year	-	11,257	11,257
Balance at 31 December 2025 and 1 January 2026	200,578	(12,906)	187,672
Profit for the period	-	3,461	3,461
Reduce of shares	(162,578)	-	(162,578)
Balance at 30 June 2026	38,000	(9,445)	28,555

	Share capital HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2025	200,578	(24,163)	176,415
Profit for the period (unaudited)	-	2,553	2,553
Balance at 30 June 2025 (unaudited)	200,578	(21,610)	178,968

BESTWISE ENVIROTECH LIMITED
百威環保科技有限公司

STATEMENT OF CASH FLOWS

For the period from 1 January 2023 to 30 June 2026

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025 (unaudited)	2026
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Operating activities						
Profit before taxation		22,807	12,410	13,485	3,018	4,153
Adjustments for:						
Depreciation of owned assets		5	11	11	5	41
Depreciation of right-of-use assets		1,143	1,171	1,201	604	562
Interest income		(916)	(239)	(127)	(120)	(36)
Interest on bank loans		-	-	365	-	274
Interest on lease liabilities		69	43	26	14	36
Operating profit before working capital changes		23,108	13,396	14,961	3,521	5,030
Decrease/(increase) in contract assets		1,202	(4,517)	(44,994)	(32,471)	(22,818)
Decrease/(increase) in trade and other receivables		7,235	3,185	(7,208)	45,201	39,635
(Increase)/decrease in amounts due from fellow subsidiaries		(38,566)	2,090	(59,974)	(75,967)	(4,687)
(Increase)/decrease in amounts due from the immediate holding company		(5,000)	4,800	61,200	61,200	-
(Decrease)/increase in contract liabilities		(10,756)	(5,548)	(17,119)	(6,314)	25,811
Increase/(decrease) in trade and other payables		3,864	4,655	23,686	(21,577)	(51,567)
Increase/(decrease) in amount due to a fellow subsidiary		376	1,982	(1,705)	3,177	23,933
Net cash (used in)/generated from operating activities		(18,537)	20,043	(31,153)	(23,230)	15,337
Net cash from/(used in) investing activity	20	884	239	127	120	(1,043)
Net cash (used in)/ generated from financing activities	21	(1,234)	(1,270)	18,473	19,350	(20,800)
(Decrease)/increase in cash and cash equivalents		(18,887)	19,012	(12,553)	(3,760)	(6,506)
Cash and cash equivalents at the beginning of the year/period		35,569	16,682	35,694	35,693	23,141
Cash and cash equivalents at the end of the year /period	22	16,682	35,694	23,141	31,933	16,635

1. GENERAL INFORMATION

The Target Company is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is at Suite 202, 2/F, Block 1, Hofai Commercial Centre, 218 Sai Lau Kok Road, Tsuen Wan, New Territories.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out as follows:-

(a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Target Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Target Company. Information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Target Company for the current and prior accounting periods are shown in note 3.

(b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The measurement basis used in the preparation of the financial statements is the historical cost basis. The financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest dollar unless otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

(c) JOINT VENTURES

A joint venture is an arrangement whereby the Group or the Target Company the and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Target Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When the Target Company sells or contributes assets to a joint operation in which the Target Company is a joint operator, the Target Company is considered to be selling or contributing assets to the other parties to the joint operation, and gains and losses resulting from the sale or contribution are recognised in the financial statements only to the extent of other parties' interests in the joint operation.

When the Target Company purchases assets from a joint operation in which the Target Company is a joint operator, the Target Company does not recognise its share of the gain and losses until it resells those assets to a third party.

(d) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Target Company's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Target Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Receivables

A receivable is recognised when the Target Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Target Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(d) FINANCIAL INSTRUMENTS (Continued)

Payables

Payables are initially recognised at fair value. Payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(e) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for the following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:-

- right-of-use assets arising from leases over leasehold properties where the Target Company is not the registered owner of the property interest; and
- items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of each item of property, plant and equipment, less its estimated residual value, if any, using the straight-line method over its estimated useful life, unless otherwise indicated. The estimated useful lives of depreciation adopted, if any, are as follows:-

- Properties leased for own use	Over the unexpired term of lease
- Plant and equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(f) LEASED ASSETS

At inception of a contract, the Target Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

<u>As a lessee</u>

Where the contract contains lease component(s) and non-lease component(s), the Target Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Target Company are primarily laptops and office furniture. When the Target Company enters into a lease in respect of a low-value asset, the Target Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Target Company presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(f) LEASED ASSETS (Continued)

As a lessee (Continued)

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments and contract assets

The Target Company recognises a loss allowance for expected credit losses (ECLs) on the following items: -

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);
- contract assets as defined in HKFRS 15;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Company is exposed to credit risk.

In measuring ECLs, the Target Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(g) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs (Continued)

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Target Company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Target Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Target Company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Target Company in full, without recourse by the Target Company to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Target Company 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Target Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(g) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Target Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Target Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(g) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Target Company's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Target Company monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Target Company considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As the Target Company is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than properties carried at revalued amounts);

2. MATERIAL ACCOUNTING POLICIES (Continued)

(g) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(iii) Impairment of other non-current assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(h) CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is recognised when the Target Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Target Company recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Target Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECL).

(j) EMPLOYEE BENEFITS

<u>Short term employee benefits and contributions to defined contribution retirement plans</u>

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) INCOME TAX

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities, if any. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) INCOME TAX (Continued)

Current tax is the expected tax payable on the taxable income for the period, using the prevailing tax rates, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The limited exceptions to recognition of deferred tax assets and liabilities are:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(l) PROVISIONS AND CONTINGENT LIABILITIES

(i) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(l) PROVISIONS AND CONTINGENT LIABILITIES (Continued)

(i) Provisions and contingent liabilities (Continued)

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

Where the Target Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the financial statements.

The Target Company assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

(ii) Onerous contracts

An onerous contract exists when the Target Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(m) REVENUE AND OTHER INCOME

Income is classified by the Target Company as revenue when it arises from the construction contracts or the provision of services in the ordinary course of the Target Company's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Target Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(m) REVENUE AND OTHER INCOME (Continued)

Further details of the Target Company's revenue and other income recognition policies are as follows:

(i) Rendering of services

Revenue arising from the provision of services is recognised when services are rendered.

(ii) Construction contract

The Target Company's construction activities under construction contracts with customers for office premises and residential buildings create or enhance real estate assets controlled by the customers.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Target Company earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The Target Company's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. A deposit is payable upfront upon entering the contract. The Target Company also typically agrees to a one year retention period for 2.5% to 5% of the contract value which the Target Company's entitlement to this final payment is conditional on the Target Company's work satisfactorily passing inspection. To the extent that the difference in timing arises for reasons other than the provision of finance, no financing component is deemed to exist.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(n) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the accounts of the Target Company are measured by using the currency of the primary economic environment in which the Target Company operates (the functional currency). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the functional and presentation currency.

(o) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

- qualifying cash flow hedges to the extent that the hedges are effective.

2. MATERIAL ACCOUNTING POLICIES (Continued)

(p) RELATED PARTIES

A related party is a person or entity that is related to the Target Company in these financial statements, as follows:-

(i) A person, or a close member of that person's family, is related to the Target Company if that person:
   (1) has control or joint control over the Target Company;
   (2) has significant influence over the Target Company; or
   (3) is a member of the key management personnel of the Target Company or the Target Company's parent.

(ii) An entity is related to the Target Company if any of the following conditions applies:

   (1) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (3) Both entities are joint ventures of the same third party.
   (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (5) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company.
   (6) The entity is controlled or jointly controlled by a person identified in note 2(p)(i).
   (7) A person identified in note 2(p)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization 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. Capitalization 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.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

New and amended HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Target Company. The following developments are relevant to the financial statements of the Target Company:-

* Amendments to HKAS 21, Lack of Exchangeability

The application of the amendments to HKFRSs in the current year had no material impact on the Target Company's financial positions and performance for the current and prior periods and/or on the disclosures set out in these financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Properties leased for own use HK$'000	Furniture and fixtures HK$'000	Motor Vehicles HK$'000	Total HK$'000
Cost				
At 1 January 2023	3,430	506	-	3,936
Additions	-	32	-	32
At 31 December 2023 and 1 January 2024	3,430	538	-	3,968
Additions	487	-	-	487
Disposals	(364)	-	-	(364)
At 31 December 2024 and 1 January 2025	3,553	538	-	4,091
Additions	2,812	-	-	2,812
Written off	(3,066)	-	-	(3,066)
			-	
At 31 December 2025 and 1 January 2026	3,299	538	-	3,837
Additions	-	-	1,168	1,168
Written off	-	(337)	(90)	(427)
At 30 June 2026	3,299	201	1,078	4,578
Deduct: Accumulated depreciation				
At 1 January 2023	237	506	-	743
Charged for the year	1,143	5	-	1,148
At 31 December 2023 and 1 January 2024	1,380	511	-	1,891
Charged for the year	1,171	11	-	1,182
Eliminated on disposals	(364)	-	-	(364)
At 31 December 2024 and 1 January 2025	2,187	522	-	2,709
Charged for the year	1,201	11	-	1,212
Eliminated on written off	(3,066)	-	-	(3,066)
At 31 December 2025 and 1 January 2026	322	533	-	855
Charged for the period	562	5	36	603
Eliminated on written off	-	(337)	-	(337)
At 30 June 2026	884	201	36	1,121

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Properties leased for own use HK$'000	Furniture and fixtures HK$'000	Motor Vehicles HK$'000	Total HK$'000
Net book value				
At 30 June 2026	2,415	-	1,042	3,457
At 31 December 2025	2,977	5	-	2,982
At 31 December 2024	1,366	16	-	1,382
At 31 December 2023	2,050	27	-	2,077

Right-of-use assets

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

	Note	As at 31 December 2023 HK$'000	2024 HK$'000	2025 HK$'000	As at 30 June 2026 HK$'000
Properties leased for own use	(a)	2,050	1,366	2,977	2,415

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	As at 31 December 2023 HK$'000	2024 HK$'000	2025 HK$'000	As at 30 June 2026 HK$'000
Depreciation of right-of-use assets by class of underlying asset:				
Properties leased for own use	1,143	1,171	1,201	562
Interest on lease liabilities	(69)	(43)	(26)	(36)

During the period from 1 January 2026 to 30 June 2026, additions to right-of-use assets were HK$Nil. This amount related to the capitalised lease payments payable under new tenancy agreements.

(a) Properties leased for own use

The Target Company has obtained the right to use other properties as its warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 1 to 3 years.

5. INTERESTS IN JOINT VENTURES

The Target Company has established joint arrangements with fellow subsidiaries to undertake civil engineering in the form of joint operations. In accordance with the agreement, the decisions about relevant activities in these entities require unanimous consent of the parties sharing control and, therefore management has accounted for these investments as joint operations.

Details of the Target Company's interest in the joint venture, which is accounted for using the equity method in the financial statements, are as follows:

			Proportion of ownership interest		
Name of joint venture	**Form of business structure**	**Place of incorporation and business**	**Target Company's effective interest**	**Held by the Target Company**	**Principal activity**
Sun Fook Kong-Bestwise Joint Venture	Unincorporated	Hong Kong	33.84%	33.84%	Civil engineering
Bestwise-SFK Joint Venture	Unincorporated	Hong Kong	51%	51%	Civil engineering

6. CONTRACTS ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Contract assets				
Arising from performance under construction contracts	7,088	11,605	56,599	79,417

(b) Contract liabilities

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Contract liabilities				
Construction contracts				
-Billings in advance of performance	39,267	33,719	16,600	42,411

6. CONTRACTS ASSETS AND CONTRACT LIABILITIES (Continued)

The Target Company's construction contracts normally include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Target Company also typically agrees to a one to two years retention period for 1% to 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Target Company's entitlement to this final payment is conditional on the Target Company's work satisfactorily passing inspection.

The contract assets primarily relate to the Target Company's right to consideration for work completed and not billed because the rights are conditional on the Target Company's future performance. The contract assets are transferred to trade receivables when the rights become unconditional. The increase in contract assets in 2026 was mainly the result of the increase in the provision of construction services during the period. All of the contract assets are expected to be recovered within one year.

The contract liabilities primarily relate to the Target Company's obligation to transfer services to customers for which the Target Company has received advanced payments from the customers and will be recognised as income within one year. The amount of revenue recognised during the period that was included in the contract liabilities as at 1 January 2023, 1 January 2024, 1 January 2025 and 1 January 2026 are HK$50,023,000, HK$39,267,000, HK$33,719,000 and HK$16,600,000 respectively. The amount of retentions receivable included in contract liabilities on a net basis for a single contract with the customer that is expected to be recovered after more than one year is HK$Nil (2025: HK$Nil). All of the other contract liabilities are expected to be recognised as income within one year.

The amount of revenue recognised during the period from performance obligations satisfied (or partially satisfied) as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026 are HK$16,373,000, HK$10,987,000, HK$11,612,000 and HK$16,399,000 respectively, mainly due to the changes in estimate of the transaction price of certain construction contracts.

Movements in contract liabilities

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at the beginning of the year/period	50,023	39,267	33,719	16,600
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the year/period	(50,023)	(39,267)	(33,719)	(16,600)
Increase in contract liabilities as a result of billing in advance of construction activities	39,267	33,719	16,600	42,411
Balance at the end of the year/period	39,267	33,719	16,600	42,411

7. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Trade debtors	53,978	48,253	65,895	24,514
Deposits, prepayments and other receivables	9,148	11,688	1,254	8,501
	63,126	59,941	67,149	33,015

All the trade debtors and bills receivables are expected to be recovered or recognised as expense within one year.

Trade debtors and bills receivable are due within 30-60 days from the date of billing.

8. REMUNERATION, BENEFITS AND INTERESTS OF DIRECTORS

Remuneration, benefits and interests of the Target Company's directors disclosed pursuant to section 383 of the Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Directors' emoluments for services as a director					
Directors' fees	-	-	-	-	-
Other emoluments in respect of director's other services in connection with the management of the affairs of the Target Company or its subsidiary undertaking:					
Salaries, allowances and benefits in kind (subnote (*))	1,254	1,245	1,312	709	-
Employer's contribution to a retirement benefit scheme	54	55	56	28	-

Subnote:
(*) Including estimated money value of other benefits such as leave pay, share option, insurance premium and club membership.

9. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Trade creditors	18,721	25,895	25,568	23,592
Retentions payable	7,647	10,338	16,951	16,969
Accruals and other payables	43,809	38,599	55,999	6,390
	70,177	74,832	98,518	46,951

All the trade creditors are expected to be settled within one year.

Included in trade creditors and retentions payable of the Target Company are balances totalling HK$981,000, HK$2,270,000, HK$2,180,000 and HK$1,978,000 as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026 respectively due to fellow subsidiaries. The balances are under similar terms to other suppliers.

Except for the amounts of HK$867,000, HK$8,664,000, HK$15,330,000 and HK$15,990,000 as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026 respectively which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

10. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Target Company's lease liabilities at the end of the reporting periods:

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2023	2024	2025	2026	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Within 1 year	1,204	1,162	1,103	1,153	1,164	1,142	1,038	1,102
After 1 year but within 2 years	970	156	1,123	1,063	959	152	1,085	1,039
After 2 years but within 5 years	-	90	948	431	-	89	936	428
	2,174	1,408	3,174	2,647	2,123	1,383	3,059	2,569
Deduct: Total future interest expenses	(51)	(25)	(115)	(79)				
Present value of lease liabilities	2,123	1,383	3,059	2,568				
Deduct: Portion classified under current liabilities					(1,164)	(1,142)	(1,038)	(1,101)
Non-current portion					959	241	2,021	1,467

10. LEASE LIABILITIES (Continued)

Total cash outflow for leases

Amounts included in the statement of cash flow for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Within operating cash flows	-	1,437	-	-	-
Within financing cash flows	1,234	1,270	1,162	650	526
	1,234	2,707	1,162	650	526

These amounts relate to the following:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Expense relating to short-term leases	-	1,437	-	-	-
Capital element of lease rentals paid	1,165	1,227	1,136	636	490
Interest element of lease rentals paid	69	43	26	14	36
	1,234	2,707	1,162	650	526

11. CAPITAL AND RESERVES

Share Capital

	30/06/2026		31/12/2025	
	No. of shares '000	HK$ '000	No. of shares '000	HK$ '000
Ordinary shares, issued and fully paid				
At the beginning of the year/period	200,578	200,578	200,578	200,578
Reduce of shares	(162,578)	(162,578)	-	-
At the end of the year/period	38,000	38,000	200,578	200,578

	31/12/2024		31/12/2023	
	No. of shares '000	HK$ '000	No. of shares '000	HK$ '000
Ordinary shares, issued and fully paid				
At the beginning of the year and at the end of the year	200,578	200,578	200,578	200,578

11. CAPITAL AND RESERVES (Continued)

Share Capital (Continued)

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Target Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Target Company. All ordinary shares rank equally with regard to the Target Company's residual assets.

Reserves

Details of movements in reserves during the period are referred to in the statement of changes in equity. The nature and purpose of reserves within equity are as follows:-

Accumulated losses

Accumulated losses are the cumulative net losses of the Target Company sustained in the business.

12. INTEREST-BEARING BORROWINGS

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Secured short-term bank loans	-	-	20,000	-

13. DEFERRED TAX

The major deferred tax assets and liabilities recognised by the Target Company and movements thereon during the current and prior years, are as follows:-

	Tax losses HK$'000
At 1 January 2023	20,602
Charged to profit or loss	(3,588)
At 31 December 2023 and 1 January 2024	17,014
Charged to profit or loss	(2,014)
At 31 December 2024 and 1 January 2025	15,000
Charged to profit or loss	(2,228)
At 31 December 2025 and 1 January 2026	12,772
Charged to profit or loss	(692)
At 30 June 2026	12,080

14. REVENUE

The Target Company is principally engaged in undertaking electrical & mechanical engineering works and providing for maintenance services for mechanical engineering projects and systems. An analysis of revenue of the Target Company is as follows:-

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major service lines					
Contract revenue	115,623	235,644	302,902	160,373	98,579
Rendering of services	138,894	180,282	173,653	40,654	27,644
	254,517	415,926	476,555	201,027	126,223

14. REVENUE (Continued)

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Target Company's existing contracts are HK$958,455,000, HK$403,667,000, HK$426,822,000 and HK$564,003,000 respectively. This amount represents revenue expected to be recognised in the future from existing contracts. This amount includes the interest component of pre-completion properties sales contracts under which the Target Company obtains significant financing benefits from the customers (see note 3 (ii)). The Target Company will recognise the expected revenue in future when or as the work is completed or, in the case of the properties under development for sale, when the properties are assigned to the customers, which is expected to occur over the next 18 months as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026.

15. OTHER INCOME AND OTHER NET LOSS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other income					
Interest income	916	239	127	120	36
Sundry income	2,281	1,611	1,070	-	-
	3,197	1,850	1,197	120	36
Other net loss/(gain)					
Exchange loss	87	(19)	(66)	74	40

16. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest on bank loans	-	-	365	-	274
Interest on lease liabilities	69	43	26	14	36
	69	43	391	14	310

17. PROFIT BEFORE TAXATION

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Profit before taxation is stated after charging/(crediting):					
Auditor's remuneration	30	30	30	15	-
Depreciation of owned assets	5	11	11	5	5
Depreciation of right-of-use assets	1,143	1,171	1,201	604	561
Employee benefits:					
Salaries, wages and other benefits	59,906	59,366	67,460	34,405	26,333
Provident fund expenses under defined contribution retirement plan	1,809	1,758	1,890	1,003	674
Less: Amount included in direct costs	(55,026)	(54,189)	(62,232)	(31,687)	(23,587)
Total employee benefits expenses	6,689	6,935	7,118	3,721	3,420

18. INCOME TAX

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Deferred tax					
Origination and reversal of temporary differences	3,588	2,014	2,228	465	692

No provision for Hong Kong Profits Tax has been made as the current period's taxable profits has been set-off by previous year's loss as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026.

The tax expense for the year/period can be reconciled to the results per the statement of profit or loss and other comprehensive income as follows:-

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Profit before taxation	22,807	12,410	13,485	3,018	4,153
Notional tax at the domestic income tax rate of 16.5% (2025: 16.5%)	3,763	2,048	2,225	498	685
Tax effect of non-taxable revenue	(151)	(39)	(8)	(32)	(13)
Tax effect of non-deductible expenses	-	3	11	1	1
Tax effect of unrecognised temporary differences	(24)	2	-	(2)	19
Income tax expense for the year/period	3,588	2,014	2,228	465	692

19. RELATED PARTY DISCLOSURES

During the year/period, the Target Company had the following significant related party's transactions and balances:-

(a) Financing arrangements

	Notes	Owed to/(by) the Target Company by/(to) related parties			
		As at 31 December			As at 30 June
		2023	2024	2025	2026
		HK$'000	HK$'000	HK$'000	HK$'000
Amounts due from fellow subsidiaries	(i),(ii)	106,472	104,382	164,356	965
Amounts due from immediate holding companies	(i),(ii)	66,000	61,200	-	-
Amount due to a fellow subsidiary	(i),(iii)	(873)	(2,855)	(1,150)	(25,083)

(i) The outstanding balances with these related parties were unsecured, interest free and had no fixed repayment terms.

(ii) No provisions for bad or doubtful debts had been made in respect of these loans.

(iii) The amounts due to a fellow subsidiary of approximately HK$25.1 million as at 30 June 2026 included the shareholder's loan of HK$20 million referred to in the condition precedent (i) of the Sale and Purchase Agreement.

(b) Other related party transactions

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025 (unaudited)	2026
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Contract costs from a fellow subsidiary	(i)	2,337	7,452	4,697	2,703	178
Safety service fee to a fellow subsidiary	(ii)	1,352	261	143	143	-
Motor vehicle hiring charges and related repairs and maintenance costs from a fellow subsidiary	(iii)	-	2,507	1,683	872	600
Project management information system fee from a fellow subsidiary	(iv)	732	947	890	445	12

(i) During the year/period ended 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Target Company paid contract costs to Sun Fook Kong (Civil) Limited, a fellow subsidiary of the Target Company.

(ii) During the year/period ended 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Target Company paid safety service fee to Sun Fook Kong Construction Management Limited, a fellow subsidiary of the Target Company.

19. RELATED PARTY DISCLOSURES (Continued)

(b) Other related party transactions (Continued)

(iii) During the year/period ended 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Target Company paid motor vehicle hiring charges and related repairs and maintenance costs to Sun Fook Kong E&M Management Limited, a fellow subsidiary of the Target Company.

(iv) During the year/period ended 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, the Target Company paid project management information system fee to Build.IT Limited, a fellow subsidiary of the Target Company.

20. INVESTING ACTIVITY

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Purchase of property, plant and equipment	(32)	-	-	-	(1,168)
Proceeds from disposal of property, plant and equipment	-	-	-	-	90
Interest received	916	239	127	120	36
Net cash from/(used in) investing activity	884	239	127	120	(1,042)

21. FINANCING ACTIVITIES

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025 (unaudited)	2026
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Repayment of lease liabilities	(1,234)	(1,270)	(1,162)	(636)	(490)
Advance from bank loans	-	-	20,000	20,000	(20,000)
Interest paid for bank loans	-	-	(365)	(14)	(310)
Net cash from/(used in) financing activities	(1,234)	(1,270)	18,473	19,350	(20,800)

21. FINANCING ACTIVITIES (Continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Company's liabilities from financing activity, including both cash and non-cash changes. Liabilities arising from financing activity are liabilities for which cash flows were, or future cash flows will be, classified in the Target Company's cash flow statement as cash flows from financing activity.

	Lease liabilities HK$'000
At 1 January 2026	3,059
Changes from financing cash flows:	
Capital element of lease rentals paid	(490)
Interest expenses	(36)
Total changes from financing cash flows	(526)
Other changes:	
Interest expenses	36
Total other changes	36
At 30 June 2026	2,569

	Interest-bearing borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2025	-	1,383	1,383
Changes from financing cash flows:			
Capital element of lease rentals paid	-	(1,136)	(1,136)
Interest expenses	(365)	(26)	(391)
Proceeds from bank loans	20,000	-	20,000
Total changes from financing cash flows	19,635	(1,162)	18,473
Other changes:			
Increase in lease liabilities from entering into new leases during the year	-	2,812	2,812
Interest expenses	365	26	391
Total other changes	365	2,838	3,203
At 31 December 2025	20,000	3,059	23,059

21. FINANCING ACTIVITIES (Continued)

Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities HK$'000
At 1 January 2025	1,383
Changes from financing cash flows:	
Capital element of lease rentals paid	(636)
Interest expenses	(14)
Total changes from financing cash flows	(650)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	2,819
Interest expenses	14
Total other changes	2,833
At 30 June 2025	3,566

	Lease liabilities HK$'000
At 1 January 2024	2,123
Changes from financing cash flows:	
Capital element of lease rentals paid	(1,227)
Interest element of lease rentals paid	(43)
Total changes from financing cash flows	(1,270)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	487
Interest on lease liabilities	43
Total other changes	530
At 31 December 2024	1,383

21. FINANCING ACTIVITIES (Continued)

Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities HK$'000
At 1 January 2023	3,288
Changes from financing cash flows:	
Capital element of lease rentals paid	(1,165)
Interest element of lease rentals paid	(69)
Total changes from financing cash flows	(1,234)
Other changes:	
Interest on lease liabilities	69
Total other changes	69
At 31 December 2023	2,123

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items in the statement of financial position:-

	As at 31 December			As at 30 June
	2023 HK$'000	2024 HK$'000	2025 HK$'000	2026 HK$'000
Cash at bank and on hand	16,682	35,694	23,141	16,635

23. BANKING FACILITIES AND PLEDGE OF ASSETS

The Target Company's bank loan facility is secured by a corporate guarantee provided by SFK Construction Holdings Limited, an intermediate holding company of the Target Company, and security deed for all account receivables related to such project in favour of the bank in connection with the bank loan facility granted to the Target Company amounting to HK$80,000,000 as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026.

As at 30 June 2026, no amount was drawn down or outstanding under the bank loan facility. The corporate guarantee provided by SFK Construction Holdings Limited in respect of the bank loan facility will be discharged in full on or before the Completion.

24. CAPITAL MANAGEMENT

Capital comprises of share capital and reserves stated on the statement of financial position. The Target Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Target Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses.

The Target Company's operation is primarily sourced from the business income, and other finances sourced from the following which except otherwise indicated are interest free and have no fixed repayment terms:-

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Current liabilities				
Amount due to a fellow subsidiary	873	2,855	1,150	25,083

The Target Company is not subject to externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Amortised cost	256,894	272,207	311,086	128,796
Financial liabilities				
Amortised cost	67,672	111,406	136,268	114,445

(b) Financial risk management

Exposure to credit risk, liquidity risk, interest rate risk, currency risk arises in the normal course of the Target Company's business. The Target Company is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Target Company's exposure to these risks and the financial risk management policies and practices used by the Target Company to manage these risks are described below.

25. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Target Company. The Target Company's credit risk is primarily attributable to trade receivables and contract assets. The Target Company's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks and financial institutions with a minimum credit rating for which the Target Company considers to have low credit risk and the Target Company has exposure limit to any singe financial institution.

The Target Company does not provide any guarantees which would expose the Target Company to credit risk. The maximum exposure to credit risk is represented by carrying amount of each financial asset in the statement of financial position.

Trade receivables and contract assets

The Target Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Target Company has significant exposure to individual customers. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, 58%, 57%, 57% and 66% respectively of the total trade receivables and 84%, 88%. 88% and 95% respectively of the total contract assets were due from the Target Company's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Normally, the Target Company does not obtain collateral from customers.

The Target Company measures loss allowances for contract assets at an amount equal to lifetime ECLs. Given the customers of the Target Company are mainly reputable companies and the Government of the HKSAR and its related organisations and institution bodies and the Target Company has not experienced any significant credit losses in the past, management considered that the exposure to credit risk is insignificant. The company assessed the expected credit loss rate on contract assets is below 1%.

25. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Liquidity risk

The Target Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Target Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	30/06/2026 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade creditors	23,592	-	-	23,592	23,592
Retention payable	979	15,990		16,969	16,969
Accruals and other payables	6,390	-	-	6,390	6,390
Amounts due to fellow subsidiaries	25,083	-	-	25,083	25,083
Lease liabilities	1,153	1,063	431	2,647	2,569
	57,197	17,053	431	74,681	74,603

25. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Liquidity risk (Continued)

	31/12/2025 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade creditors	25,568	-	-	25,568	25,568
Retention payable	1,018	15,933	-	16,951	16,951
Accruals and other payables	55,999	-	-	55,999	55,999
Amounts due to fellow subsidiaries	1,150	-	-	1,150	1,150
Interest-bearing borrowings	20,041	-	-	20,041	20,000
Lease liabilities	1,103	1,123	948	3,174	3,059
	84,838	17,056	948	102,842	102,727

	30/06/2025 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade creditors	27,550	-	-	27,550	27,550
Retention payable	1,676	14,972	-	16,648	16,648
Accruals and other payables	9,057	-	-	9,057	9,057
Amounts due to fellow subsidiaries	6,032	-	-	6,032	6,032
Lease liabilities	608	120	30	758	748
	44,923	15,092	30	60,045	60,035

25. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Liquidity risk(Continued)

	31/12/2024 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade creditors	25,895	-	-	25,895	25,895
Retention payable	1,674	8,664	-	10,338	10,338
Accruals and other payables	38,599	-	-	38,599	38,599
Amounts due to fellow subsidiaries	2,855	-	-	2,855	2,855
Lease liabilities	1,162	156	90	1,408	1,383
	70,185	8,820	90	79,095	79,070

	31/12/2023 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Trade creditors	18,721	-	-	18,721	18,721
Retention payable	4,320	3,328	-	7,647	7,647
Accruals and other payables	43,809	-	-	43,809	43,809
Amounts due to fellow subsidiaries	873	-	-	873	873
Lease liabilities	1,204	970	-	2,174	2,123
	68,927	4,298	-	73,224	73,173

25. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the end of the reporting period, the Target Company does not hold any financial assets or liabilities which are exposed to significant interest rate risk.

Currency risk

The Target Company's functional currency is Hong Kong Dollars. The Target Company is exposed to currency risk primarily from cash balances and trade and other payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars.

As United States dollars is pegged to Hong Kong dollars, the Target Company does not expect any significant movements in United States dollars/Hong Kong dollars exchange rate. The Target Company is not exposed to significant currency risk.

26. ACCOUNTING JUDGMENTS AND ESTIMATES

Sources of estimation uncertainty

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

(i) Revenue recognition

Revenue from construction contracts are recognised over time using the output method. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date.

Based on the Target Company's recent experience and the nature of the construction activities undertaken by the Target Company, the Target Company has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets do not include profit which the Target Company might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2026

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and a new standard which may be relevant to the Target Company but are not yet effective for the period from 1 January 2023 to 30 June 2026 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Amendment to HKAS 21, Translation a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Target Company is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Target Company's results of operations and financial position.

28. EVENTS AFTER THE REPORTING PERIOD

The directors of the Target Company are not aware of any significant events after the reporting period for the Target Company and up to the date of this report.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2026.