ATAL

Analogue Holdings Limited
安樂工程集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1977)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Financial Highlights

	2024	2023
	HK$'M	*HK$'M*
Value of outstanding contracts	**11,052.7**	11,459.6
Revenue	**6,450.1**	6,132.9
Gross profit	**1,002.3**	833.3
Profit attributable to owners of the Company	**135.3**	251.5
Basic earnings per share	**HK$0.10**	HK$0.18

The Board has resolved to pay a second interim dividend of HK2 cents per share for the year ended 31 December 2024.(i)

(i) The second interim dividend for the year ended 31 December 2024 of HK2 cents per share, in an aggregate amount of approximately HK$28.0 million, is expected to be paid on or around 29 April 2025. Together with the first interim dividend of HK2.38 cents per share, paid in September 2024, total distribution of dividends made by the Company for the year ended 31 December 2024 will be HK4.38 cents per share, amounting to approximately HK$61.0 million in aggregate.

RESULTS

The board of directors (the "Board") of Analogue Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 ("FY2024").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue	3	**6,450,144**	6,132,944
Cost of sales and services		**(5,447,887)**	(5,299,654)
Gross profit		**1,002,257**	833,290
Other income		**26,012**	25,080
Other gains and losses	5	**(28,890)**	128,449
Impairment losses under expected credit loss model, net of reversal	13	**(85,084)**	(16,784)
Selling and distribution expenses		**(1,128)**	(3,020)
Administrative expenses		**(714,815)**	(682,561)
Share of results of associates		**(5,759)**	(4,650)
Finance costs	6	**(21,200)**	(17,185)
Profit before tax		**171,393**	262,619
Income tax expense	7	**(37,505)**	(11,213)
Profit for the year	8	**133,888**	251,406
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of properties		**(2,479)**	(2,266)
Income tax relating to loss on revaluation of properties		**409**	374
Remeasurement of long service payment obligation		**(689)**	5,022
		(2,759)	3,130
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		**(21,149)**	(13,328)
Reclassification of cumulative translation reserve upon disposal of interest in an associate		**–**	1,596
Reclassification of cumulative translation reserve upon dilution of interest in an associate		**–**	1,504
Reclassification of cumulative translation reserve upon dissolution of interest in a subsidiary		**267**	–
		(20,882)	(10,228)
Other comprehensive expense for the year, net of tax		**(23,641)**	(7,098)
Total comprehensive income for the year		**110,247**	244,308

	NOTE	**2024**	2023
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**135,265**	251,500
Non-controlling interests		**(1,377)**	(94)
		133,888	251,406
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**111,646**	244,275
Non-controlling interests		**(1,399)**	33
		110,247	244,308
		HK cents	*HK cents*
Earnings per share			
Basic	*10*	**10**	18
Diluted	*10*	**10**	18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Investment properties		**62,540**	4,480
Property, plant and equipment		**908,488**	851,147
Right-of-use assets		**35,572**	48,616
Intangible assets		**1,532**	1,965
Interests in associates	*11*	**459,509**	484,056
Deposits		**9,214**	6,113
Pledged bank deposits		**–**	4,280
Deferred tax assets		**23,729**	17,306
		1,500,584	1,417,963
Current assets			
Inventories		**81,931**	88,808
Contract assets	*12*	**1,460,393**	1,346,713
Trade receivables	*13*	**958,265**	1,178,218
Other receivables, deposits and prepayments		**123,024**	148,163
Amount due from an associate		**–**	–
Amounts due from partners of joint operations		**5,959**	5,746
Derivative financial instruments		**–**	1,468
Tax recoverable		**8,025**	27,429
Pledged bank deposits		**25,915**	18,418
Bank balances and cash		**1,035,936**	906,424
		3,699,448	3,721,387
Current liabilities			
Trade and retention payables	*14*	**637,185**	775,641
Other payables and accrued expenses		**1,623,543**	1,743,574
Contract liabilities		**78,032**	78,643
Amounts due to partners of joint operations		**5,649**	9,165
Bank borrowings – due within one year		**247,514**	71,280
Derivative financial instruments		**2,430**	–
Lease liabilities		**13,327**	37,758
Tax payable		**24,876**	14,058
		2,632,556	2,730,119
Net current assets		**1,066,892**	991,268
Total assets less current liabilities		**2,567,476**	2,409,231

	2024	2023
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**14,000**	14,000
Reserves	**2,179,686**	2,112,376
Equity attributable to owners of the Company	**2,193,686**	2,126,376
Non-controlling interests	**1,387**	2,786
Total equity	**2,195,073**	2,129,162
Non-current liabilities		
Long service payment obligation	**9,049**	6,776
Bank borrowings – due after one year	**326,676**	248,766
Lease liabilities	**20,700**	8,482
Deferred tax liabilities	**14,622**	14,420
Deferred income	**1,356**	1,625
	372,403	280,069
	2,567,476	2,409,231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

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

To supplement the consolidated results of the Group prepared in accordance with HKFRS Accounting Standards, a certain non-GAAP financial measure, profit attributable to owners of the Company before a provision for expected credit loss on certain receivables and contract assets, a one-off expense in relation to relocation to the new consolidated headquarters, dilution gain upon completion of a private placement by an associate in Mainland China, the gain on disposal of interest in an associate and the provision on certain healthcare sector contracts, is presented. The Company's management believes that the non-GAAP financial measures provide investors with a more meaningful view on the Group's financial results. Nevertheless, the use of this non-GAAP financial measures has limitations as an analytical tool. The non-GAAP financial measures should be considered supplement to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with HKFRS Accounting Standards.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within twelve months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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

[2] Effective for annual periods beginning on or after 1 January 2025.

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

[4] Effective for annual periods beginning on or after 1 January 2027.

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

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

The amendments to HKFRS 9 *Financial Instruments* ("HKFRS 9") clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in HKFRS 7 *Financial Instruments: Disclosures* ("HKFRS 7") in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. REVENUE

The Group recognises revenue from three major sources, namely, contracting work, maintenance work and sales of goods for both years.

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products and services:

	2024	2023
	HK$'000	*HK$'000*
Timing of revenue recognition and category of revenue		
Recognised over time and long-term contracts		
Contracting work	**5,080,980**	4,926,890
Maintenance work	**1,230,123**	1,069,811
	6,311,103	5,996,701
Recognised at a point of time and short-term contracts		
Sales of goods	**139,041**	136,243
	6,450,144	6,132,944

(ii) Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	Contracting work	**Maintenance work**	**Sales of goods**
	HK$'000	***HK$'000***	***HK$'000***
Within one year	**4,860,357**	**1,263,993**	**155,209**
More than one year but not more than two years	**2,575,637**	**373,999**	**–**
More than two years	**1,204,704**	**618,849**	**–**
	8,640,698	**2,256,841**	**155,209**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	Contracting work	Maintenance work	Sales of goods
	HK$'000	*HK$'000*	*HK$'000*
Within one year	5,210,891	1,119,080	122,483
More than one year but not more than two years	2,550,199	638,648	–
More than two years	1,191,549	626,711	–
	8,952,639	2,384,439	122,483

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

Building services:	Provision of electrical and mechanical engineering building services, including the design, installation, testing and commissioning and maintenance of heating, ventilation and air-conditioning system, fire service system, plumbing and drainage system and electrical and extra low voltage system
Environmental engineering:	Provision of total solutions for the design, construction, operation and maintenance of environmental engineering systems for treatment of sewage, water, solid waste, sludge and gas
Information, communications and building technologies ("ICBT"):	Provision for design, installation and servicing of a wide range of intelligent systems, information and communications technology ("ICT") systems and building technology systems
Lifts and escalators:	Provision of i) total solution for design, supply and installation of a wide range of lifts and escalators offered under the trade name of "Anlev Elex" and ii) repair and maintenance services for lifts and escalators

Reconciliation of segment revenue

For the year ended 31 December 2024

	Building services *HK$'000*	**Environmental engineering** *HK$'000*	**ICBT** *HK$'000*	**Lifts and escalators** *HK$'000*	**Total** *HK$'000*
Revenue					
– Contracting work	**3,506,706**	**851,692**	**450,361**	**272,221**	**5,080,980**
– Maintenance work	**421,515**	**426,091**	**141,877**	**240,640**	**1,230,123**
– Sales of goods	**4,796**	**70,346**	**47,911**	**15,988**	**139,041**
Total revenue	**3,933,017**	**1,348,129**	**640,149**	**528,849**	**6,450,144**

For the year ended 31 December 2023

	Building services *HK$'000*	Environmental engineering *HK$'000*	ICBT *HK$'000*	Lifts and escalators *HK$'000*	Total *HK$'000*
Revenue					
– Contracting work	3,430,647	860,476	465,617	170,150	4,926,890
– Maintenance work	300,444	450,160	130,185	189,022	1,069,811
– Sales of goods	4,672	45,102	67,635	18,834	136,243
Total revenue	3,735,763	1,355,738	663,437	378,006	6,132,944

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2024

	Building services *HK$'000*	Environmental engineering *HK$'000*	ICBT *HK$'000*	Lifts and escalators *HK$'000*	Inter segment elimination/ unallocated *HK$'000*	Total *HK$'000*
Revenue						
– external	3,933,017	1,348,129	640,149	528,849	–	6,450,144
– inter-segment	47,609	–	75,844	2,812	(126,265)	–
Total revenue	3,980,626	1,348,129	715,993	531,661	(126,265)	6,450,144
Segment profit	56,315	98,362	42,553	24,600	–	221,830
Share of result of an associate						6,107
Impairment loss on interest in an associate						(12,645)
Bank interest income						13,732
Finance costs						(21,200)
Unallocated income/gains						1,580
Unallocated expenses/losses						(38,011)
Profit before tax						171,393
Income tax expense						(37,505)
Profit for the year						133,888
Other segment information						
Depreciation of property, plant and equipment	1,335	1,946	563	5,685	26,814	36,343
Depreciation of right-of-use assets	6,761	3,599	2,037	3,125	19,056	34,578
Amortisation of intangible assets	–	–	–	–	402	402
Impairment losses recognised (reversed) under expected credit loss model, net	78,074	(7,848)	13,349	(240)	1,749	85,084
Loss (gain) on disposal of property, plant and equipment	6	(3)	11	44	7,894	7,952
Gain on derecognition of right-of-use assets and lease liabilities under early termination	(3)	–	–	–	(83)	(86)
Share of results of associates	–	12,800	–	(934)	(6,107)	5,759
Write-down of inventories, net	126	–	1,697	2,663	–	4,486

For the year ended 31 December 2023

	Building services *HK$'000*	Environmental engineering *HK$'000*	ICBT *HK$'000*	Lifts and escalators *HK$'000*	Inter segment elimination/ unallocated *HK$'000*	Total *HK$'000*
Revenue						
– external	3,735,763	1,355,738	663,437	378,006	–	6,132,944
– inter-segment	46,182	–	57,014	4,623	(107,819)	–
Total revenue	3,781,945	1,355,738	720,451	382,629	(107,819)	6,132,944
Segment profit	26,113	74,696	16,411	17,104	–	134,324
Share of result of an associate						6,582
Deemed gain on dilution in interest in an associate						124,125
Impairment loss on interest in an associate						(49,000)
Bank interest income						15,232
Finance costs						(17,135)
Unallocated income/gains						57,271
Unallocated expenses/losses						(8,780)
Profit before tax						262,619
Income tax expense						(11,213)
Profit for the year						251,406
Other segment information						
Depreciation of property, plant and equipment	1,413	1,915	773	6,113	16,970	27,184
Depreciation of right-of-use assets	6,800	3,672	4,629	1,789	24,487	41,377
Amortisation of intangible assets	–	–	–	–	415	415
Impairment losses recognised (reversed) under expected credit loss model, net	5,325	13,547	1,058	(3,120)	(26)	16,784
Loss (gain) on disposal of property, plant and equipment	400	(53)	(4)	496	(5)	834
Loss on derecognition of right-of-use assets and lease liabilities under early termination	–	–	–	3	–	3
Share of results of associates	–	8,000	–	3,232	(6,582)	4,650
Write-down of inventories, net	334	285	3,006	1,625	–	5,250

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, certain other income, certain other gains and losses, share of result of an associate, deemed gain on dilution in interest in an associate, impairment loss on interest in an associate, bank interest income and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

Information about major customers

Revenue from customers that individually contributing over 10% of the total revenue of the Group of the corresponding years are as follows:

	2024 HK$'000	2023 HK$'000
Customer A*	**1,206,645**	1,188,079
Customer B*	**N/A#**	682,423

* Revenue from all four segments.

\# The corresponding revenue did not contribute 10% of the total revenue of the Group.

Geographical information

The Group's operations are located in Hong Kong, Macau, Mainland China, United Kingdom ("UK"), United States of America ("USA") and others.

Information about the Group's revenue from external customers is presented based on the location of the customers.

	2024 HK$'000	2023 HK$'000
Revenue		
Hong Kong	**5,492,957**	5,123,788
Macau	**615,684**	581,205
Mainland China	**214,936**	376,476
UK	**126,019**	47,787
Others	**548**	3,688
Total	**6,450,144**	6,132,944

Information about the Group's non-current assets other than financial instruments and deferred tax assets is presented based on the geographical location of the assets/operation of associates.

	2024 HK$'000	2023 HK$'000
Non-current assets		
Hong Kong	**945,222**	839,156
Mainland China	**348,503**	363,224
Macau	**2,334**	270
UK	**10,807**	7,864
USA	**168,039**	179,750
Total	**1,474,905**	1,390,264

5. OTHER GAINS AND LOSSES

	2024	2023
	HK$'000	*HK$'000*
Deemed gain on dilution in interest in an associate *(Note 11)*	**–**	124,125
Gain on disposal of interest in an associate *(Note 11)*	**–**	42,463
Impairment loss on interest in an associate *(Note 11)*	**(12,645)**	(49,000)
Gain on acquisition of a subsidiary in which fair value of the acquiree exceeds the consideration *(Note 16)*	**–**	8,581
Loss on disposal of property, plant and equipment	**(7,952)**	(834)
Net exchange losses	**(4,598)**	(9)
Gain on lease remeasurement	**126**	3,366
Gain (loss) on derecognition of right-of-use assets and lease liabilities under early termination	**86**	(3)
Loss on dissolution of interest in a subsidiary	**(267)**	–
Loss from change in fair value of investment properties	**(3,640)**	(240)
	(28,890)	128,449

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**18,047**	12,105
Interest on lease liabilities	**2,006**	2,853
Ancillary costs in respect of banking facilities	**2,578**	2,227
Total finance costs	**22,631**	17,185
Less: amount capitalised in the cost of qualifying assets	**(1,431)**	–
	21,200	17,185

7. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**38,877**	28,812
Macau	**4,951**	6,191
PRC Enterprise Income Tax	**3,443**	715
UK	**–**	124
	47,271	35,842
(Over) underprovision in prior years		
Hong Kong	**(3,207)**	(17,120)
Macau	**(802)**	–
PRC Enterprise Income Tax	**(1)**	46
UK	**(46)**	–
	(4,056)	(17,074)
	43,215	18,768
Deferred tax	**(5,710)**	(7,555)
	37,505	11,213

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

During the year ended 31 December 2024, the Hong Kong Inland Revenue Department allowed a Hong Kong subsidiary of the Group in Hong Kong to share and utilise the tax loss of approximately HK$11,741,000 (2023: HK$102,402,000) from its associate in Hong Kong under section 19C(5) of the Inland Revenue Ordinance for the year ended 31 December 2023. Therefore, overprovision of income tax expense in prior year of approximately HK$1,937,000 (2023: HK$16,896,000) is recognised by such Hong Kong subsidiary during the year ended 31 December 2024.

Under Macau Complementary Tax Law, companies are divided into Group A and Group B tax payers. Group A tax payers are assessed based on their actual taxable profits. Group B tax payers are assessed based on deemed profits ascertained by the Macau Finance Bureau. The Group has Group A and Group B tax payers and Macau Complementary Tax is calculated at a rate of 12% on the assessable profit above Macau Pataca ("MOP") 600,000 for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for both years. A subsidiary of the Company is qualified as advanced technology enterprise and has obtained approval from the relevant tax authority for the applicable tax rate reduced to 15% for a period of three years up to 2024. Such qualification was renewed for another 3 years in 2024.

The Company's subsidiaries and an associate of the Group that are tax residents in the PRC are subject to the PRC dividend withholding tax at 10% when and if undistributed earnings out of profits that arose on or after 1 January 2008 are declared to be paid as dividends to its immediate holding company which is a non-PRC tax resident. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008] No. 112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. Whereas the Hong Kong resident company directly owns less than 25% of the capital of the Mainland company, 10% dividend withholding tax rate is applicable. During the year ended 31 December 2024, 5% and 10% withholding tax rates were used for the Company's subsidiaries and the Group's associate, respectively (2023: 5% and 10%, respectively).

The main rate of UK Corporation Tax is 25% for the financial year beginning on 1 April 2023 (previously 19% in the financial year beginning on 1 April 2022). This main rate applies to companies with profits in excess of British pounds ("GBP") 250,000. For UK resident companies with augmented profits below GBP50,000, a lower rate of 19% is generally applicable. For companies with augmented profits between GBP50,000 and GBP250,000, there is a sliding scale of tax rates. During the years ended 31 December 2024 and 2023, the UK Corporation Tax of 19% was applied by the Group's subsidiaries as the assessable profits were below GBP50,000.

The Group is operating in certain jurisdictions where the Global Anti-base Erosion Rules ("Pillar Two Rules") are effective. However, as the Group's consolidated revenue does not exceed European dollar ("EUR") 750 million in the previous four years, the Group is not subject to Pillar Two tax in the current year. The management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Tower income taxes.

8. PROFIT FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
– Directors' remuneration	**23,640**	30,998
– Salaries and other benefits (excluding directors)	**1,376,920**	1,241,658
– Retirement benefit scheme contributions (excluding directors)	**65,274**	58,626
– Share-based payment expense (excluding directors)	**1,297**	6,714
	1,467,131	1,337,996
Cost of inventories recognised as expenses (included in cost of sales and services)	**325,372**	302,966
Amortisation of intangible assets	**402**	415
Depreciation of property, plant and equipment	**36,343**	27,184
Depreciation of right-of-use assets	**34,578**	41,377
Write-down of inventories, net	**4,486**	5,250
Loss (gain) from change in fair value of derivative financial instruments	**3,898**	(4,244)
Rental income from investment properties	**–**	(129)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**–**	19
Less: direct operating expenses incurred for investment properties that did not generate rental income during the year	**167**	–
	167	(110)
Auditors' remuneration	**5,888**	5,668

9. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2024	2023
	HK$'000	*HK$'000*
2024 interim dividend – HK2.38 cents (2023: 2023 interim dividend – HK8.52 cents) per share	**32,993**	118,562
2023 second interim dividend – HK1 cent (2023: 2022 special dividend – HK4.5 cents) per share	**13,863**	62,795
	46,856	181,357

Subsequent to the end of the reporting period, a second interim dividend in respect of the year ended 31 December 2024 of HK2 cents per ordinary share in an aggregate amount of approximately HK$27,977,000 (2023: HK1 cent per ordinary share in an aggregate amount of approximately HK$13,863,000 for the year ended 31 December 2023), has been resolved by the board of directors of the Company to pay to the shareholders of the Company.

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024	2023
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**135,265**	251,500

	2024	2023
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,386,700,345**	1,392,445,682
Effect of dilutive potential ordinary shares	**6,815,014**	3,016,329
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,393,515,359**	1,395,462,011

During the years ended 31 December 2024 and 2023, the weighted average numbers of ordinary shares for the calculation of basic and diluted earnings per share have been adjusted for the effect of shares held by the trustees pursuant to the share award schemes.

The computation of diluted earnings per share assumed the effect of certain Company's awarded shares for the years ended 31 December 2024 and 2023. Save as the awarded shares mentioned above, there were no other dilutive potential ordinary shares in existence during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, the earnings for the purpose of calculating diluted earnings per share have not been adjusted for any changes in the Group's share of result of an associate that was attributable to the increase in the number of ordinary shares of the associate as a result of the conversion of convertible bonds issued by the associate as it is anti-dilutive.

11. INTERESTS IN ASSOCIATES

	2024	2023
	HK$'000	*HK$'000*
Investment cost		
Listed outside Hong Kong *(Note i)*	**91,817**	91,817
Unlisted	**240,840**	240,840
Impairment loss recognised *(Note ii)*	**(137,245)**	(124,600)
Share of post-acquisition profits and other comprehensive income, net of dividends received	**264,097**	275,999
Interests in associates	**459,509**	484,056

Notes:

(i) During the year ended 31 December 2023, Nanjing Canatal Data-Centre Environmental Tech Co., Ltd. ("NCA") issued an aggregate of approximately 83,221,000 new ordinary shares to 15 new investors, and resulted in the decrease of the Group's interest in NCA from 21.44% as at 31 December 2022 to 16.83%. A deemed gain on dilution of approximately HK$124,125,000 was recognised for the year ended 31 December 2023.

During the year ended 31 December 2023, the Group disposed of 1.13% of its shareholding in NCA at an aggregate consideration of approximately RMB62,625,000 (equivalent to approximately HK$67,914,000). The net proceeds from the disposal amounted to approximately RMB60,182,000 (equivalent to approximately HK$65,264,000), net of transaction cost of approximately RMB2,443,000 (equivalent to approximately HK$2,650,000). As a result of the disposal, the Group's interest in NCA decreased from 16.83% to 15.83% as at 30 June 2023 and from 15.83% to 15.70% as at 31 July 2023, and a gain on disposal of approximately HK$42,463,000 was recognised for the year ended 31 December 2023.

The Group is able to exercise significant influence over NCA because the Company owns 15.70% of NCA as at 31 December 2024 and 2023, and appointed two directors out of nine directors.

(ii) The Group performed impairment assessment on the interest in Transel Elevator & Electric Inc. ("TEI"), for the years ended 31 December 2024 and 2023. The Group engaged a third party qualified valuer to perform the valuation. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The recoverable amount of the Group's interest in TEI has been determined based on a value in use calculation. The recoverable amount is based on certain key assumptions including discount rate and the estimated cash flows. The value in use calculation uses cash flow projections based on financial forecasts approved by management covering a 5-year period with a pre-tax discount rate of 25% (2023: 25%). Cash flow projections beyond the 5-year period are extrapolated using a steady 2.1% (2023: 2.1%) growth rate. This growth rate does not exceed the average long-term growth rate for the relevant industry in which the business of TEI operates.

Cash flow projections during the forecast period for TEI are also based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses and working capital requirements during the forecast period. The assumptions and estimations are based on TEI's past performance, management's expectations of the market development. Due to the continuing unfavourable market conditions in the USA, TEI faced a lower than expected demand during the year ended 31 December 2024, its financial performance is less satisfactory than expected. As a result, an impairment loss of approximately HK$12,645,000 (2023: HK$49,000,000) has been recognised in respect of the Group's interest in TEI during the year ended 31 December 2024.

12. CONTRACT ASSETS

	2024	2023
	HK$'000	*HK$'000*
Contract assets	**1,538,702**	1,368,359
Less: allowances for credit losses	**(78,309)**	(21,646)
	1,460,393	1,346,713

As at 1 January 2023, contract assets amounted to approximately HK$1,244,364,000.

The increase in current year was mainly attributable to increase in contracting work.

As at 31 December 2024, contract assets include retention receivables of approximately HK$513,650,000 (2023: HK$489,459,000). The Group generally provides their customers with one-year warranty period. Upon the expiration of retention period, the customers will provide a final inspection and acceptance certificate and pay the retention within the term specified in the contract.

Retention receivables are interest-free and repayable at the end of the retention period of the respective construction contract.

Details of the impairment assessment are set out in Note 13.

13. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**907,080**	1,068,590
Less: allowances for credit losses	**(90,280)**	(65,504)
	816,800	1,003,086
Unbilled revenue *(Note)*	**136,315**	173,732
Bills receivables	**5,150**	1,400
	958,265	1,178,218

Note: Unbilled revenue represents accrued revenue for works performed by the Group but yet to bill. The Group has unconditional right to the payment of unbilled revenue which is expected to be billed within 90 days and settled within twelve months from the end of the reporting period.

As at 1 January 2023, total gross trade receivables including unbilled revenue and bills receivables amounted to approximately HK$1,098,294,000.

As at 31 December 2024, the Group's bills receivables are of age within one year (2023: within one year).

The Group generally allows credit period ranging from 14 to 90 days (2023: 14 to 90 days). The Group assesses the credit quality of each potential customer and define rating and credit limit for each customer. In addition, the Group reviews the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of trade receivables. The Group does not hold any collateral over these balances.

Aging of trade receivables net of allowances for credit losses presented based on the invoice dates are as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**513,363**	533,985
31 – 90 days	**175,373**	355,195
91 – 360 days	**126,880**	113,249
Over 1 year	**1,184**	657
Total	**816,800**	1,003,086

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$370,572,000 (2023: HK$466,256,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$89,527,000 (2023: HK$59,961,000) has been past due 90 days or more and is not considered as in default due to the long-term/on-going relationship, good repayment record and continuous repayment from these customers.

During the year ended 31 December 2024, the Group recognised impairment allowance of approximately HK$19,117,000 (2023: HK$21,544,000) and reversed impairment allowance of approximately HK$16,509,000 (2023: HK$12,679,000) for not credit-impaired trade receivables. Impairment allowance of approximately HK$45,107,000 (2023: HK$19,403,000) was made and approximately HK$21,064,000 (2023: HK$17,272,000) was reversed on credit-impaired trade receivables. During the year ended 31 December 2024, trade debtors with gross carrying amount of approximately HK$23,055,000 (2023: HK$8,944,000) became credit-impaired and therefore, approximately HK$5,390,000 (2023: HK$8,944,000) lifetime ECL was transferred from not credit-impaired to credit-impaired.

During the year ended 31 December 2024, net impairment allowance of approximately HK$77,000 was reversed (2023: HK$5,788,000 was recognised) on not credit-impaired contract assets and approximately HK$56,761,000 (2023: Nil) was recognised on credit-impaired contract assets with gross carrying amount of approximately HK$81,043,000 (2023: Nil).

During the year ended 31 December 2024, impairment allowance of approximately HK$1,749,000 (2023: Nil) was recognised on other receivables which are credit-impaired.

14. TRADE AND RETENTION PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**392,838**	537,801
Trade payables (unbilled)	**65,783**	52,099
Retention payables	**178,564**	185,741
	637,185	775,641

The credit period on trade payables is ranging from 0 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**198,258**	273,155
31 – 90 days	**112,183**	202,301
91 – 360 days	**45,279**	39,037
Over 1 year	**37,118**	23,308
	392,838	537,801

15. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following pledge of assets:

	2024	2023
	HK$'000	*HK$'000*
Properties	**774,976**	791,345
Investment properties *(Note i)*	**62,540**	4,480
Bank deposits	**25,915**	22,698
Others *(Note ii)*	**104,677**	35,476
	968,108	853,999

Notes:

(i) The increase in "Investment properties" under pledge of assets mainly represents the transfer of two properties from property, plant and equipment during the year ended 31 December 2024.

(ii) Included in others, there was the assignment of certain trade receivables of a wholly owned subsidiary of the Company of approximately HK$2,909,000 (2023: HK$19,524,000) and fixed and floating charges over all assets of several wholly owned subsidiaries of the Company amounting to approximately HK$101,768,000 (2023: HK$15,952,000) out of which approximately HK$78,566,000 (2023: Nil) represents the leasehold improvements, plant and equipment in ATAL Tower upon the completion of renovation in 2024.

16. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of JCW Lifts Ltd. ("JCW")

On 24 July 2023, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with two independent individuals, to purchase 51% of the equity interests in JCW for an aggregate consideration of GBP500,000 (equivalent to approximately HK$4,753,000). JCW is a corporation incorporated in England and Wales that is principally engaged in the business of providing installation and maintenance services for lifts. This acquisition was completed on 24 July 2023 and accounted for as acquisition of business using the acquisition method. The non-controlling interests (49%) in JCW of approximately HK$2,753,000 recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of JCW of approximately HK$5,619,000 (including intangible assets of approximately HK$2,282,000, plant and machinery of approximately HK$216,000 and borrowing of approximately HK$294,000).

The consideration of the acquisition also includes deferred consideration based on the actual number of units under the brand name of "Anlev" sold by JCW in second, third and fourth year after the completion of the acquisition ("Sales Targets"). The deferred consideration is payable as below:

- GBP100,000 if the sales units reach 100 or more units for the period from 24 July 2023 to 24 July 2025;

- GBP125,000 if the sales units reach 225 or more units for the period from 24 July 2023 to 24 July 2026; and

- GBP150,000 if sales units reach 400 or more units for the period from 24 July 2023 to 24 July 2027.

The directors of the Company believed the achievement of the Sales Targets is remote. Consequently, the fair value of such deferred consideration is assessed to be minimal.

(b) Acquisition of Precision Lift Services Limited ("Precision")

On 30 September 2023, a wholly owned subsidiary of the Company entered into a share purchase agreement with an independent third party, to purchase 100% of the equity interests in Precision. The purchase price is the aggregate of completion payment of GBP300,000 (equivalent to approximately HK$2,852,000), as well as GBP64,591 (equivalent to approximately HK$614,000) being the difference of relevant working capital balance of Precision at date of completion and the target working capital as stipulated in the share purchase agreement. Precision is a corporation incorporated in England and Wales that is principally engaged in the business of providing installation and maintenance services for lifts, escalators and travellators. This acquisition was completed on 30 September 2023 and accounted for an acquisition of business using the acquisition method.

A gain on acquisition of a subsidiary in which fair value of the acquiree exceeds the consideration of approximately HK$8,581,000 was recognised during the year ended 31 December 2023, it was because the seller publicly announced that Precision was its non-core business and planned for divestment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group's contracts-in-hand remained at a high level of HK$11,052.7 million as at 31 December 2024 (31 December 2023: HK$11,459.6 million), providing a solid foundation for the business going forward. This was made possible by a 3.7% year-on-year increase in order intake from HK$5,830.0 million for the year ended 31 December 2023 ("FY2023") to HK$6,043.3 million for the year ended 31 December 2024 ("FY2024"), with further awards due in the coming year. During FY2024, the Group submitted a total of 1,177 tenders or quotations valued over HK$1 million each (FY2023: 1,079 tenders or quotations valued over HK$1 million each) across our four business segments spanning construction, and operation and maintenance ("O&M") in various regions of the world, built on the business pillars of "New Technology", "New Market" and "New Business Model", namely, Building Services, Environmental Engineering, Information, Communications and Building Technologies ("ICBT"), and Lifts and Escalators.

Capturing opportunities from shifting market priorities, the Group's diverse scope of business contributed to a profit attributable to the owners of the Company of HK$135.3 million for FY2024; this was notwithstanding the challenges around the world and in Hong Kong during the year. During the year, the Group incurred a one-off expense of approximately HK$23.1 million before tax for our relocation to the new consolidated headquarters to realise enhanced efficiency and synergy across business units, and recognised a provision for expected credit loss of HK$88.0 million before tax to reflect risks with the recoverability of certain receivables and contract assets held by the Group in relation to certain construction companies as at 31 December 2024. Excluding these two items, the adjusted profit attributable to the owners of the Company for FY2024 would be HK$206.0 million. This would represent an increase of around 10.2% if compared with the adjusted profit attributable to the owners of the Company of HK$186.9 million in FY2023 (after excluding a one-off dilution gain of HK$124.1 million before tax upon completion of a private placement by an associate in Mainland China, a gain on disposal of interest in an associate of HK$42.5 million before tax, and a provision of HK$122.0 million before tax made in respect of certain contracts in the healthcare sector from the profit attributable to the owners of the Company of HK$251.5 million all recognised in FY2023). Without these adjustments of one-off items to show the underlying view, the profit attributable to the owners of the Company for FY2024 would be 46.2% lower compared with FY2023.

The Group achieved a solid revenue of HK$6,450.1 million for FY2024, representing an increase of 5.2% or HK$317.2 million from the revenue of HK$6,132.9 million recorded in FY2023. The higher revenue this year was mainly due to the performance of the Building Services segment and the consolidation of revenue from the two recently acquired lift companies in the United Kingdom ("UK") into the Group's operations.

Gross profit was HK$1,002.3 million at a margin of 15.5% for FY2024, 20.3% or HK$169.0 million higher compared with HK$833.3 million in FY2023. If the HK$122.0 million provision made in FY2023 for the estimated loss against certain healthcare sector contracts was excluded, the FY2023 adjusted gross profit margin would be 15.6%, which would be close to that for FY2024.

The Group maintained a strong cash position, with bank balances and cash of HK$1,035.9 million as at 31 December 2024 (FY2023: HK$906.4 million), enabling the Group to take on additional work as appropriate and to take advantage of the business opportunities arising in the market.

With the new headquarters, the ATAL Tower, coming on stream this year, the Group's investment for the future entered a new phase, realising a better working environment, consolidating operating units under one roof and hence harnessing synergy and collaboration between business units, and providing intelligent infrastructure for the application of technologies and delivery of quality services to customers.

In particular, to continuously enhance the Group's competitiveness and productivity, the ATAL Design, Research and Training Centre has been established in the new ATAL Tower to promote the development of new construction techniques, including Multi-trade Integrated Mechanical, Electrical and Plumbing ("MiMEP"), Modular Integrated Construction ("MiC"), Design for Manufacturing and Assembly ("DfMA"), and Building Information Modelling ("BIM"). These new construction techniques would enable the reimagining of established construction and engineering processes to address common pain points in traditional methods and to enhance quality, duration required, productivity, safety and sustainability.

Furthermore, to enable the Group to lead as an early mover in new business segments and to prepare for emerging business opportunities, the new technologies we are developing also include digital solutions involving artificial intelligence ("AI"), the Internet of Things ("IoT") and energy optimisation; pilot liquid cooling solutions for AI data centres; and other climate solutions and environmental engineering technologies.

The establishment of this dedicated centre to nurture innovative technologies and talent would coincide with the ruby anniversary (40^{th}) of our Graduate Trainee and Technician Trainee programmes; the Group has trained over 1,100 trainees to date, which would ultimately create shared value for the industry and Hong Kong.

Building Services

The Building Services segment's contracts-in-hand, at a high level of HK$5,107 million as at 31 December 2024 (31 December 2023: HK$5,815 million), would provide a solid foundation for the next two years. In addition, due to its competitiveness in multidisciplinary packaged projects and in the growth areas of innovative MiMEP and other new engineering techniques, the Building Services segment continued to secure major contracts, including the expansion of buildings at a major hospital in Lai King, a Mechanical, Electrical and Plumbing ("MEP") package contract for a Grade A office building at Caroline Hill Road in Causeway Bay with the highest level of MiMEP application at 85% for a commercial building, and significant hotel projects in Macau. Order intake for FY2024 totalled HK$3,225 million (FY2023: HK$4,113 million); the difference from the previous reporting period was mainly due to the timing of the major data centre projects awarded in FY2023.

Revenue generated by the Building Services segment for FY2024 was HK$3,933 million, 5.3% higher than the previous year (FY2023: HK$3,736 million).

Recurring maintenance revenue was HK$422 million in FY2024, representing an increase of 40.2% compared with HK$301 million in FY2023. This included new maintenance contracts of HK$37 million secured for housing programmes, modernisation projects, and Management, Operation and Maintenance ("MOM") service contracts for mission-critical data centres in FY2024 (FY2023: HK$29 million).

The rapidly increasing demand for data computation, Hong Kong's position as an attractive location for data centres, and the Group's leadership in the sector position us well for future growth. Our healthcare and infrastructure teams are also well positioned.

In addition, our Building Services segment's leadership in MiMEP received a major boost during the year, not only with the award of the standard setting MEP contract from a major developer to apply the highest level of MiMEP to a Grade A commercial building in Causeway Bay, but also with the development of our own systematic decision-making methodologies and quality assurance techniques to ensure win-win benefits for various stakeholders and to enhance quality and productivity. In addition, we established real-time remote monitoring of manufacturing processes to link our facilities at ATAL Tower in Hong Kong with our "MiMEP Design and Manufacturing Centre" and "MiMEP High Productivity Research Centre" in Zhuhai, as well as our other MiMEP manufacturing facilities in Hong Kong. During the year, the Group was invited to co-organise the "A Sustainable Future – Pioneering MiMEP Innovation" Summit with the developers, and by various other authorities, institutions and customers to share the systematic solution developed and our extensive experience.

Environmental Engineering

The order intake of the Environmental Engineering segment increased to HK$1,514 million as at 31 December 2024, more than doubling from HK$730 million as at 31 December 2023, winning contracts for environmental infrastructure needed to enhance climate resilience, environmental protection, sustainability of water supply and waste treatment, and support public housing and utilities.

Significant contracts awarded included the Barrage and Nullah improvement works in Yuen Long, a new landfill leachate treatment plant in Nim Wan, Tuen Mun to treat leachate to comply with stringent discharge standards, a new five-year maintenance contract for power stations in Tuen Mun to ensure stable power supply to Kowloon and the New Territories, and a number of variation orders of an existing water supply maintenance contract.

As at 31 December 2024, the Environmental Engineering segment had contracts-in-hand valued at HK$4,330 million (31 December 2023: HK$4,165 million).

Revenue of the Environmental Engineering segment for FY2024 was HK$1,348 million (FY2023: HK$1,356 million).

Leveraging our own design, research and talent training, AI-enabled Digital Twins and other innovative solutions were introduced into water, wastewater and solid waste design-and-build projects, as well as operation and maintenance projects for E&M works, to identify the best operational decisions, extend the plant life cycle, and ensure the excellent serviceability of the environmental infrastructure serving Hong Kong.

In addition to working on major projects in Hong Kong and Mainland China, the Environmental Engineering segment was active in extending its excellent services to the world, pursuing water treatment works in Teresa in the Philippines, and pumping station projects in Dubai and other parts of the world.

Information, Communications and Building Technologies (“ICBT”)

The order intake of the ICBT segment increased to HK$757 million as at 31 December 2024, which represents an increase of 22.5% from HK$618 million recorded in FY2023, covering all industries and market sectors, including the Hong Kong-Shenzhen Innovation and Technology Park, government offices, hospital expansions, and infrastructure developments.

One signature project was to provide holistic solutions for a new Grade A commercial building in the heart of Causeway Bay, integrating automation and control systems, security systems, IT network, and IoT infrastructure, which would be a showcase of digital and sustainable engineering.

As at 31 December 2024, the ICBT segment had contracts-in-hand valued at HK$959 million, up 13.8% from HK$843 million in FY2023.

Revenue for our ICBT segment was HK$640 million as at 31 December 2024, 3.5% lower than the HK$663 million in FY2023.

Based on our own design, research and talent development edges, the green and intelligent building solutions offered by the ICBT segment integrate a wide range of information and communications technologies, including AI-enabled Digital Twin, energy management technologies, renewable energy, ESG dashboards, Indoor Environment Quality (“IEQ”) Management, robotic solutions, Smart Lampposts, automation and control systems, solar paver technology, AI video analytics, security systems, and energy-efficient Heating, Ventilation and Air Conditioning (“HVAC”) systems.

The ICBT segment is also actively collaborating with leading manufacturers around the world and in Mainland China to expand our technology reach. One example during the year was our collaboration with a globally recognised leading pump company to provide digital solutions, including ready-to-use BIM assets, prefabrication, IoT integration and AI analytics.

These recent achievements showcase our continued technological leadership and ability to deliver cutting-edge solutions in diverse sectors. We are ready to work closely with our customers to drive innovation, create a connected and smart urban environment, and improve the way people live, work and interact with the environment.

Lifts and Escalators

As at 31 December 2024, the contracts-in-hand of Anlev Elevator Group (“Anlev”), the Group’s global brand of lifts, escalators and moving walkways, amounted to HK$656 million (31 December 2023: HK$637 million).

Anlev, as the Group's well-known brand and a market leader in lifts, escalators and moving walkways, has served millions of users in Asia, America and Europe. Its performance, both in terms of safety and service quality, is well recognised by our customers. Anlev has received the "Safety Star" and five "Quality Stars" for 48 consecutive quarters in the "Lift and Escalator Contractors' Performance Rating" issued by the Electrical and Mechanical Services Department of the Government of the Hong Kong Special Administrative Region as a certification of the highest level of safety and service quality performance. Maintenance contracts for both commercial and government buildings in Hong Kong were major profit contributors during the year.

The order intake of the Lifts and Escalators segment was HK$548 million as at 31 December 2024, up 48.5% from HK$369 million in FY2023.

Our success in securing overseas projects contributed to positive revenue growth. Revenue for our Lifts and Escalators segment in FY2024 was HK$529 million (FY2023: HK$378 million). The increase was partly due to the consolidation of the two recently acquired lift companies in the UK into the Group's operations.

In line with the Group's growth strategies, Anlev made progress with its UK business during the year. Its associate in the USA also saw a gradual recovery in the New York market since the pandemic and made progress in expanding its business in additional cities in the South. The associate in the USA turned from a loss to a profit in FY2024, with higher gross profit margins recognised in the period and a one-off net insurance claim income that was partially offset by an impairment loss on the brand name.

Leveraging its comprehensive capabilities from designing, through manufacturing and construction, to excellent after-sales service, Anlev has continuously developed its lift and escalator products not only to meet customer needs but also to enable it to stay ahead of the competition. In doing so, Anlev aims to build critical mass to increase production efficiency, improve operational efficiency, quality, and price competitiveness, and extend the benefits of our excellent Six Star service from Hong Kong to other markets.

Innovation, Resources Management and Other Operational Initiatives

The Group fosters a culture of innovation to continuously improve our competitiveness and productivity on the one hand, and to enable the Group to continue to be an early mover in new business segments and prepare for emerging business opportunities on the other hand.

ATAL Tower, our new headquarters, is a significant investment in the future of the Group and Hong Kong. Among other smart infrastructure to enhance our capabilities and better serve customers, our new headquarters has enabled us to establish the ATAL Design, Research and Training Centre.

In parallel, we established our "MiMEP Design and Manufacturing Centre" and "MiMEP High Productivity Research Centre" in Zhuhai, and other MiMEP manufacturing facilities in Hong Kong. Real-time remote monitoring of manufacturing processes enabled us to link these different facilities to our headquarters at ATAL Tower.

The technologies to which we devote our design and research efforts range from new construction techniques that address common pain points in traditional methods by reimagining construction and engineering processes, to digital technologies and environmental engineering and climate solutions. We are also enhancing the design of our lift and escalator products to align with our expanding market presence.

We have our own research and design teams and work with partners, including leading manufacturers and suppliers, world class universities, consultancies and industry leaders. Our Graduate Trainee and Technician Trainee programmes, which have trained over 1,100 trainees, are celebrating their ruby (40^{th}) anniversary.

In line with the vision of the new productive force being pursued by Mainland China, it is imperative for the engineering and construction industry to rethink traditional methods. The Group's leadership in MiMEP, DfMA, and BIM received a boost during the year as we established our own systematic methodologies to achieve significantly improved quality, duration required, productivity, safety and sustainability, notably on a standard setting Grade A commercial development in the heart of Causeway Bay with the highest level of MiMEP application for a commercial building at 85%.

As an industry pioneer in the adoption of advanced construction technologies, the Group successfully implemented MiMEP, DfMA and BIM in more than 50% of our building services projects in FY2024. Our extensive practical experience and dedicated research created a significant shared impact with customers by improving project management decisions, quality, duration required, productivity and safety. With a growing track record, MiMEP is becoming a growth area, helping the Group to integrate our capabilities in the Greater Bay Area with cutting-edge technology from Hong Kong to create distinctive customer value in serving the increasing demand in the market.

To continue to enhance the Group's overall BIM capability in line with Hong Kong's BIM roadmap, high-quality education and training opportunities were established to encourage our engineering staff to obtain industry-recognised qualifications. Talent in data analytics, programming and science were recruited to support our innovative and digital businesses. Automated calculation algorithms were designed for each of the MEP disciplines to improve accuracy and speed, and reduce the need for manual calculations.

With demand for data computation significantly boosted by the fast development of AI, the Group is working on a pilot of Direct Liquid Cooling ("DLC") solutions for AI data centres.

The Group also stands out in the industry for the breadth of our engineering capabilities and our status as a major Information and Communications Technology ("ICT") service provider for smart cities, in addition to offering comprehensive E&M engineering services. Smart solutions developed by the Group include AI-enabled Digital Twin, energy management technologies for both buildings and industrial facilities, renewable energy, ESG dashboards, IEQ management, data management and analytics, robotic solutions, smart building management systems, and Smart Lampposts.

In order to bring the various innovative technologies we developed to the market, the Group has a mechanism for establishing a new business development unit. Smart Data Automation ("SDA") was set up as a new business development unit in early 2024 to bring the benefits to customers in water treatment plants, sewage treatment plants, O&M of critical infrastructure such as data centres, and other industrial facilities.

The establishment of SDA as a business development unit complements the new environmental technologies that the Group has developed to provide climate solutions for clean water, sewage and waste treatment to meet customer needs and create value for society.

An additional business development unit was established to offer mechanical handling solutions, including a comprehensive crane and hoist system, and smart options for the E&M system. The aim of these business development units is to ensure that the new technologies and solutions we developed meet customer needs, consolidate our market position, and contribute to our long-term sustainable business growth.

Over the past year, Hong Kong saw reorganisations of certain construction companies, refinancing and novation of contracts, and news of alleged unpaid wages. The Group remained alert, reviewed contracts from the past, secured ongoing contracts as appropriate, and periodically updated potential credit loss analysis, obtaining professional and independent input. The provision of HK$88.0 million before tax made as at the end of the year was notwithstanding ongoing best endeavours to work with all parties to recover the value of any impaired receivables or contract assets concerned. Any recovered value of receivables would be recorded in the coming year, as appropriate.

To ensure effective business processes, the Group has selected a new corporate and business management system. The new system would provide an all-in-one digitalised platform for project management, vendor management, human resources and internal administration, streamlining workflows, supporting decision-making and facilitating data sharing. The trial run and optimisation are scheduled to be completed by the end of 2025 so that the new system can be put into use in 2026.

FINANCIAL REVIEW

In FY2024, the Group's revenue was HK$6,450.1 million, representing an increase of HK$317.2 million or 5.2% compared with FY2023 mainly attributable to the Building Services segment and the Lifts and Escalators segment. Gross profit for the year increased by HK$169.0 million or 20.3% to HK$1,002.3 million which was mainly attributable to the Building Services segment.

The Group's profit attributable to owners of the Company was HK$135.3 million in FY2024, representing a year-on-year decrease of 46.2% when compared with the profit attributable to owners of the Company of HK$251.5 million recorded for FY2023.

In FY2024, the Company recognised a provision for expected credit loss of HK$88.0 million before tax to reflect risks with the recoverability of certain receivables and contract assets held by the Group in relation to certain construction companies as at 31 December 2024. In addition, the Group incurred a one-off expense of approximately HK$23.1 million before tax during FY2024 in relation to our relocation to the new consolidated headquarters to realise improved efficiency and synergy. Excluding these two items, the adjusted profit attributable to owners of the Company in FY2024 was approximately HK$206.0 million.

For FY2023, as disclosed in the Company's annual report for FY2023, the Group recognised a one-off dilution gain of HK$124.1 million before tax upon completion of a private placement by an associate in Mainland China, a gain on disposal of interest in an associate of HK$42.5 million before tax and the provision for estimated loss of HK$122.0 million before tax against certain healthcare sector contracts. If the aforesaid items were excluded, the adjusted profit attributable to owners of the Company for FY2023 would be approximately HK$186.9 million.

After adjusting for one-off gains, provisions and expenses recognised in each of FY2023 and FY2024, the adjusted profit attributable to owners of the Company for FY2024 in fact represents an increase of approximately 10.2% when compared to FY2023.

The Group maintained a strong cash position and sufficient committed banking facilities to finance our growth and development. The Group's bank balance and cash amounted to HK$1,035.9 million as at 31 December 2024 (31 December 2023: HK$906.4 million). As at 31 December 2024, the Group's bank borrowing balance was HK$574.2 million (31 December 2023: HK$320.0 million), which mainly includes outstanding balance of mortgage loan for the purchase of ATAL Tower of HK$248.6 million (31 December 2023: HK$263.3 million), short-term green loan and revitalisation loans for ATAL Tower drawn down during the year of HK$160.0 million (31 December 2023: Nil) and HK$120.4 million (31 December 2023: Nil) respectively, tax loan of HK$34.4 million (31 December 2023: HK$45.5 million) and a loan for the Group's operation in Mainland China of HK$10.6 million (31 December 2023: HK$11.0 million). Out of the total bank borrowing balance, HK$326.7 million (31 December 2023: HK$248.8 million) was non-current liabilities.

Non-Generally Accepted Accounting Principles ("GAAP") Financial Measures

To supplement the Group's consolidated results prepared in accordance with HKFRS Accounting Standards, a certain non-GAAP financial measure, namely profit attributable to the owners of the Company excluding (i) a provision for expected credit loss on certain receivables and contract assets, (ii) a one-off expense in relation to relocation to the new consolidated headquarters, (iii) the dilution gain upon completion of a private placement by an associate in Mainland China, (iv) the gain on disposal of interest in an associate, and (v) provision on certain healthcare sector contracts, is presented. The Company's management believes that the non-GAAP financial measure provides investors with a more meaningful view of the Group's financial results. However, there are limitations to the use of this non-GAAP financial measure as an analytical tool. Non-GAAP financial measure should be viewed as supplement to, and not a substitute for, analysis of the Company's financial performance prepared in accordance with HKFRS Accounting Standards.

Revenue

In FY2024, the Group reported a total revenue of HK$6,450.1 million, representing an increase of HK$317.2 million or 5.2% compared with FY2023. The increase in revenue is mainly attributable to the increase in revenue of the Building Services segment and the Lifts and Escalators segment of HK$197.3 million and HK$150.8 million respectively. The growth in the Lifts and Escalators segment was primarily due to the consolidation of revenue from the two UK subsidiaries acquired in the second half of 2023.

Revenue from maintenance work for FY2024 amounted to HK$1,230.1 million, representing 19.0% of total revenue, which increased by 1.5% from FY2023.

	For the year ended 31 December			
	2024	**% of total**	2023	% of total
	HK$'M	**Revenue**	*HK$'M*	Revenue
Contracting work	**5,081.0**	**78.8%**	4,926.9	80.3%
Maintenance work	**1,230.1**	**19.0%**	1,069.8	17.5%
Sales of goods	**139.0**	**2.2%**	136.2	2.2%
Total	**6,450.1**	**100.0%**	6,132.9	100.0%

Gross Profit

The Group's gross profit was HK$1,002.3 million (FY2023: HK$833.3 million). Compared with FY2023, gross profit increased by HK$169.0 million or 20.3%, which was primarily due to the estimated loss provision against certain healthcare sector contracts made in FY2023 of HK$122.0 million. Gross profit margin for FY2024 was 15.5%, compared to 13.6% in FY2023. If excluding the HK$122.0 million provision made in FY2023, the adjusted gross profit margin was 15.6%, which is close to that for FY2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

The Group recorded an impairment losses under expected credit loss model, net of reversal, of HK$85.1 million in FY2024 (FY2023: net losses of HK$16.8 million). The increase in net impairment losses was mainly attributable to the Building Services segment, reflecting the risks on the recoverability of certain receivables and contract assets held by the Group in relation to a certain construction companies.

Other Income

The Group's other income in FY2024 was HK$26.0 million (FY2023: HK$25.1 million), which mainly included bank interest income and government subsidies.

Other Gains and Losses

As regards other gains and losses, the Group recorded a net loss of HK$28.9 million in FY2024 (FY2023: net gain of HK$128.4 million).

The net loss in FY2024 mainly included impairment loss on interest in an associate in the USA, disposal of leasehold improvements under property, plant and equipment and loss from change in fair value of investment properties. The year-on-year movement from a net gain of HK$128.4 million in FY2023 to a net loss of HK$28.9 million in FY2024 was mainly due to the one-off dilution gain of HK$124.1 million upon completion of a private placement of an associate in Mainland China and gain on disposal of interest in an associate of HK$42.5 million in FY2023. No such one-off gain was recognised in FY2024.

Administrative Expenses

The Group's administrative expenses increased by HK$32.2 million or 4.7% to HK$714.8 million in FY2024 (FY2023: HK$682.6 million). Excluding the one-off expenses in relation to relocation to the new consolidated headquarters in FY2024, the consolidation of administrative expenses of the two UK subsidiaries acquired in the second half of 2023, as well as legal and professional fees related to projects and acquisitions in FY2023, the year-on-year increase would be HK$21.4 million or 3.3%, mainly attributable to annual salary increments.

Share of Results of Associates

The Group's share of loss from associates was HK$5.8 million in FY2024, increased by HK$1.1 million from FY2023. The share of loss of associates mainly included a HK$12.8 million provision made for loan to a Hong Kong associate in FY2024 (FY2023: provision of HK$8.0 million), such share of loss was partly offset by the share of profits of associates in the USA and Mainland China. In FY2024, the Group's share of profit from an associate operated in the USA was approximately HK$0.9 million (FY2023: share of loss of HK$3.2 million). This improvement was primarily due to the associate's turnaround from loss-making to profit-making, driven by higher gross profit margin and share of its one-off net insurance claim income of HK$15.2 million (FY2023: Nil), but partly offset by share of its impairment loss on brand name (net of tax) of approximately HK$18.9 million (FY2023: Nil).

Liquidity and Financial Resources

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. The Group maintained a healthy liquidity position throughout the year.

As at 31 December 2024, the Group's total cash and bank balances (excluding pledged bank deposits) amounted to HK$1,035.9 million (31 December 2023: HK$906.4 million), of which 71.1%, 24.7%, 1.9% and 2.3% (31 December 2023: 68.4%, 29.0%, 1.3%, and 1.3%) were denominated in Hong Kong dollars or Macau Pataca, Renminbi, US dollars, and other currencies, respectively.

As of 31 December 2024, the Group had bank borrowings amounting to HK$574.2 million, compared to HK$320.0 million as of 31 December 2023. This primarily included a mortgage loan of HK$248.6 million (31 December 2023: HK$263.3 million), a short-term green loan of HK$160.0 million (31 December 2023: Nil), and revitalisation loans of HK$120.4 million (31 December 2023: Nil) for ATAL Tower. Except for the mortgage loan, which is scheduled to be repaid by the end of the year 2041, the remaining borrowings will be settled within 5 years. The loans are mainly denominated in HKD and RMB, and bearing at floating interest rate.

In addition, as at 31 December 2024, the Group had banking facilities in the form of bonds, bank overdraft and loans, and trade financing of approximately HK$2,703.2 million (31 December 2023: HK$2,673.4 million), of which approximately HK$1,331.8 million had been utilised (31 December 2023: HK$949.8 million).

Foreign Exchange Risk

The Group operates primarily in Hong Kong, Macau, Mainland China and the United Kingdom and is not exposed to significant foreign exchange risk. The Group will continue to closely monitor our exposure to currency risk by reviewing fluctuations in foreign exchange rates.

The Group has entered into foreign currency forward contracts for planned foreign currency transactions in the ordinary course of business. There are no foreign currency net investments hedged by currency borrowings or other hedging instruments.

Use of Proceeds from the Listing of the Company's Shares

The total net proceeds raised by the Company pursuant to the listing of the shares in the Company's global offering in 2019 amounted to approximately HK$335.7 million (the "Net Proceeds"). As at 31 December 2024, the Group had utilised HK$275.9 million of the Net Proceeds. The Net Proceeds were not fully utilised in FY2024 and the unutilised Net Proceeds as at 31 December 2024 was approximately HK$59.8 million, which is the same amount as disclosed in the Company's interim report for the six months ended 30 June 2024.

The management of the Group has decided to take a cautious approach when identifying business acquisitions and investment opportunities due to the macroeconomic and geopolitical uncertainties. In view of such uncertainties, multiple factors will need to be taken into consideration before making decisions on acquisitions and investments. In the circumstances, the Group will continue to cautiously but proactively pursue suitable new business ventures and investment opportunities with the intention of fully utilising the Net Proceeds on or before 31 December 2025. The board of directors of the Company (the "Board") is of the view that such delay is non-material and there is no change in the intended use of the unutilised Net Proceeds.

As stated in the Company's announcement dated 27 November 2020, the Board resolved to change the use of the unutilised Net Proceeds as of 31 October 2020.

The following table sets forth the original allocation, the revised allocation as of 31 October 2020, and the actual use as of 31 December 2024:

	Original allocation of Net Proceeds *HK$'M*	Utilised amount of Net Proceeds up to 31 October 2020 *HK$'M*	Revised allocation of the unutilised Net Proceeds as at 31 October 2020 *HK$'M*	Utilised amount of Net Proceeds from 1 November 2020 to 31 December 2023 *HK$'M*	Unutilised amount of Net Proceeds as at 31 December 2023 *HK$'M*	Utilised amount of Net Proceeds from 1 January 2024 to 31 December 2024 *HK$'M*	Unutilised amount of Net Proceeds as at 31 December 2024 *HK$'M*
Supporting the expansion and development of building services segment	67.1	34.6	42.4	42.4	–	–	–
Enhancing engineering capabilities in environmental engineering segment							
– Acquisition of, investment in, cooperating or forming joint ventures	59.3	17.1	5.6	5.6	–	–	–

	Original allocation of Net Proceeds *HK$'M*	Utilised amount of Net Proceeds up to 31 October 2020 *HK$'M*	Revised allocation of the unutilised Net Proceeds as at 31 October 2020 *HK$'M*	Utilised amount of Net Proceeds from 1 November 2020 to 31 December 2023 *HK$'M*	Unutilised amount of Net Proceeds as at 31 December 2023 *HK$'M*	Utilised amount of Net Proceeds from 1 January 2024 to 31 December 2024 *HK$'M*	Unutilised amount of Net Proceeds as at 31 December 2024 *HK$'M*
– Support the expansion and development of environmental engineering segment, including project working capital needs and additional investment in development of advanced environmental process technologies	41.4	0.5	40.9	40.9	–	–	–
Enhancing engineering capabilities of ICBT segment							
– Setting up dedicated research and development teams	19.3	6.0	13.3	13.3	–	–	–
– Acquisition of, or investment in, companies which possess innovative technology	47.8	–	–	–	–	–	–
Expansion and development of lifts and escalators segment							
– Expanding existing manufacturing facilities and construction of a new production plant	54.1	–	–	–	–	–	–
– Setting up export sales office and sales and service centres in Mainland China	13.0	–	–	–	–	–	–
– Expanding existing manufacturing facilities	–	–	67.1	67.1	–	–	–
Acquisition of, or investment in, companies	–	–	68.0	8.2	59.8	–	59.8
General working capital	33.7	31.8	8.4	8.4	–	–	–
Total	335.7	90.0	245.7	185.9	59.8	–	59.8

Future Plans For Material Investment or Capital Assets

While the Group will continue to target suitable new business ventures and investment opportunities, there are no concrete future plans for material investments or capital assets as at the date of this announcement.

Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not make any material acquisitions or disposals of subsidiaries, associates, and joint ventures during the year.

Gearing Ratio and Indebtedness

As of 31 December 2024, the gearing ratio of the Group (being gross bank borrowings divided by total equity attributable to the owners of the Company) increased to 26.2% (31 December 2023: 15.1%) mainly due to the drawdown of a short-term green loan and the revitalisation loans during the year.

Charges on Group Assets

The Group had pledged assets as security for general short-term banking facilities, mortgage loan as well as loan facilities for the revitalisation and renovation of ATAL Tower, totalling HK$968.1 million as at 31 December 2024 (31 December 2023: HK$854.0 million). Part of the Group's properties and bank deposits were denominated in RMB. The increase mainly represents higher value of ATAL Tower upon completion of revitalisation and renovation.

Capital Commitments

As at 31 December 2024, the Group had capital commitments of HK$18.9 million (31 December 2023: HK$96.5 million) contracted but not provided for in the consolidated financial statements, including the enterprise resources planning system of HK$16.1 million, expansion of the existing lift and escalator manufacturing facilities in Nanjing of HK$1.9 million and renovation improvement work of ATAL Tower of HK$0.9 million.

Contingent Liabilities

As at 31 December 2024, the Group had outstanding performance bonds of approximately HK$716.6 million (31 December 2023: HK$586.6 million), which were given by banks in favour of the Group's customers as security for the proper performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to these customers, the customers may demand the banks to pay them the sum or sums stipulated in the performance bond and the Group will be liable to compensate these banks accordingly. The performance bonds will be released upon completion of the relevant contracted work.

The Group is involved in lawsuits during our normal course of operations. As at 31 December 2024, there were a few legal proceedings related to these lawsuits outstanding against the Group. The Group has made adequate provision for any probable losses based on the current facts and circumstances.

FINANCIAL HIGHLIGHTS

Key Financials

	2024 ***HK$'M***	2023 *HK$'M*
Current assets	**3,699.4**	3,721.4
Current liabilities	**2,632.6**	2,730.1
Bank balances and cash	**1,035.9**	906.4
Net current assets	**1,066.9**	991.3
Total assets less current liabilities	**2,567.5**	2,409.2
Current ratio *(Note i)*	**1.4 times**	1.4 times
Gearing ratio *(Note ii)*	**26.2%**	15.1%
Return on equity *(Note iii)*	**6.3%**	12.0%

Notes:

(i)	Current ratio:	Total current assets/total current liabilities
(ii)	Gearing ratio:	Total interest-bearing bank borrowings/equity attributable to owners of the Company as shown in the consolidated statement of financial position x 100%
(iii)	Return on equity:	Profit attributable to the owners of the Company/average of opening and closing balances on equity attributable to owners of the Company as shown in the consolidated statement of financial position x 100%

Human Resources

Human resources are a key factor in the success of the Group's business. As at 31 December 2024, the Group had 3,149 employees in Hong Kong, Macau, Mainland China, and the UK (31 December 2023: 3,010).

To nurture new talent and ensure our pipeline of competent professional personnel and leaders, the Group has operated the Hong Kong Institution of Engineers ("HKIE") Graduate Training Scheme and the Vocational Training Council ("VTC") Apprenticeship Programme since 1984. More than 1,100 young engineers and technicians have successfully completed the programmes. Many have stayed with the Group and progressed to more senior professional and leadership roles. All have served the industry and society in different roles, contributing ultimately to the industry and the community.

In 2024, more than 130 young trainees were nurtured through these remarkable training programmes, which had grown to cover seven disciplines under the HKIE Graduate Training Scheme, namely Mechanical, Electrical, Environmental, Building Services, Energy, Electronics, and Control, Automation and Instrumentation. Curriculum enhancement was also introduced on safety and social responsibility. After completion of the HKIE training scheme, an additional year of training would be offered to further broaden the development of individuals with particularly favourable performance.

In addition, employees at different levels have been encouraged to undertake continuous training to enhance their knowledge, skills, integrity, customer focus, leadership and all-rounded capabilities. The diversified portfolio of continuous training fosters a spirit of craftsmanship and facilitates navigation in a changing environment. A total of 569 internal training courses with over 38,500 training hours were conducted for the Group's employees in 2024. In recognition of this exemplary performance in employee training and development, the Group was awarded the status of "Manpower Developer" by the Employees Retraining Board for April 2024 to March 2026.

In addition to maintaining a platform for continuous development, a comprehensive goal setting and performance appraisal system is in place, coupled with competitive remuneration and benefits, to attract, retain and incentivise employees. Our remuneration policy incentivises strong and sustained performance, with remuneration for directors and senior executives recommended by the Remuneration Committee and approved by the Board, and aligned with business objectives. The Group continues to enhance the rigour of performance differentiation and performance management, and values competent, committed employees who share our vision and values, encouraging them to realise their potential and providing them with career opportunities. Maintaining the rigour of performance management also assures a high level of staff competence and efficiency as part of our growth strategy in the best interest of the shareholders.

The Group is committed to upholding integrity and business ethics. The Code of Conduct and related policies are clearly communicated to all employees and reinforced by operating procedures and continual staff training covering the Prevention of Bribery Ordinance, the Competition Ordinance, the anti-discrimination ordinances, the Construction Workers Registration Ordinance, and the Personal Data (Privacy) Ordinance. Mechanisms are also in place for whistle blowers, for proactive cooperation with enforcement agencies, and for staff to declare and avoid potential conflicts of interest. In the event of complaints or allegations, there is a system in place to ensure the accuracy of the facts, to identify malicious allegations, and to conduct each case fairly and impartially.

We have long been maintaining an equal opportunity working environment, offering flexible work arrangements for female staff where appropriate, a nursing room for those with babies, duty adjustment for those who are pregnant and support for female staff working on site. The Group also recruits ethnic minority and overseas talents, balancing the provision of training opportunities and development pathways for local talents, and utilising the government labour importation schemes for the construction sector.

Safety is always our priority, with appropriate procedures and work instructions upheld and regularly updated to address work-related risks such as heat stress, working at height, confined spaces, etc. A comprehensive system integrating advanced technologies for optimal safety and efficiency has been developed by a dedicated "Task Force on Smart Site Safety System". It includes a smart safety harness system with AI and IoT technology for working at height, and robotic welding for enhanced safety, efficiency, and sustainability.

Advanced construction reality capture has also been leveraged to facilitate dynamic risk assessment and ensure safe work practices.

Additionally, the ATAL Recreational and Welfare Affairs Club ("ARWA Club") is in place to strengthen the sense of belonging of employees. ARWA Club has actively been organising a range of sports and welfare activities to promote a happy and healthy workplace and to support a variety of sports teams, including the Dragon Boat Team, Bowling Team, Badminton Team, Basketball Team and Football Team.

The Group received prestigious awards at the "HR Excellence Awards 2023/24" organised by the Hong Kong Institute of Human Resources Management, including the "Management Trainee Programme Award – Elite Award", "Learning & Development Award – Merit Award" and "Talent Acquisition Award – Merit Award".

OUTLOOK

In the past year, the transformation of the global strategic landscape and technologies continued to unfold. With this, impact was experienced around the world and in Hong Kong across different industries. Despite the headwinds, Mainland China has shown resilience and adaptability, achieving technological breakthroughs, maintaining GDP growth, continuing with reform and rolling out supportive policies.

For Hong Kong's construction industry, the public sector alone is expected to see government capital works worth around HK$90-120 billion. There are also many additional opportunities in various other sectors, driven by the fast-growing demand for new technologies and data processing, the development of the metropolis, need to refresh, improve and extend the life cycle of assets, and ongoing operation and maintenance. This is evidenced by the increase in the Group's order intake and the tendering activities it has participated in, with further awards expected this year, providing the Group's business with a solid foundation going forward.

Distinct from our peers, the Group is not only a leader in multi-disciplinary E&M Engineering, but also as an ICT service provider for smart cities. The broad scope of the Group's business, made possible by our comprehensive engineering capabilities, across the diversified segments of Building Services, Environmental Engineering, Information, Communications and Building Technologies, and Lifts and Escalators, bodes well for the Group to maintain our portfolio of work and to capture the opportunities presented by shifting market priorities towards smart and digital solutions, data centres, environmental engineering and climate solutions, infrastructure, hospitals and housing.

In line with the vision of new productive forces being widely pursued, the Group's achievement over the past year in iconic applications of the innovative techniques of MiMEP, DfMA and BIM are the fruits of our head start, our investment in dedicated facilities in both Hong Kong and Mainland China, and our systematic approaches to research and development point to our strong position for capturing the market opportunities in the growth sector of MiMEP and related innovative construction techniques.

Recognising continuous improvement as a success factor in navigating competition, we will invest to keep enhancing our core strengths and building on our solid underlying operational performance by mobilising all our staff and leaders, and leveraging our value of innovation. Virtuous cycles of continuous improvements and the fresh cash so generated to invest in further improvements will be directed to continuously improving our business model and hence enhancing our productivity and competitiveness.

The extension of our Lifts and Escalators business to the UK and the USA will be built on to continuously improve our comprehensive business model from design, through manufacturing and construction to excellent after-sales service. Not only has our associate in the USA achieved a turnaround in profitability since the impact of COVID-19 on the New York market, it is also gradually expanding its market reach from New York to more cities. More products and partners are also being developed to align with our expanding market reach.

As well as maintaining our market leadership in new construction techniques, we are breaking new ground in our operations and maintenance capacity through MOM service contracts for mission-critical data centres. In parallel, we have strengthened our 24/7 call centre and remote monitoring technologies, and will continuously leverage our smart technological capabilities to create unique value for customers.

With the strong cash the Group has maintained, we will be able to take on additional work as appropriate and to capture the valuable business opportunities arising in the market. The Group will continue to selectively explore potential synergistic equity investments and other forms of partnerships to develop new markets, including East Asia, Southeast Asia, Central Asia, the Middle East and other parts of the world, and to bring new technologies to the market.

With various tender opportunities from the Philippines through Dubai to Europe, a business unit is being dedicated to expanding our Environmental Engineering and other businesses into projects in new markets where we can leverage our expertise, excellent project track record and local partners.

Investment to enhance our edge through research and development will be focused on meeting market needs that match our core strengths and helping solve customer pain points, including smart and digital infrastructure, environmental and climate solutions, and MiMEP and other innovative construction techniques that improve quality, duration required, productivity, safety and sustainability.

ATAL Tower, with its greatly enhanced smart infrastructure and housing the ATAL Design, Research and Training Centre, is an investment that demonstrates our confidence in and our commitment to Hong Kong. We have already realised the benefits of motivating staff with a better working environment, enhancing efficiency and synergies by consolidating business units under one roof, and facilitating design, research and talent development.

We value our highly competent and committed employees as a precious resource and remain steadfast in not only encouraging innovation, but also in upholding the core values of Integrity through the establishment of clear policies, a Code of Conduct, enforcement mechanisms, ongoing training, a whistle blower mechanism and compliance reviews.

We have long been maintaining an equal opportunity work environment, offering female staff friendly arrangements as appropriate, and reaching out to recruit ethnic minority and overseas talents. Staff performance differentiation is practised and linked to performance management, and remuneration and incentives to retain, motivate and attract performing employees who share our vision, values and professional standards.

We recognise that creating added value for customers is fundamental to earning their trust and ultimately forging a strong and long-lasting partnership with them. We shall tirelessly put into actions our motto of “We Commit. We Perform. We Deliver.”, ultimately optimising value for shareholders, suppliers and other stakeholders, as well as contributing to the wider community.

SECOND INTERIM DIVIDEND

The Board has resolved to pay a second interim dividend of HK2 cents per share of the Company (each, a “Share”) for the year ended 31 December 2024 (the “Second Interim Dividend”) to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) as at the close of business on Thursday, 17 April 2025. The Second Interim Dividend is expected to be paid to the Shareholders on or around Tuesday, 29 April 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to the Second Interim Dividend, the Register of Members will be closed from Wednesday, 16 April 2025 to Thursday, 17 April 2025, both days inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend from Monday, 14 April 2025. In order to be entitled to the Second Interim Dividend, Shareholders must submit all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 15 April 2025.

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company (the "Annual General Meeting"), which will be held on Thursday, 26 June 2025, the Register of Members will be closed from Friday, 20 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the aforesaid branch share registrar and transfer office of the Company in Hong Kong, at the abovementioned address, for registration by no later than 4:30 p.m. on Thursday, 19 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. During the year ended 31 December 2024, the Company has complied with all applicable code provisions set out in the CG Code.

REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee of the Company was established by the Board for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises two independent non-executive directors and one non-executive director of the Company. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.atal.com). The Company's annual report for the year ended 31 December 2024, containing all information required under the Listing Rules, will be published on the respective websites of the Stock Exchange and the Company in due course and a notice of publication will be sent to Shareholders. The printed version of the annual report will also be sent to Shareholders in accordance with their individual request.

On behalf of the Board
ANALOGUE HOLDINGS LIMITED
Dr. Mak Kin Wah
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive directors of the Company are Dr. Poon Lok To, Otto, Dr. Mak Kin Wah, Mr. Chan Hoi Ming, Mr. Cheng Wai Lung and Mr. Cheng Wai Keung, Peter; the non-executive director of the Company is Ms. Or Siu Ching, Rerina; and the independent non-executive directors of the Company are Mr. Chan Fu Keung, Mr. Lam Kin Fung, Jeffrey and Ms. Shing Mo Han, Yvonne.