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Analogue Holdings Limited
安樂工程集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1977)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

Financial Highlights

	For the six months ended	
	30 June	
	2025	2024
	HK\$'M	HK\$'M
Revenue	2,874.2	3,265.4
Gross profit	484.3	477.7
Profit attributable to the owners of the Company	80.8	82.4
Basic earnings per share	HK\$0.06	HK\$0.06

The Board has resolved to pay an interim dividend of HK2.60 cents per share for the six months ended 30 June 2025.⁽ⁱ⁾

- (i) The interim dividend for the six months ended 30 June 2025 of HK2.60 cents per share, amounting to approximately HK\$36.4 million in aggregate.

RESULTS

The board of directors (the “Board”) of Analogue Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
	<i>NOTES</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	2,874,220	3,265,383
Cost of sales and services		<u>(2,389,963)</u>	<u>(2,787,685)</u>
Gross profit		484,257	477,698
Other income		8,683	12,260
Other gains and losses	4	(295)	(16,385)
Impairment losses under expected credit loss model, net of reversal	12	(321)	1,649
Selling and distribution expenses		(327)	(545)
Administrative expenses		(365,280)	(360,896)
Share of results of associates		(14,431)	53
Finance costs	5	<u>(11,898)</u>	<u>(8,366)</u>
Profit before tax		100,388	105,468
Income tax expense	6	<u>(21,102)</u>	<u>(23,188)</u>
Profit for the period	7	<u>79,286</u>	<u>82,280</u>
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Loss on revaluation of properties		–	(2,655)
Income tax relating to loss on revaluation of properties		<u>–</u>	<u>438</u>
		<u>–</u>	<u>(2,217)</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		16,112	(17,749)
Reclassification of cumulative translation reserve upon dissolution of interest in a subsidiary		<u>–</u>	<u>267</u>
		<u>16,112</u>	<u>(17,482)</u>
Other comprehensive income (expense) for the period, net of tax		<u>16,112</u>	<u>(19,699)</u>
Total comprehensive income for the period		<u>95,398</u>	<u>62,581</u>

		Six months ended 30 June	
		2025	2024
<i>NOTE</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		80,811	82,409
Non-controlling interests		(1,525)	(129)
		<u>79,286</u>	<u>82,280</u>
Total comprehensive income (expense)			
for the period attributable to:			
Owners of the Company		96,874	62,734
Non-controlling interests		(1,476)	(153)
		<u>95,398</u>	<u>62,581</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	9	<u>6</u>	<u>6</u>
Diluted	9	<u>6</u>	<u>6</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Non-current assets			
Investment properties		55,300	62,540
Property, plant and equipment		889,742	908,488
Right-of-use assets		50,852	35,572
Intangible assets		–	1,532
Interests in associates	10	457,337	459,509
Deposits		15,198	9,214
Deferred tax assets		25,309	23,729
		<u>1,493,738</u>	<u>1,500,584</u>
Current assets			
Inventories		84,427	81,931
Contract assets	11	1,363,897	1,460,393
Trade receivables	12	1,022,671	958,265
Other receivables, deposits and prepayments		116,181	123,024
Amount due from an associate		–	–
Amounts due from partners of joint operations		9,173	5,959
Derivative financial instruments		2,084	–
Tax recoverable		7,811	8,025
Pledged bank deposits		18,019	25,915
Bank balances and cash		1,140,092	1,035,936
		<u>3,764,355</u>	<u>3,699,448</u>
Current liabilities			
Trade and retention payables	13	630,912	637,185
Other payables and accrued expenses	14	1,690,727	1,623,543
Contract liabilities		92,550	78,032
Amounts due to partners of joint operations		18,651	5,649
Bank borrowings – due within one year		213,606	247,514
Derivative financial instruments		–	2,430
Lease liabilities		21,853	13,327
Tax payable		46,282	24,876
		<u>2,714,581</u>	<u>2,632,556</u>
Net current assets		<u>1,049,774</u>	<u>1,066,892</u>
Total assets less current liabilities		<u><u>2,543,512</u></u>	<u><u>2,567,476</u></u>

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Capital and reserves		
Share capital	14,000	14,000
Reserves	<u>2,248,583</u>	<u>2,179,686</u>
Equity attributable to owners of the Company	2,262,583	2,193,686
Non-controlling interests	<u>(89)</u>	<u>1,387</u>
Total equity	<u>2,262,494</u>	<u>2,195,073</u>
Non-current liabilities		
Long service payment obligation	10,355	9,049
Bank borrowings – due after one year	226,688	326,676
Lease liabilities	27,831	20,700
Deferred tax liabilities	14,923	14,622
Deferred income	<u>1,221</u>	<u>1,356</u>
	<u>281,018</u>	<u>372,403</u>
	<u>2,543,512</u>	<u>2,567,476</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Analogue Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

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

Amendments to HKAS 21	Lack of exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

(i) Disaggregation of revenue from contracts with customers

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Timing of revenue recognition and category of revenue</i>		
Recognised over time and long-term contracts		
Contracting work	2,208,154	2,585,340
Maintenance work	616,872	614,741
	2,825,026	3,200,081
Recognised at a point in time and short-term contracts		
Sales of goods	49,194	65,302
	2,874,220	3,265,383
<i>Geographical information</i>		
Hong Kong	2,644,186	2,795,938
Macau	83,391	291,946
Mainland China	68,220	110,284
United Kingdom ("UK")	74,496	63,657
United States of America ("USA")	356	37
Others	3,571	3,521
	2,874,220	3,265,383

(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 the end of the respective reporting period are as follows:

	As at	As at
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracting work	10,420,524	8,640,698
Maintenance work	2,502,516	2,256,841
Sales of goods	162,028	155,209
	13,085,068	11,052,748

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 six months ended 30 June 2025 (Unaudited)

	Building services <i>HK\$’000</i>	Environmental engineering <i>HK\$’000</i>	ICBT <i>HK\$’000</i>	Lifts and escalators <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue					
– Contracting work	1,363,469	478,928	213,090	152,667	2,208,154
– Maintenance work	201,153	203,441	81,645	130,633	616,872
– Sales of goods	311	34,679	8,490	5,714	49,194
	<u>1,564,933</u>	<u>717,048</u>	<u>303,225</u>	<u>289,014</u>	<u>2,874,220</u>
Total revenue	<u>1,564,933</u>	<u>717,048</u>	<u>303,225</u>	<u>289,014</u>	<u>2,874,220</u>

For the six months ended 30 June 2024 (Unaudited)

	Building services <i>HK\$’000</i>	Environmental engineering <i>HK\$’000</i>	ICBT <i>HK\$’000</i>	Lifts and escalators <i>HK\$’000</i>	Total <i>HK\$’000</i>
Revenue					
– Contracting work	1,905,922	363,480	202,741	113,197	2,585,340
– Maintenance work	205,128	223,898	68,344	117,371	614,741
– Sales of goods	298	33,210	23,485	8,309	65,302
	<u>2,111,348</u>	<u>620,588</u>	<u>294,570</u>	<u>238,877</u>	<u>3,265,383</u>
Total revenue	<u>2,111,348</u>	<u>620,588</u>	<u>294,570</u>	<u>238,877</u>	<u>3,265,383</u>

Segment revenue and results

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

For the six months ended 30 June 2025 (Unaudited)

	Building services <i>HK\$'000</i>	Environmental engineering <i>HK\$'000</i>	ICBT <i>HK\$'000</i>	Lifts and escalators <i>HK\$'000</i>	Inter segment elimination/ unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
– external	1,564,933	717,048	303,225	289,014	–	2,874,220
– inter-segment	2,018	–	18,437	232	(20,687)	–
Total revenue	1,566,951	717,048	321,662	289,246	(20,687)	2,874,220
Segment profit	31,984	52,538	17,764	19,797	–	122,083
Share of result of an associate						(3,000)
Bank interest income						4,719
Finance costs						(11,898)
Unallocated income/gains						9,288
Unallocated expenses/losses						(20,804)
Profit before tax						100,388
Income tax expense						(21,102)
Profit for the period						79,286
Other segment information						
Depreciation of property, plant and equipment	732	838	207	2,873	20,875	25,525
Depreciation of right-of-use assets	1,412	3,086	599	2,114	1,010	8,221
Impairment losses recognised (reversed) under expected credit loss model, net	1,461	(1,892)	(426)	857	321	321
Impairment loss on intangible assets	–	–	–	–	1,596	1,596
Loss on disposal of property, plant and equipment	–	–	–	21	–	21

For the six months ended 30 June 2024 (Unaudited)

	Building services <i>HK\$'000</i>	Environmental engineering <i>HK\$'000</i>	ICBT <i>HK\$'000</i>	Lifts and escalators <i>HK\$'000</i>	Inter segment elimination/ unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
– external	2,111,348	620,588	294,570	238,877	–	3,265,383
– inter-segment	35,297	–	27,079	2,688	(65,064)	–
Total revenue	2,146,645	620,588	321,649	241,565	(65,064)	3,265,383
Segment profit	68,616	35,406	12,247	17,587	–	133,856
Share of result of an associate						1,856
Impairment loss on interest in an associate						(12,645)
Bank interest income						5,358
Finance costs						(8,366)
Unallocated income/gains						1,055
Unallocated expenses/losses						(15,646)
Profit before tax						105,468
Income tax expense						(23,188)
Profit for the period						82,280
Other segment information						
Depreciation of property, plant and equipment	682	942	362	2,781	5,993	10,760
Depreciation of right-of-use assets	3,346	2,511	2,173	1,538	13,208	22,776
Amortisation of intangible assets	–	–	–	–	301	301
Impairment losses recognised (reversed) under expected credit loss model, net	2,780	(1,671)	1,298	(4,056)	–	(1,649)
(Gain) loss on disposal of property, plant and equipment	(9)	(3)	11	–	9	8

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, impairment loss on interest in an associate, bank interest income and 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.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Impairment loss on interest in an associate (<i>Note 10</i>)	–	(12,645)
Net exchange gains (losses)	8,562	(3,457)
Loss from change in fair value of investment properties	(7,240)	(220)
Loss on disposal of property, plant and equipment	(21)	(8)
Impairment loss on intangible assets (<i>Note</i>)	(1,596)	–
Gain on lease remeasurement	–	126
Gain on derecognition of right-of-use assets and lease liabilities under early termination	–	86
Loss on dissolution of interest in a subsidiary	–	(267)
	(295)	(16,385)

Note: For the six months ended 30 June 2025, a UK subsidiary was loss-making and its financial performance was below projections. It is assessed that the recoverable amount of intangible assets in relation to this UK subsidiary was lower than its carrying value. Therefore, an impairment loss on intangible assets of approximately HK\$1,596,000 was recognised during the six months ended 30 June 2025.

5. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	10,704	7,429
Interest on lease liabilities	1,089	1,063
Ancillary costs in respect of banking facilities	105	1,305
	11,898	9,797
Total finance costs	11,898	9,797
Less: amount capitalised in the cost of qualifying assets	–	(1,431)
	11,898	8,366

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong	21,309	20,707
Macau	1,143	2,130
People's Republic of China ("PRC") Enterprise Income Tax	406	764
	22,858	23,601
(Over)underprovision in prior years		
Hong Kong	(44)	–
PRC Enterprise Income Tax	1	(1)
UK	(317)	(99)
	(360)	(100)
	22,498	23,501
Deferred tax	(1,396)	(313)
	21,102	23,188

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.

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 periods.

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 periods. 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 six months ended 30 June 2025, 5% and 10% withholding tax rates were used for the Company’s subsidiaries and the Group’s associate, respectively (six months ended 30 June 2024: 5% and 10%, respectively).

A reversal for deferred tax liabilities on dividend withholding tax of approximately HK\$486,000 (unaudited) (six months ended 30 June 2024: HK\$20,000 (unaudited)) was credited to profit or loss for the six months ended 30 June 2025. During the six months ended 30 June 2025, withholding tax of approximately HK\$726,000 (unaudited) (six months ended 30 June 2024: HK\$764,000 (unaudited)) was paid by the Group. The above resulted in a reversal for deferred tax liabilities on dividend withholding tax of approximately HK\$1,212,000 (unaudited) (six months ended 30 June 2024: HK\$784,000 (unaudited)) credited to profit or loss for the six months ended 30 June 2025.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
– Directors' remuneration	13,689	14,747
– Salaries and other benefits (excluding directors)	714,319	690,811
– Retirement benefit scheme contributions (excluding directors)	35,384	31,466
– Share-based payment expense (excluding directors)	–	1,297
	763,392	738,321
Cost of inventories recognised as expenses (included in cost of sales and services)	132,439	140,083
Amortisation of intangible assets	–	301
Depreciation of property, plant and equipment	25,525	10,760
Depreciation of right-of-use assets	8,221	22,776
Write-down of inventories, net	833	3,378
(Gain) loss from change in fair value of derivative financial instruments	(4,514)	2,547
Rental income from investment properties	(55)	–
Less: direct operating expenses incurred for investment properties that generated rental income during the period	12	–
	(43)	–
Auditor's remuneration	2,941	3,043

8. DIVIDENDS

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
2024 second interim dividend – HK2 cents (2024: 2023 second interim dividend – HK1 cent) per share	27,977	13,863

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK2.60 cents per share amounting to approximately HK\$36,370,000 in aggregate will be paid to owners of the Company whose names appear in the register of members of the Company as at the close of business on 17 September 2025.

9. 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:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	80,811	82,409
	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,398,840,000	1,386,528,000
Effect of dilutive potential ordinary shares	–	12,620,220
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,398,840,000	1,399,148,220

During the six months ended 30 June 2025 and 2024, 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 six months ended 30 June 2024. Save as the awarded shares mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 30 June 2024. There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2025.

During the six months ended 30 June 2025 and 2024, 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.

10. INTERESTS IN ASSOCIATES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Investment cost		
Listed outside Hong Kong	91,817	91,817
Unlisted	240,840	240,840
Impairment loss recognised (<i>Note</i>)	(137,245)	(137,245)
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>261,925</u>	<u>264,097</u>
Interests in associates	<u><u>457,337</u></u>	<u><u>459,509</u></u>

Note:

The Group performed impairment assessment on the interest in Transel Elevator & Electric Inc. (“TEI”), an associate of the Group, for the six months ended 30 June 2024. 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 had been determined based on a value in use calculation. The recoverable amount was based on certain key assumptions including discount rate and the estimated cash flows. The value in use calculation used cash flow projections based on financial forecasts approved by management covering a 5-year period with a pre-tax discount rate of 25% (unaudited). Cash flow projections beyond the 5-year period were extrapolated using a steady 2.1% (unaudited) growth rate. This growth rate did 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 were 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 were 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 six months ended 30 June 2024, its financial performance was less satisfactory than expected. As a result, an impairment loss of approximately HK\$12,645,000 (unaudited) had been recognised in respect of the Group’s interest in TEI during the six months ended 30 June 2024.

11. CONTRACT ASSETS

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Contract assets	1,441,867	1,538,702
Less: allowances for credit losses	<u>(77,970)</u>	<u>(78,309)</u>
	<u>1,363,897</u>	<u>1,460,393</u>

As at 30 June 2025, contract assets include retention receivables of approximately HK\$559,759,000 (unaudited) (31 December 2024: HK\$513,650,000 (audited)). 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 12.

12. TRADE RECEIVABLES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Trade receivables	890,689	907,080
Less: allowances for credit losses	<u>(91,600)</u>	<u>(90,280)</u>
	799,089	816,800
Unbilled revenue (<i>Note</i>)	221,100	136,315
Bills receivables	<u>2,482</u>	<u>5,150</u>
	<u>1,022,671</u>	<u>958,265</u>

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 the 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 30 June 2025, the Group's bills receivables are of age within one year (31 December 2024: within one year).

The Group generally allows credit period ranging from 14 to 90 days. The Group assesses the credit quality of each potential customer and define rating and credit limit for each customer.

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

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
0 – 30 days	498,406	513,363
31 – 90 days	175,652	175,373
91 – 360 days	122,649	126,880
Over 1 year	2,382	1,184
	<hr/>	<hr/>
Total	799,089	816,800
	<hr/> <hr/>	<hr/> <hr/>

The Group applies the simplified approach to provide for expected credit losses (“ECL”) prescribed by HKFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

Trade receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. For the remaining trade receivables and contract assets, they are assessed collectively based on the Group’s internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

During the six months ended 30 June 2025, the Group recognised impairment allowance of approximately HK\$19,072,000 (unaudited) (six months ended 30 June 2024: HK\$17,273,000 (unaudited)) and reversed impairment allowance of approximately HK\$12,489,000 (unaudited) (six months ended 30 June 2024: HK\$12,160,000 (unaudited)) for not credit-impaired trade receivables, based on the collective assessment. Impairment allowance of approximately HK\$7,597,000 (unaudited) (six months ended 30 June 2024: HK\$5,822,000 (unaudited)) was made and approximately HK\$13,824,000 (unaudited) (six months ended 30 June 2024: HK\$13,177,000 (unaudited)) was reversed on credit-impaired trade receivables, based on individual assessment. During the six months ended 30 June 2025, trade debtors with gross carrying amount of approximately HK\$2,286,000 (unaudited) (six months ended 30 June 2024: HK\$2,743,000 (unaudited)) became credit-impaired and therefore, approximately HK\$2,286,000 (unaudited) (six months ended 30 June 2024: HK\$2,743,000 (unaudited)) lifetime ECL was transferred from not credit-impaired to credit-impaired.

During the six months ended 30 June 2025, net impairment allowance of approximately HK\$605,000 (unaudited) (six months ended 30 June 2024: HK\$593,000 (unaudited)) was recognised on not credit-impaired contract assets, based on the collective assessment. Net impairment allowance of approximately HK\$961,000 (unaudited) on credit-impaired contract assets (six months ended 30 June 2024: Nil (unaudited)) was reversed, based on individual assessment.

During the six months ended 30 June 2025, impairment allowance of approximately HK\$321,000 (unaudited) (six months ended 30 June 2024: Nil (unaudited)) was recognised on other receivables which are credit-impaired.

13. TRADE AND RETENTION PAYABLES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Trade payables	404,873	392,838
Trade payables (unbilled)	51,435	65,783
Retention payables	174,604	178,564
	<u>630,912</u>	<u>637,185</u>

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:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
0 – 30 days	197,792	198,258
31 – 90 days	124,349	112,183
91 – 360 days	41,397	45,279
Over 1 year	41,335	37,118
	<u>404,873</u>	<u>392,838</u>

14. OTHER PAYABLES AND ACCRUED EXPENSES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Accrued contract costs	1,341,051	1,274,667
Accrued staff costs	144,615	130,360
Provision for litigation liabilities (<i>Note</i>)	150,000	150,000
Others	55,061	68,516
	<u>1,690,727</u>	<u>1,623,543</u>

Note: In November 2022, a cooperation agreement was entered into with the Hong Kong Competition Commission in relation to the resolution of certain legal proceedings. As part of the cooperation agreement, a pecuniary penalty of HK\$150 million was agreed to be paid by a subsidiary of the Company. The Group has accordingly made a provision of HK\$150 million (audited) for this litigation settlement during the year ended 31 December 2022. An announcement relating to the cooperation agreement was issued by the Company on 4 November 2022.

15. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group are pledged to secure the bank borrowings of the Group and the general banking facilities granted to certain subsidiaries of the Company:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Properties	739,915	774,976
Investment properties	55,300	62,540
Bank deposits	18,019	25,915
Others (<i>Note</i>)	104,844	104,677
	918,078	968,108

Note: Included in others, there was the assignment of certain trade receivables of a wholly owned subsidiary of the Company of approximately HK\$24,955,000 (unaudited) (31 December 2024: HK\$2,909,000 (audited)) and fixed and floating charges over all assets of several wholly owned subsidiaries of the Company amounting to approximately HK\$79,889,000 (unaudited) (31 December 2024: HK\$101,768,000 (audited)), out of which approximately HK\$75,700,000 (unaudited) (31 December 2024: HK\$78,566,000 (audited)) represents the leasehold improvements, plant and equipment in ATAL Tower upon the completion of renovation in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM BUSINESS REVIEW

Overview

The Group achieved a record high contracts-in-hand of HK\$13,085.0 million as of 30 June 2025 (30 June 2024: HK\$11,704.3 million) by winning contracts across diverse sectors, including hospitals, residential and commercial developments, Macau hotels, data centres, universities, environmental engineering, technological services, and lifts and escalators. Successfully staying agile for the opportunities in our diverse business base, the Group increased the order intake by 39.8% or HK\$1,396.3 million to HK\$4,906.5 million for the six months ended 30 June 2025 (“1H2025”) (For the six months ended 30 June 2024 (“1H2024”): HK\$3,510.2 million). This will provide a solid foundation for the business in the coming two years and beyond.

The Group maintained active tendering activities in the first half of 2025 and submitted a total of 498 tenders or quotations, each valued at over HK\$1 million (1H2024: 581 tenders or quotations each valued at over HK\$1 million), across our four business segments: Building Services; Environmental Engineering; Information, Communications and Building Technologies (“ICBT”); and Lifts and Escalators. The award of many of the submitted tenders is due for announcement in phases later this year.

The Group’s profit attributable to the owners of the Company was HK\$80.8 million for 1H2025 and was HK\$82.4 million for 1H2024, the difference being 1.9% or HK\$1.6 million. For adjusted comparison between 1H2025 and 1H2024, the Group’s profit attributable to the owners of the Company of HK\$80.8 million for 1H2025 would be 18.2% or HK\$18.0 million lower compared with the adjusted profit attributable to the owners of the Company of HK\$98.8 million for 1H2024 (after excluding the Group’s share of a once-off net insurance claim income of approximately HK\$15.2 million (net of associated expenses) received by our associate in the United States (“US”) as well as the impairment loss on goodwill and the impairment loss on brand name for this associate in the US totalling HK\$31.6 million).

The revenue generated by the Group for 1H2025 amounted to HK\$2,874.2 million. Compared with HK\$3,265.4 million for 1H2024, this was lower by 12.0% or HK\$391.2 million mainly due to phasing of projects.

The Group maintained a solid consolidated gross profit of HK\$484.3 million at 16.8% to revenue for 1H2025 (1H2024: HK\$477.7 million at 14.6% to revenue). New projects are scheduled to start progressively and will contribute to the future profit pipeline in phases as they reach the threshold for profit recognition.

The Group maintained a strong cash position, with bank balances and cash of HK\$1,140.1 million as of 30 June 2025 (31 December 2024: HK\$1,035.9 million), enabling the Group to take on additional work as appropriate and other business opportunities arising in the market.

The Group’s success in building a lead in the advanced construction technologies of Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP), Design for Manufacturing and Assembly (DfMA), Modular Integrated Construction (MiC) and Building Information Modelling (BIM) was critical to the success in securing many new contracts in 1H2025, including those for hospitals and commercial developments. These technologies are transforming traditional engineering workflows, improving quality, enhancing safety, reducing site time, minimising waste, and ultimately preventing site issues before they arise.

Our MiMEP Design and Manufacturing Centre, and High Productivity Research Centre in Zhuhai also serve as industry hubs to showcase how MiMEP can offer tangible benefits in terms of productivity and sustainability. The centres are digitally linked to ATAL Tower, our intelligent headquarters, enabling real-time monitoring and seamless coordination across regions.

With ATAL Tower now fully operational, the Group has entered a new era. This all-in-one headquarters consolidates all our operating units under one roof and serves as a dynamic centre for nurturing ideas, technologies and future leaders, enhancing collaboration across business units, accelerating innovation, and positioning the Group for sustainable growth in the coming decades.

In parallel, ATAL Data Centre Infrastructure Limited has obtained the property management licence, further strengthening our capability to maintain, operate and manage mission-critical infrastructure services, including high-performance data centres.

The intake of new maintenance contracts for infrastructure, housing programmes, and lifts and escalators in the 1H2025 totalled HK\$862.5 million. With the renewal of major term maintenance contracts, this represents an increase of 143.0% or HK\$507.6 million, from the HK\$354.9 million recorded in 1H2024. Recurring maintenance revenue was steady at HK\$616.9 million during the 1H2025, compared with HK\$614.7 million in 1H2024.

To reinforce our differentiation, the Group continues to invest in research and development (R&D) in target areas to develop and deploy technologies including AI, Digital Twins, IoT (Internet of Things), and energy optimisation to support intelligent building and smart city solutions; liquid cooling to boost high performance computing data centres; robotic solutions; integrated water and wastewater treatment systems to improve thermal management and sustainability; climate and environmental engineering solutions, such as flood mitigation systems and barrages, and renewable energy systems to support green buildings and carbon reduction goals.

These innovations are not only improving project outcomes, but also enabling the Group to lead in emerging business segments and respond proactively to evolving market demands.

The Group continues to explore opportunities in the US, the United Kingdom (“UK”), and other international markets. Notably, the Group’s associate, Transel Elevator & Electric Inc. (“TEI”), one of the largest independent lifts and escalators companies in New York, secured the contract for the world-class vertical transportation system in the iconic 56-storey luxury hotel skyscraper on the border of Times Square, incorporating an observation deck and an amusement drop-ride. Furthermore, TEI continued to expand in the southern part of the country and opened a second branch in Florida in the first half of 2025. In addition, the Group has established a company in Germany to capitalise on business opportunities in Europe.

Building Services

The Building Services segment reports a high level of contracts-in-hand totalling approximately HK\$6,934 million as of 30 June 2025, providing a solid business foundation for the coming two years and beyond (30 June 2024: HK\$5,585 million). Our competitive edge in multidisciplinary packaged projects and industry leadership in innovative MiMEP and other new engineering techniques were instrumental in securing major contracts. These contracts include projects for hospitals in Sheung Shui, Yuen Long and Lai King, public and private residential projects, commercial developments in Tung Chung and other areas, significant hotel projects in Macau, data centre development and university works.

Order intake for 1H2025 totalled HK\$3,392 million, representing an increase of 80.3% or HK\$1,511 million, compared to HK\$1,881 million for 1H2024. Revenue generated by the Building Services segment for 1H2025 was HK\$1,565 million, 25.9% lower than the previous year (1H2024: HK\$2,111 million), due to the phasing of projects. Newly launched projects are scheduled to progressively reach the threshold for profit recognition, contributing to the future profit pipeline in phases.

New maintenance contracts for housing programmes and modernisation projects were added to the large Management, Operation and Maintenance (“MOM”) service contracts for mission-critical data centres that commenced in the previous year.

With strategic investments to accelerate innovation and modern manufacturing facilities in Zhuhai and Hong Kong, the Group continues to lead in MiMEP and DfMA technologies. These facilities are now fully integrated with our headquarters, enabling real-time monitoring and seamless collaboration across regions.

We have successfully obtained the property management licence, allowing us to offer integrated solutions throughout the building lifecycle, from construction through maintenance and operations to long-term facility management, and creating a potential revenue stream that complements our core services.

To continuously improve productivity, we have integrated manpower deployment across different units under the Building Services segment to encourage more agile and efficient resource allocation between healthcare, infrastructure and building services projects, as well as between different regions.

Through continuous development of innovative technologies, and operational optimisation, the Building Services segment is positioning itself to maintain market competitiveness and continue to grow its core business.

Environmental Engineering

Contracts-in-hand of the Environmental Engineering segment amounted to HK\$4,580 million as at 30 June 2025 (30 June 2024: HK\$4,514 million).

The segment secured the order intake of HK\$966 million in 1H2025 (1H2024: HK\$970 million). This included the award of a four-year water supply maintenance contract, upgrading works for a sewage pumping station to serve the expanded population in the New Territories East region, and variation orders under an existing water treatment works contract. The segment maintained active tendering activities throughout 1H2025 and the award of many of the submitted tenders is due for finalisation in phases later in the year.

The Environmental Engineering segment recorded revenue of HK\$717 million in 1H2025, representing an increase of 15.5% or HK\$96 million from HK\$621 million in 1H2024.

With increasing market potential, AI-enabled Digital Twins and other innovative solutions have been introduced under the Algo brand in water, wastewater and solid waste design-and-build projects, as well as in operation and maintenance projects for electrical and mechanical (“E&M”) works, to help optimise operational decisions, extend plant life cycles, and ensure the excellent serviceability of environmental infrastructure in Hong Kong.

In addition to the project opportunities in Asia and the Middle East, the segment is exploring opportunities to extend its expert services to European projects through a newly-established company in Germany.

Information, Communications and Building Technologies (“ICBT”)

The contracts-in-hand of the ICBT segment totalled HK\$863 million as at 30 June 2025, lower by 8.0% compared with the HK\$938 million as at 30 June 2024. The segment’s order intake was HK\$207 million in 1H2025, lower than the HK\$391 million in 1H2024 mainly due to the timing of major project opportunities. The segment maintained active tendering activities throughout 1H2025 and the award of many submitted tenders is due for finalisation in phases later in the year.

Revenue for the ICBT segment amounted to HK\$303 million in 1H2025, up by 2.7% or HK\$8 million, from HK\$295 million in 1H2024.

The ICBT segment continued to sustain its leadership in green and intelligent building solutions under the DigiFusion brand, leveraging our integrated spectrum of cutting-edge technologies, including AI-enabled Digital Twin platforms, IoT, energy management and renewable energy systems, solar paver technology, energy-efficient HVAC (Heating, Ventilation, and Air Conditioning) systems, ESG dashboards and IEQ (Indoor Environment Quality) management, automation and control systems, AI video analytics, advanced security solutions, robotic solutions and smart lampposts. These solutions are designed to foster smarter and more sustainable urban environments that elevate quality of life, transform how people live and work, and strengthen their connection with the spaces around them.

One of our signature projects is to provide holistic solutions for a new Grade A commercial building in the heart of Causeway Bay, integrating automation and control systems, security solutions, IT networks and IoT infrastructure, which will be a showcase for digital and sustainable engineering in Hong Kong and the surrounding regions.

We have continued to expand our technological reach through strategic collaborations with leading manufacturers in Mainland China and around the world. One notable partnership during the 1H2025 involved a world-renowned pump manufacturer, enabling us to deliver digital solutions including ready-to-use BIM assets, prefabrication technologies, IoT integration, and AI-powered analytics. These collaborations reinforce our ability to deliver scalable, high-performance solutions in diverse sectors.

Lifts and Escalators

The Group’s lifts, escalators and moving walkways demonstrate success in tapping into overseas markets, with enrichment in the product range and enhancement in production capacity.

Contracts-in-hand of the Lifts and Escalators segment reached HK\$708 million as at 30 June 2025 (30 June 2024: HK\$667 million). The segment’s order intake was HK\$341 million in 1H2025, up 26.8% or HK\$72 million, compared with HK\$269 million in 1H2024. This was attributable to the award of several major contracts in Hong Kong, including the renewal of a three-year term maintenance contract, and projects in the UK.

In parallel, the Group’s associate, TEI, secured the contract of a world-class vertical transportation system in the iconic 56-storey luxury hotel skyscraper including an observation deck and an amusement drop-ride, on the border of Times Square in New York.

Revenue from the Lifts and Escalators segment (excluding TEI) was HK\$289 million in 1H2025, an increase of 20.9% or HK\$50 million from HK\$239 million in 1H2024.

Through continuous refinement and improvement, our Nanjing factory has streamlined manufacturing processes, expanded product offerings and enhanced product quality. These optimisations resonate with our global vision and reinforce our commitment to delivering reliable, high-performance vertical transportation solutions.

Our Machine-Room-Less lift products have gained significant traction in key international markets, including the US and South Korea, by virtue of their space-saving design, energy efficiency, simplified installation and low maintenance requirements.

As one of the largest independent lifts and escalators companies in New York, TEI has gained a foothold in the southern part of the US, opening a second branch in Florida during the 1H2025. The Group is also actively strengthening our presence in the UK and extending our network in other international markets.

Innovation, Resources Management and Other Operational Initiatives

Innovation continues to be the driving force of the Group's sustained growth and transformation. In an increasingly competitive and technology-driven landscape, we remain committed to leveraging advanced engineering methodologies and digital technologies to continuously enhance quality, productivity, and customer value.

The Group has advanced the adoption of MiMEP, DfMA, BIM, AI, and Digital Twin solutions across our business segments, integrating cutting-edge technologies throughout the entire project lifecycle – from design and planning to execution and operations – to deliver smarter, safer, and more sustainable buildings and infrastructure.

We are setting industry-leading benchmarks with the highest MiMEP application rate in flagship commercial building projects, demonstrating significantly improved project coordination, reduced construction time, enhanced safety, and elevated overall quality. These innovations are increasingly being recognised by business partners and the industry and were instrumental in securing major contract awards during the 1H2025.

Our MiMEP Design and Manufacturing Centre, and MiMEP High Productivity Research Centre in Zhuhai have expanded their capabilities to support projects in Hong Kong and the Greater Bay Area ("GBA"). These facilities are digitally connected to our headquarters – ATAL Tower – via real-time monitoring systems, enabling seamless integration and quality assurance across regions.

Our commitment to R&D remains unwavering. The ATAL Design, Research and Training Centre located in ATAL Tower has proven to be an attractive hub for innovation, successfully bringing together business partners, engineers, data scientists, and industry experts to co-create solutions that address real-world challenges. Through active collaborations with world-class universities, research institutions and technology partners, we are accelerating the development of new construction techniques, smart building and city applications, and advanced environmental solutions.

Our AI-enabled Digital Twin platforms are now being used to simulate performance, optimise energy usage and support predictive maintenance, not only in buildings but also for infrastructure and industrial applications.

In addition, the Group's Smart Data Automation ("SDA") unit has made notable progress in deploying intelligent automation solutions for water treatment plants, sewage facilities, and mission-critical infrastructure such as data centres. SDA's offerings now include AI-powered monitoring systems, predictive analytics, and smart control platforms that enhance operational efficiency and reliability.

Meanwhile, with a vertically integrated model covering design, manufacturing, installation, and after-sales service, our Lifts and Escalators segment has been actively developing new products to meet its expanding footprint in international markets, particularly in the UK and the US.

To continuously enhance productivity and agility, the Group has undertaken the strategic integration of resource deployment across business units and regions, particularly within the Building Services segment. This includes the integration of project teams, design capabilities, and manufacturing assets in Hong Kong and the GBA. Through the cross-unit and cross-border coordination of resources and expertise, we are capable of responding more effectively to market demands and accelerating project delivery.

Talent management has always been a critical part of the Group's strategy, with more support provided to managers to ensure effective talent performance management. In addition, the Group has leveraged the government's sector-specific and technical professional importation schemes to address labour shortages in Hong Kong. New team members are provided with structured training programmes to ensure alignment with our standards and values, and are quickly integrated into project teams to become productive contributors.

Meanwhile, we continue to invest in our Graduate Trainee and Technician Trainee programmes and extensive training for local staff, including personalised development for select mid-career professionals. Our focus on technical excellence, leadership development, and continuous learning ensures a strong pipeline of professionals and leaders at different levels, ready to provide strong support for the Group's long-term growth.

To further enhance operational efficiency and decision-making, the Group is upgrading its enterprise systems. The new enterprise resource planning ("ERP") and enterprise performance management ("EPM") platforms are currently being tested and optimised, with full deployment scheduled in 2026 to streamline project management, vendor coordination, human resources, finance, and internal administration. This system will enable real-time data sharing, improve transparency, enhance efficiency, and support scalable operations across all units.

With a strong commitment to innovation, operational excellence and nurturing professional talent, the Group is well-positioned to navigate the evolving business landscape and seize emerging opportunities in Hong Kong, the GBA, and global markets. We remain committed to delivering high-quality, sustainable solutions that create value for our business partners, stakeholders, and the wider community.

FINANCIAL REVIEW

In the first half of 2025, the Group's revenue was HK\$2,874.2 million, which was HK\$391.2 million or 12.0% lower than the same period last year, and such decrease is mainly attributable to the Building Services segment. Gross profit for the six months ended 30 June 2025 was HK\$484.3 million, which was HK\$6.6 million or 1.4% above the same period last year. The gross profit margin of 16.8% for the six months ended 30 June 2025 was 2.2 percentage points higher than the same period last year (six months ended 30 June 2024: 14.6%), and the increase in margin was mainly in Environmental Engineering segment.

The Group's profit attributable to the owners of the Company was HK\$80.8 million for six months ended 30 June 2025 and was HK\$82.4 million for the six months ended 30 June 2024, the difference being 1.9% or HK\$1.6 million. For adjusted comparison between the six months ended 30 June 2025 and 2024, the Group's profit attributable to the owners of the Company of HK\$80.8 million for the six months ended 30 June 2025 would be 18.2% or HK\$18.0 million lower compared with the adjusted profit attributable to the owners of the Company of HK\$98.8 million for the six months ended 30 June 2024 (after excluding the Group's share of a once-off net insurance claim income of approximately HK\$15.2 million (net of associated expenses) received by our associate in the US as well as the impairment loss on goodwill and the impairment loss on brand name for this associate in the US totalling HK\$31.6 million).

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\$1,140.1 million as at 30 June 2025 (31 December 2024: HK\$1,035.9 million). As at 30 June 2025, the Group's bank borrowing balance was HK\$440.3 million (31 December 2024: HK\$574.2 million), which mainly includes outstanding balance of mortgage loan for the purchase of ATAL Tower of HK\$241.3 million (31 December 2024: HK\$248.6 million), short-term green loan of HK\$160.0 million (31 December 2024: HK\$160.0 million), tax loan of HK\$13.9 million (31 December 2024: HK\$34.4 million). Both the revitalisation loans for ATAL Tower (balance at 31 December 2024: HK\$120.4 million) and the loan for the Group's operation in Mainland China (balance at 31 December 2024: HK\$10.6 million) have been repaid by end of June 2025. A new short-term trade loan of HK\$25.0 million was entered into and drawn as at 30 June 2025.

Out of the total bank borrowing balance, HK\$226.7 million (31 December 2024: HK\$326.7 million) was non-current liabilities.

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

To supplement the Group's condensed consolidated results prepared in accordance with HKFRS Accounting Standards, a certain non-GAAP financial measure, namely profit attributable to owners of the Company before (i) share of the net insurance claim income and (ii) the impairment loss on goodwill and the impairment loss on brand name for an associate in US 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

During the six months ended 30 June 2025, the Group reported a total revenue of HK\$2,874.2 million, representing a decrease of HK\$391.2 million or 12.0% compared to the six months ended 30 June 2024. The decrease in revenue in the Building Services segment was HK\$546.4 million, the effect was partly offset by higher revenue in Environmental Engineering segment and Lifts and Escalators segment.

Gross Profit

The Group's gross profit was HK\$484.3 million during the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$477.7 million) and slightly above the same period last year. 2025 first half gross profit margin of 16.8% (six months ended 30 June 2024: 14.6%) was 2.2 percentage points higher than the first half of 2024, mainly attributable to Environmental Engineering segment.

Other Income

The Group's other income during the six months ended 30 June 2025 was HK\$8.7 million (six months ended 30 June 2024: HK\$12.3 million) which mainly included bank interest income and government subsidies. Less government subsidies were received in the first half of 2025 compared to that in 2024.

Other Gains and Losses

The Group recorded a net loss of HK\$0.3 million during the six months ended 30 June 2025 (six months ended 30 June 2024: net loss of HK\$16.4 million), which is reduced by HK\$16.1 million. In the first half of 2024, an impairment loss on goodwill of HK\$12.6 million, on interest in an associate in the US was recognized but no such impairment in the six months ended 30 June 2025. The Group recognised a net exchange gain of HK\$8.6 million arising from revaluation of foreign currency balances, mainly denominated in British Pound ("GBP") and Renminbi ("RMB"), due to appreciation of GBP and RMB from end December 2024 to 30 June 2025 (six months ended 30 June 2024: net exchange loss of HK\$3.5 million). The effect of these two factors was partly offset by the fair value loss on investment properties amounting to HK\$7.2 million in the first half of 2025, based on valuation by an independent professional valuer (six months ended 30 June 2024: fair value loss of HK\$0.2 million).

Administrative Expenses

The Group's administrative expenses for the six months ended 30 June 2025 was HK\$365.3 million, close to same period last year (six months ended 30 June 2024: HK\$360.9 million).

Share of Results of Associates

The Group's share of results of associates during the six months ended 30 June 2025 decreased by HK\$14.5 million when compared to the same period last year. The decrease is mainly attributable to provision made for loan to a Hong Kong associate of HK\$10.0 million for the six months ended 30 June 2025.

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 reporting period.

As at 30 June 2025, the Group's total cash and bank balances (excluding pledged bank deposits) amounted to HK\$1,140.1 million (31 December 2024: HK\$1,035.9 million), of which 74.9%, 21.3%, 1.9% and 1.9% (31 December 2024: 71.1%, 24.7%, 1.9% and 2.3%) were denominated in Hong Kong dollars or Macau Pataca, RMB, US dollars and other currencies, respectively.

As at 30 June 2025, the Group had bank borrowings amounting to HK\$440.3 million, compared to HK\$574.2 million as of 31 December 2024. This mainly included a mortgage loan of HK\$241.3 million (31 December 2024: HK\$248.6 million) and a short-term green loan of HK\$160.0 million (31 December 2024: HK\$160.0 million).

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 1 year. As at 30 June 2025, the loans are mainly denominated in HKD and carrying at floating interest rate; while as at 31 December 2024, the loans were denominated in HKD and RMB.

In addition, as at 30 June 2025, the Group had banking facilities in the form of bonds, bank overdraft and loans, and trade financing of approximately HK\$2,830.1 million (31 December 2024: HK\$2,703.2 million), of which approximately HK\$1,082.3 million had been utilised (31 December 2024: HK\$1,331.8 million).

Foreign Exchange Risk

The Group operates primarily in Hong Kong, Macau, Mainland China and the UK and is not exposed to significant foreign exchange risk. The Group will continue to closely monitor its 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 listing of shares of the Company

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 30 June 2025, the Group had utilised HK\$275.9 million of the Net Proceeds.

As disclosed in the Company's annual report for the year ended 31 December 2024, the Net Proceeds were not fully utilised in the year ended 31 December 2024 and the unutilised Net Proceeds as at 31 December 2024 was approximately HK\$59.8 million, all of which are intended to be used for the acquisition of or investment in companies and have not been used during the six months ended 30 June 2025.

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 at 30 June 2025:

	Original allocation of Net Proceeds <i>HK\$'M</i>	Utilised amount of Net Proceeds up to 31 October 2020 <i>HK\$'M</i>	Revised allocation of the unutilised Net Proceeds as at 31 October 2020 <i>HK\$'M</i>	Utilised amount of Net Proceeds from 1 November 2020 to 31 December 2024 <i>HK\$'M</i>	Unutilised amount of Net Proceeds as at 31 December 2024 <i>HK\$'M</i>	Utilised amount of Net Proceeds from 1 January 2025 to 30 June 2025 <i>HK\$'M</i>	Unutilised amount of Net Proceeds as at 30 June 2025 <i>HK\$'M</i>
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	–	–	–
– 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	<u>335.7</u>	<u>90.0</u>	<u>245.7</u>	<u>185.9</u>	<u>59.8</u>	<u>–</u>	<u>59.8</u>

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 reporting period.

Gearing Ratio and Indebtedness

As at 30 June 2025, the gearing ratio (being gross bank borrowings divided by total equity attributable to the owners of the Company) decreased to 19.5% (31 December 2024: 26.2%) mainly due to repayment of revitalisation loans during the six months ended 30 June 2025 (31 December 2024: HK\$120.4 million).

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\$918.1 million as at 30 June 2025 (31 December 2024: HK\$968.1 million). Part of the bank deposits were denominated in RMB as at 30 June 2025, same as 31 December 2024.

Capital Commitments

As at 30 June 2025, the Group had capital commitments of HK\$14.2 million contracted but not provided for the condensed consolidated financial statements which is mainly related to enterprise resource planning system of HK\$12.5 million and expansion of the existing lift and escalator manufacturing facilities in Nanjing of HK\$1.7 million.

Contingent Liabilities

As at 30 June 2025, the Group had outstanding performance bonds of approximately HK\$604.2 million (31 December 2024: HK\$716.6 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 contractual obligations to its customers. If the Group fails to provide satisfactory services to these customers, the customers may request 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 its normal course of operations. As at 30 June 2025, 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.

Events after Reporting Period

No major subsequent events have occurred since the end of the reporting period and up to the date of this announcement.

Human Resources

As at 30 June 2025, the Group employed 3,105 staff (including short-term staff) across Hong Kong, Macau, Mainland China, and the UK (30 June 2024: 3,044).

Safety has been our top priority. Procedures and work instructions are regularly updated to address work-related risks, including dynamic risk management, heat stress, working at height, and confined spaces. A dedicated “Task Force on Smart Site Safety System” has developed advanced technologies to further enhance the safety framework, including a smart safety harness system using AI and IoT for working at height, and robotic welding to enhance safety, efficiency, and sustainability. Advanced construction reality capture is also leveraged to facilitate dynamic risk assessment and enhance safe work practices.

Since 1984, we have demonstrated a steadfast commitment to developing engineering professionals through our long-standing participation in the Hong Kong Institution of Engineers (“HKIE”) Graduate Training Scheme and the Vocational Training Council (“VTC”) Apprenticeship Programme. These structured training and mentorship initiatives have successfully nurtured over 1,250 young engineers and technicians, many of whom have grown with the Group to assume senior professional and leadership roles, contributing significantly to both the industry and the wider community.

Today, this legacy continues through our team of 27 HKIE Scheme A-accredited Engineering Supervisors (ES) across multiple disciplines. Their extensive industry knowledge and practical expertise provide comprehensive guidance to young engineers at every career stage, from graduate trainees to professional qualifications and beyond. Our dual focus on technical excellence and leadership development ensures a strong pipeline of competent professionals ready to serve society.

In June 2025, more than 130 young trainees were being nurtured through these training programmes, which have now been expanded to cover seven disciplines under the HKIE Graduate Training Scheme: Mechanical, Electrical, Environmental, Building Services, Energy, Electronics, and Control, Automation and Instrumentation. The curriculum has also been extended to reinforce safety and social responsibility education. Outstanding trainees are offered an additional year of advanced training to further broaden their skills.

Employees at all levels are encouraged to undertake continuous training to enhance their knowledge, skills, integrity, customer focus, leadership, and overall capabilities. The Group’s diverse training portfolio fosters a spirit of craftsmanship and equips staff with the skills and knowledge required to navigate the rapidly changing environment. In 1H2025, the Group conducted 158 internal training courses, totalling over 13,403 training hours. In recognition of our exemplary efforts in employee development, the Group was awarded the “Manpower Developer” status for April 2024 to March 2026 by the Employees Retraining Board.

To support continuous development, the Group maintains a comprehensive goal setting and performance appraisal system, coupled with competitive remuneration and incentives to attract, retain, and motivate employees. Our remuneration policy rewards strong and sustained performance, with remuneration for directors and senior executives recommended by the Remuneration Committee, approved by the Board, and aligned with business objectives. More support has been given to managers to ensure effective performance differentiation and management, and to recognise competent and committed employees who share our vision and values. This approach encourages staff to realise their potential and supports career advancement, while ensuring high levels of competence and efficiency in line with our strategy and shareholder interests.

The Group is committed to upholding integrity and business ethics. Our Code of Conduct and related policies are clearly communicated to all employees and reinforced through operating procedures and ongoing training. Topics include cybersecurity awareness, the Prevention of Bribery Ordinance, the Competition Ordinance, the anti-discrimination ordinances, the Construction Workers Registration Ordinance, and the Personal Data (Privacy) Ordinance. Mechanisms and policies are in place for whistle-blowing, proactive cooperation with enforcement agencies, and the declaration and avoidance of potential conflicts of interest. In cases of complaints or allegations, a fair and impartial system ensures that facts are accurately established and malicious claims are identified.

We have long maintained an equal opportunity working environment, offering flexible work arrangements for female staff where appropriate, including nursing rooms, duty adjustments for pregnant employees, and support for women working on-site. The Group also recruits ethnic minority and non-local talent, balancing training and development opportunities for local staff while utilising government labour importation schemes for the construction sector.

To foster a sense of belonging, the ATAL Recreational and Welfare Affairs Club (“ARWA Club”) actively organises a variety of sports and welfare activities to promote a happy and healthy workplace. The ARWA Club supports staff sports teams, including dragon boat, bowling, badminton, basketball, and football teams.

OUTLOOK

The transformation of the global strategic landscape and technologies continues to unfold. Expectations are gradually adapting to the ongoing shift. Mainland China continued to show resilience and adaptability, achieving technological breakthroughs, maintaining GDP growth, and continuing with reform and supportive policies. The US maintained its momentum. Europe stayed steady albeit at a slower pace.

For Hong Kong’s construction industry, the public sector is expected to see government capital works worth HK\$90-120 billion. There are opportunities in different sectors, driven by the development of healthcare, education and the North Metropolis that is being expedited, the need to refresh, improve and extend the life cycle of assets, and ongoing operation and maintenance requirements. This is evidenced by the Group’s record high contracts-in-hand and the tendering activities we participated in, with further awards expected this year, providing the Group’s business with a solid foundation in the next two years and beyond.

The Group aims to stay agile in pursuit of opportunities across our wide base of business, further building our competitiveness through innovative construction technologies that improve quality, site time requirement and safety, and strengthening our offer of advanced solutions that meet emerging environmental and climate challenges.

The fast development of technology and the national strategy to drive innovation through smart city development will generate demands for engineering solutions that incorporate artificial intelligence. The Group is well positioned for these opportunities. We will strengthen our differentiation as a leader in comprehensive E&M engineering that also provides advanced technological services to facilitate the adoption of smart infrastructure, applications and integrated systems.

With the presence we have already established in the UK, the US and other international markets, the Group is continuing to pursue project and technical services opportunities in Europe, Asia, and the Middle East. The comprehensive model of our Lifts and Escalators business – encompassing design, manufacturing, construction, and after-sales service – will be gradually extended with more products and partners, as well as expansion into the southern part of the US. We will also explore the possibility of broadening our overseas market offering beyond lifts and escalators to include engineering services. Synergetic partnership opportunities often arise in the market, and we will cautiously select those that enhance our local and global market position.

With strong cashflow, the Group will be able to take on additional work as appropriate and to seize valuable opportunities that arise in the market.

Recognising people are the cornerstone of success, the Group is committed to nurturing and developing talent to boost overall productivity and competitiveness. The establishment of the ATAL Design, Research and Training Centre will continue to serve as a hub for cultivating expertise in smart technology, underscoring our confidence in investing in Hong Kong.

We understand that creating added value for our customers is essential for earning their trust and fostering enduring partnerships. We will tirelessly put into action our motto of “We Commit. We Perform. We Deliver.”, to maximise value for shareholders, suppliers and other stakeholders, while contributing to the wider communities we serve.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.60 cents per share of the Company (the “Share(s)”) for the reporting period (the “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 Wednesday, 17 September 2025. The Interim Dividend is expected to be paid to the Shareholders on or about Monday, 29 September 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to the Interim Dividend, the Register of Members will be closed from Tuesday, 16 September 2025 to Wednesday, 17 September 2025, both days inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Friday, 12 September 2025. In order to be entitled to the Interim Dividend, Shareholders must lodge 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Monday, 15 September 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance practices and procedures. The Company adopted the principles and code provisions of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the basis of the Company’s corporate governance practices. During the reporting period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code.

REVIEW OF INTERIM 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 unaudited condensed consolidated interim financial statements for the six months ended 30 June 2025 and discussed financial related matters with the management and the external auditors of the Company.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 reporting period.

PUBLICATION OF THE INTERIM RESULTS AND THE 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.atal.com). The Company's 2025 interim report containing all the 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 the Shareholders. The printed version of the interim report will also be despatched to the Shareholders in accordance with their individual request.

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

Hong Kong, 29 August 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.