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Freetech 英達科技

英達公路再生科技(集團)有限公司
Freetech Road Recycling Technology (Holdings) Limited
(incorporated in the Cayman Islands with limited liability)
(stock code: 6888)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "Board") of Freetech Road Recycling Technology (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.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Increase
	HK$'000	*HK$'000*	/(Decrease)
		Represented	
Revenue	**187,958**	187,889	–%
Gross profit	**89,968**	80,906	11.2%
Profit attributable to owners of the Company			
— From continuing and discontinued operations	**12,557**	11,677	7.5%
— From continuing operations	**5,273**	5,312	(0.7%)
— From discontinued operation	**7,284**	6,365	14.4%
Earnings per share (Basic) *(HK cents)*			
— From continuing and discontinued operations	**1.26**	1.15	9.6%
— From continuing operations	**0.53**	0.53	–%
— From discontinued operation	**0.73**	0.62	17.7%

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000* Represented
REVENUE	*4*	**187,958**	187,889
Cost of sales		**(97,990)**	(106,983)
Gross profit		**89,968**	80,906
Other income	*6*	**5,884**	2,509
Other gains and losses, net	*7*	**7,066**	6,831
Reversal of impairment losses on financial and contract assets	*9*	**5,074**	15,341
Selling and distribution costs		**(16,734)**	(17,387)
Administrative expenses		**(63,146)**	(61,187)
Equity-settled share-based payment expenses		**–**	(99)
Research costs		**(14,435)**	(12,288)
Other expenses		**(16)**	(479)
Share of profit or losses of joint ventures		**14**	(4,328)
Finance costs	*8*	**(3,698)**	(3,216)
PROFIT BEFORE INCOME TAX EXPENSE	*10*	**9,977**	6,603
Income tax expense	*11*	**(5,209)**	(913)
Profit for the year from continuing operations		**4,768**	5,690
Profit from a discontinued operation (net of tax)	*18*	**16,532**	22,692
PROFIT FOR THE YEAR		**21,300**	28,382

	Notes	**2024** *HK$'000*	2023 *HK$'000*
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		**(1,789)**	(1,006)
Exchange differences arising from translation to presentation currency		**(25,433)**	(16,295)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(27,222)**	(17,301)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(5,922)**	11,081
Profit for the year attributable to:			
Owners of the Company		**12,557**	11,677
Non-controlling interests		**8,743**	16,705
		21,300	28,382
Total comprehensive income attributable to:			
Owners of the Company		**(13,192)**	(4,029)
Non-controlling interests		**7,270**	15,110
		(5,922)	11,081

	Notes	**2024** HK$'000	2023 HK$'000
Profit for the year attributable to owners of the company			
— from continuing operations		**5,273**	5,312
— from a discontinued operation		**7,284**	6,365
		12,557	11,677
Total comprehensive income attributable to owners of the company			
— from continuing operations		**(19,569)**	(9,912)
— from a discontinued operation		**6,377**	5,883
		(13,192)	(4,029)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*13*		
From continuing and discontinued operations			
— Basic (HK cents)		**1.26**	1.15
— Diluted (HK cents)		**1.26**	1.15
From continuing operations			
— Basic (HK cents)		**0.53**	0.53
— Diluted (HK cents)		**0.53**	0.53
From a discontinued operation			
— Basic (HK cents)		**0.73**	0.62
— Diluted (HK cents)		**0.73**	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024** **HK$'000**	2023 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**86,497**	119,649
Right-of-use assets		**5,126**	11,499
Investment property		**144,325**	140,859
Goodwill		**–**	6,150
Other intangible assets		**271**	922
Interests in joint ventures		**6,543**	6,818
Equity instruments at FVTOCI		**4,165**	6,127
Prepayments and deposits for acquisition of leasehold land		**3,474**	3,598
Deferred tax assets		**–**	9
		250,401	295,631
CURRENT ASSETS			
Inventories		**167,244**	177,335
Bills and trade receivables	*14*	**84,656**	105,377
Contract assets		**154,620**	371,726
Prepayments, deposits and other receivables	*15*	**32,611**	31,895
Financial assets at fair value through profit or loss ("FVTPL")		**–**	–
Pledged bank deposits		**14,502**	7,454
Restricted bank deposits		**–**	139
Bank balances and cash		**279,258**	246,688
		732,891	940,614
CURRENT LIABILITIES			
Bills, trade and other payables	*16*	**135,781**	351,453
Contract liabilities		**548**	382
Taxation payable		**3,838**	2,349
Bank borrowings		**117,506**	99,117
Lease liabilities		**984**	1,615
		258,657	454,916
NET CURRENT ASSETS		**474,234**	485,698
TOTAL ASSETS LESS CURRENT LIABILITIES		**724,635**	781,329

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	985
Deferred tax liabilities		**15,869**	17,029
		15,869	18,014
NET ASSETS		**708,766**	763,315
CAPITAL AND RESERVES			
Share capital	*17*	**107,900**	107,900
Reserves		**591,274**	607,462
Attributable to owners of the Company		**699,174**	715,362
Non-controlling interests		**9,592**	47,953
TOTAL EQUITY		**708,766**	763,315

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company is an investment holding company. Its subsidiaries (the Company and its subsidiaries are collectively referred to as the "Group") are principally engaged in the manufacturing and sales of road maintenance equipment, provision of road maintenance services and development, sales and leasing of properties in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 26 June 2013.

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

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

2. 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 Accountant ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

3.1 New standards, interpretations and amendments — effective 1 January 2024

The Group has applied the following new and amendments to HKFRS Accounting Standards issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

3.2 New standards, interpretations and amendments that have been issued but are not yet effective

The following amendments to HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
HK Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027.
4 No mandatory effective date yet determined but available for adoption.

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

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

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

Segments — continuing operations	For the year ended 31 December 2023		
	Maintenance services	Sale of equipment	Total
	HK$'000	*HK$'000*	*HK$'000*
Types of goods or services			
Maintenance Services			
"Hot-in-place" Projects	139,299	–	139,299
Sale of equipment			
Standard series	–	26,261	26,261
Modular series	–	17,212	17,212
Parts for repair and maintenance	–	5,117	5,117
Total	139,299	48,590	187,889
Geographical markets			
Mainland China	139,299	46,656	185,955
Overseas	–	1,934	1,934
Total	139,299	48,590	187,889
Timing of revenue recognition			
A point in time	–	48,590	48,590
Over time	139,299	–	139,299
Total	139,299	48,590	187,889

(ii) Performance obligations for contracts with customers

Maintenance Services (with milestone payments)

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

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

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

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

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

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

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

5. OPERATING SEGMENTS

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

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

Segment revenue and results

Continuing operations	**Maintenance services** *HK$'000*	**Sale of equipment** *HK$'000*	**Properties** *HK$'000*	**Consolidated total** *HK$'000*
For the year ended 31 December 2024				
Segment revenue:				
Sales to external customers	**169,101**	**18,857**	**–**	**187,958**
Intersegment sales	**–**	**38,710**	**–**	**38,710**
	169,101	**57,567**	**–**	**226,668**
Reconciliation				
Elimination of intersegment sales	**–**	**(38,710)**	**–**	**(38,710)**
Revenue	**169,101**	**18,857**	**–**	**187,958**
Segment results	**60,827**	**(21,524)**	**3,335**	**42,638**
Reconciliation:				
Interest income				**1,272**
Foreign exchange losses, net				**(416)**
Change in fair value of financial assets at FVTPL				**1,549**
Finance costs				**(3,698)**
Unallocated corporate expenses				**(31,382)**
Share of profit or losses of joint ventures				**14**
Profit before income tax expense				**9,977**

	Maintenance services *HK$'000*	Sale of equipment *HK$'000*	Properties *HK$'000*	Consolidated total *HK$'000*
For the year ended 31 December 2023				
Segment revenue:				
Sales to external customers	139,299	48,590	–	187,889
Intersegment sales	–	40,333	–	40,333
	139,299	88,923	–	228,222
Reconciliation				
Elimination of intersegment sales	–	(40,333)	–	(40,333)
Revenue	139,299	48,590	–	187,889
Segment results	41,647	(12,591)	(1,093)	27,963
Reconciliation:				
Interest income				1,113
Foreign exchange losses, net				(145)
Change in fair value of financial assets at FVTPL				2,289
Finance costs				(3,216)
Equity-settled share-based payment expenses				(99)
Unallocated corporate expenses				(16,974)
Share of profit or losses of joint ventures				(4,328)
Profit before income tax expense				6,603

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

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

Segment assets and liabilities

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

	Maintenance services *HK$'000*	Sale of equipment *HK$'000*	Properties *HK$'000*	Consolidated total *HK$'000*
As at 31 December 2023				
Segment assets	328,353	380,766	283,484	992,603
Elimination of intersegment receivables				(370,434)
Bank balances and cash				246,688
Interests in joint ventures				6,818
Assets related to a discontinued operation				333,908
Other unallocated assets				26,662
Total assets				1,236,245
Segment liabilities	177,693	78,331	228,025	484,049
Elimination of intersegment payables				(370,434)
Bank borrowings				99,117
Liabilities related to a discontinued operation				234,246
Other unallocated liabilities				25,952
Total liabilities				472,930

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

Continuing operations	**Maintenance services** *HK$'000*	**Sale of equipment** *HK$'000*	**Properties** *HK$'000*	**Consolidated total** *HK$'000*
For the year ended 31 December 2024				
(Reversal of)/provision for impairment losses recognised in respect of trade receivables, contract assets and other receivables	**(5,213)**	**217**	**(78)**	**(5,074)**
Depreciation and amortisation	**16,791**	**2,056**	**–**	**18,847**
Capital expenditure *(Note)*	**19,552**	**383**	**3,876**	**23,811**

	Maintenance services *HK$'000*	Sale of equipment *HK$'000*	Properties *HK$'000*	Consolidated total *HK$'000*
For the year ended 31 December 2023				
(Reversal of)/provision for impairment losses recognised in respect of trade receivables, contract assets and other receivables	(15,795)	367	87	(15,341)
Depreciation and amortisation	11,325	3,620	–	14,945
Capital expenditure *(Note)*	425	6,267	1,327	8,019

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

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

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

- all liabilities are allocated to operating segments other than deferred tax liabilities, bank borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the year ended 31 December 2024, revenue from a customer, accounted for 10% or more of the Group's revenue from continuing operations and its revenue amounted to approximately HK$28,980,000 (2023: HK$25,119,000). The sales to the above customer party were derived from the provision of road maintenance services (2023: sales of road maintenance equipment).

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

6. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Government grants *(Note)*	**329**	78
Interest income	**1,272**	1,113
Dividend income from equity instruments at FVTOCI	**–**	182
Others	**4,283**	1,136
	5,884	2,509

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

7. OTHER GAINS AND LOSSES, NET

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Net gains on disposal of property, plant and equipment	**1,772**	5,110
Foreign exchange losses, net	**(416)**	(145)
Change in fair value of financial assets at FVTPL	**1,549**	2,289
Change in fair value of investment properties	**4,183**	–
Impairment loss on property, plant and equipment	**–**	(350)
Others	**(22)**	(73)
	7,066	6,831

8. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Interest on:		
— Bank borrowings	**3,637**	3,101
— Lease liabilities	**61**	115
	3,698	3,216

9. REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS, NET

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Reversal of/(provision for) impairment losses on financial and contract assets recognised on:		
— Trade receivables	**7,800**	31,163
— Contract assets	**(1,845)**	(14,375)
— Other receivables	**(881)**	(1,447)
	5,074	15,341

10. PROFIT BEFORE INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Profit before income tax expense has been arrived at after charging/(crediting):		
Directors' emoluments	**6,574**	6,518
Other staff costs	**29,898**	21,905
Other staff retirement benefit scheme contributions	**6,144**	5,204
Other staff equity-settled share-based payment expense	**–**	81
Total staff costs	**42,616**	33,708
Amortisation of other intangible assets	**557**	574
Auditor's remuneration	**1,910**	1,820
Cost of inventories sold	**7,491**	27,206
Cost of services provided	**90,499**	79,777
Net gains on disposal of property, plant and equipment	**(1,772)**	(5,110)
Impairment loss on property, plant and equipment	**–**	350
Depreciation charge:		
— Owned property, plant and equipment	**16,434**	12,490
— Right-of-use assets included within:		
— Leasehold land	**263**	286
— Buildings	**1,593**	1,595
Interest on lease liabilities	**61**	115
Short-term lease expenses	**2,749**	6,292

Note: Equity-settled share-based payment expenses of HK$99,000 were included in staff costs and recognised in profit or loss during the year ended 31 December 2023 in respect of share awards of the Company.

11. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
PRC Enterprise Income Tax ("EIT"):		
— Current year	**5,475**	1,193
— Over provision in prior years	**–**	(995)
	5,475	198
Deferred tax (credit)/charge	**(266)**	715
	5,209	913

No provision for Hong Kong Profit Tax has been made since there is no tax assessable profit for the years ended 31 December 2024 and 2023.

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

英達熱再生有限公司 Freetech Road Recycling Corporation was recognised as a High-Tech company in 2010, 2014, 2017 and 2022 respectively and the applicable tax rate is 15% from 1 January 2010 to 31 October 2020 and from 18 November 2022 to 17 November 2025.

南京英達公路養護車製造有限公司 Nanjing Freetech Road Maintenance Vehicle Manufacturing Corporation was recognised as a High-Tech company in 2009, 2012, 2015, 2018 and 2022 respectively and the applicable tax rate is 15% from 1 January 2009 to 28 November 2021 and from 12 December 2022 to 11 December 2025.

Withholding tax of approximately HK$1,321,000 (2023: HK$604,000) has been provided for the year ended 31 December 2024 with reference to the anticipated dividends to be distributed by the PRC entities to non-PRC tax residents.

12. DIVIDENDS

No final dividend and interim dividend were proposed by the directors for the years ended 31 December 2024 and 2023.

13. EARNINGS PER SHARE

	2024	2023
	HK$'000	*HK$'000*
Number of shares:		
Weighted average number of ordinary shares in issue less shares held under the share award scheme during the year for the purpose of calculating basic and diluted earnings per share	**999,509,152**	1,011,055,830
Continuing operations		
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share — attributable to owners of the Company	**5,273**	5,312
A Discontinued operation		
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share — attributable to owners of the Company	**7,284**	6,365

Diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2024 and 2023.

14. BILLS AND TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**301,897**	341,644
Less: Allowance for credit losses	**(217,249)**	(238,139)
	84,648	103,505
Bills receivable	**8**	1,872
	84,656	105,377

As at 31 December 2024 and 2023, trade receivables from contracts with customers amounted to approximately HK$84,648,000 and HK$103,505,000 respectively.

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

	2024	2023
	HK$'000	*HK$'000*
0 to 180 days	**8**	1,872

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

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

	2024	2023
	HK$'000	*HK$'000*
Within 3 months	**9,342**	8,042
3 to 12 months	**22,371**	38,743
1 to 2 years	**24,216**	33,291
Over 2 years	**28,719**	23,429
	84,648	103,505

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$81,526,000 (2023: HK$90,322,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$63,198,000 (2023: HK$69,383,000) has been past due for 90 days or more and is not considered as in default as most of the Group's customers are government agencies and the risk of default is not high.

At 31 December 2024, included in the trade receivables are amounts due from the Group's related parties of approximately HK$2,370,000 (2023: HK$4,733,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Other receivables	**38,705**	39,905
Less: Allowance for credit losses	**(30,963)**	(31,082)
	7,742	8,823
Prepayments and deposits	**21,696**	19,731
Other tax recoverable	**3,173**	3,341
	32,611	31,895

At 31 December 2024, included in the Group's prepayments, deposits and other receivables are amounts due from related companies of approximately HK$467,000 (2023: HK$1,091,000), which are unsecured, interest-free and have no fixed terms of repayment.

16. BILLS, TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Bills payables	**5,698**	5,497
Trade payables	**55,267**	268,887
Other tax payables	**20,817**	25,502
Other payables and accrued charges	**53,999**	51,567
	135,781	351,453

At 31 December 2024, included in the Group's trade payables are amounts due to related parties of approximately HK$160,000 (2023: HK$351,000) which is repayable within 90 days, which represents credit terms similar to those offered by related parties to their major customers.

At 31 December 2024, included in the Group's other payables and accrued charges is an amount due to a non-controlling shareholder of approximately HK$24,000,000 (2023: HK$24,900,000) which is unsecured, interest-free and has no fixed terms of repayment.

The Group normally receives credit terms of 30 days to 180 days (2023: 30 days to 180 days) from its suppliers. The following is an aging analysis of trade payables at the end of the reporting period, presented based on the invoice date:

	2024	2023
	HK$'000	*HK$'000*
Within 3 months	**26,345**	124,679
3 to 12 months	**16,003**	77,932
1 to 2 years	**2,272**	37,129
Over 2 years	**10,647**	29,147
	55,267	268,887

17. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,079,000,000	107,900

18. DISCONTINUED OPERATION

On 22 November 2024, the Group entered into a share purchase agreement with Tianjin Expressway Group Co., Limited* (天津高速公路集團有限公司) to dispose of its subsidiary at a cash consideration of RMB71,099,000 (equivalent to HK$76,112,000), Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) ("Tianjin Expressway Maintenance"). The disposal was completed on 31 December 2024, on which date control of Tianjin Expressway Maintenance was passed to the acquirer. The directors consider that the disposal will allow the Group to have more flexibility in management and resources allocation for the development of its APM Services through "Hot-in-Place" projects. Tianjin Expressway Maintenance was classified as a discontinued operation and is no longer included in the note 5 on operating segment information in the Group's consolidated financial statements for the year ended 31 December 2024.

The comparative figures in the consolidated statement of profit or loss and other comprehensive income and the related notes thereto have been re-presented to reflect Tianjin Expressway Maintenance as a discontinued operation.

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

	31 December 2024 *HK$'000*
Property, plant and equipment	**21,471**
Right-of-use assets	**5,673**
Other intangible assets	**59**
Inventories	**6,970**
Bills and trade receivables	**4,135**
Contract assets	**343,389**
Prepayments, deposits and other receivables	**4,815**
Restricted bank deposits	**1,997**
Bank balances and cash	**26,083**
Bills, trade and other payables	**(310,628)**
Taxation payable	**(912)**
Lease liabilities (current)	**(794)**
Lease liabilities (non-current)	**(835)**
Net assets disposed of	**101,423**

* *For identification purpose only*

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

	HK$'000
Gain on disposal of Tianjin Expressway Maintenance:	
Cash consideration received	**76,112**
Less: net assets disposed of	**(101,423)**
Less: goodwill	**(6,150)**
Add: non-controlling interests	**45,631**
	14,170

	HK$'000
Net cash outflow arising from disposal:	
Consideration received	**76,112**
Cash and cash equivalents disposed of	**(26,083)**
	50,029

	HK$'000
Profit from a discontinued operation:	
Profit of Tianjin Expressway Maintenance for the year	**4,997**
Gain on disposal of Tianjin Expressway Maintenance	**14,170**
Withholding tax on disposal	**(2,635)**
	16,532

19. CAPITAL COMMITMENTS

	2024 *HK$'000*	2023 *HK$'000*
Contracted, but not provided for in respect of the acquisition of property, plant and equipment	**2,470**	1,073
Contracted, but not provided for in respect of the acquisition of leasehold land	**13,896**	14,391
Contracted, but not provided for in respected of construction contract	**292,667**	296,551

BUSINESS REVIEW

In 2024, the gross domestic product (GDP) of China has exceeded 130 trillion yuan for the first time and recorded a year-on-year increase of 5%. The total economic scale of China ranks second in the world and the economic growth rate ranks among the top in the world's major economies and is an important source of power for world economic growth. Faced with severe and complex domestic and international environments, China's economic ship moved forward steadily along the channel of high-quality development, and has delivered a hard-won and remarkable report card.

According to the "Guiding Opinions of Seven Departments Including the Ministry of Industry and Information Technology on Accelerating the Green Development of the Manufacturing Industry", China will orient its future economic development towards "thoroughly implementing the spirit of the Party's 20th National Congress to accelerate the green and advanced level development of emerging industries, discerningly shape the landscape of the future industries in the green and low carbon sectors, and cultivate new business models that integrate green, digital, and service-oriented development". In the long run, the underlying momentum of China's economy continuing to improve remains unchanged, with the central government persisting in strengthening the development strategy of ecological civilization construction without changing its course. Furthermore, China remains on course towards its green and low carbon transition at the economic and social levels, with the environmental protection industry improving in both quality and efficiency. Therefore, the total service area of the "Hot-in-Place" project under the asphalt pavement maintenance ("APM") services sector of the Group recorded an increase during the year under review and resulted its gross profit margin recorded an increase. The APM equipment segment of the Group recorded decrease in revenue during the year under review due to (i) the new products launched by the Group were only able to create few successful sales records in the second half of 2024; and (ii) the corresponding period in 2023 included the sale a set of modular series equipment. During the year under review, the Group also recorded a decrease in reversal of expected credit loss of trade receivables and contracts assets and a gain on disposal of a non-wholly owned subsidiary for the year ended 31 December 2024.

In 2024, the Group's revenue from the continuing operations was approximately HK$188.0 million, relatively stable as compared to 2023. The profit attributable to owners of the Company from the continuing operations amounted to approximately HK$5.3 million which relatively stable as compared to 2023. The results of the Group was mainly due to the net effect of: (i) increase in the revenue of APM service segment; (ii) decrease in the revenue of APM equipment segment; (iii) the decreased in reversal of expected credit loss of trade receivables and contract assets; (iv) share of profits of joint ventures; and (v) the recognition of the fair value gain of the investment property. As at 31 December 2024, the Group maintained a healthy financial position as it had cash on hand in the sum of approximately HK$293.8 million.

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

Due to the completion of the disposal of the shareholding in Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) (a non-wholly owned subsidiary of the Group) (“Tianjin Expressway Maintenance”) took place on 31 December 2024, the Group discontinued the result of this segment in 2024 in accordance with the applicable accounting standards. Please see to the note 18 of the consolidated financial statement for details. For avoidance of doubt, the Group will continue to engage in APM Services (including both “Hot-in-place” and non “Hot-in-place” projects in the PRC (including the Tianjin area) mainly through its other wholly-owned subsidiaries but will focus an development of the APM Services through “Hot-in-Place” projects with a higher gross profit margin).

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

Revenue for this segment increased in the year of 2024 compared to 2023 due to the effect of the growth in the total service area of the Group’s “Hot-in-Place” projects as more road maintenance projects had been conducted by the local authority before the road inspection in the second half of 2025. The gross profit margin of this segment increased from 42.7% in 2023 to 46.5% in 2024 due to the increase in the revenue amount.

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

APM Equipment

During the year under review, our revenue for the APM equipment segment for 2024 decreased by 61.2% as compared to the corresponding period for 2023. This was mainly due to the new products launched by the Group were only able to create few successful sales records in the second half of 2024 and the corresponding period in 2023 included the sale of as set of modular series equipment. Due to the revenue during the year under review did not include lower gross profit margin model, the gross profit margin for APM equipment increased from 44.0% in 2023 to 60.3% in 2024.

Research and Development

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

New Patents

The Group continued to pay efforts and invest significant resources in our research and development. As of 31 December 2024, we had registered 256 patents (2023: 238), of which 37 were invention patents (2023: 30), 189 were utility model patents (2023: 181) and 30 were design patents (2023: 27), and we had 17 pending patent applications, of which 14 are invention patents and 3 are utility model patents (2023: 22 pending patent applications, of which 20 are invention patents and 2 are utility model patents).

* *For identification purposes only*

During the Period under review, the first innovative automatic hot-in place recycling patching vehicle in the industry PM800 was developed. It can be remotely operated just by a single operator for the entire hot-in place patching process. It integrated a LiDar scanning system to recognize the size and position of pavement, automatic self-driven system, intelligent heat cycle control, scarify, spray emulsion, material auto-weighing and adding system, as well as self-leveling screed to pave the patching area. System also collects all data of defects, repair parameters, consumables for management analysis.

Facing to the abnormal climate challenge causing severe flooding, the Group developed high-capacity flooding control vehicle FDR3000. It consists of main unit and track-driven remote unit so they can adapt to various flooding environment and provide fast water pumping process.

Both products had already been created success sales record once it launched.

Others

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

OUTLOOK

The Central Economic Work Conference identified "coordinated promotion of carbon reduction, pollution reduction, green growth, and accelerated comprehensive green transformation of economic and social development" as one of the key tasks to be carried out in 2025." Thus, 2025 is destined to be a key year for China to achieve its carbon peak and carbon neutrality goals. At the beginning of the year, a series of favorable policies and action plans were introduced, especially the major benefits and promotion of "zero-carbon parks", "carbon footprints" and the national voluntary greenhouse gas emission reduction (CCER), which injected strong momentum into the realization of the dual carbon goals. It is expected that the PRC government's investment in road maintenance is expected to continue to grow at a high rate, with fiscal expenditures expected to reach over RMB100 billion, marking the arrival of an "era of full-road maintenance". Using environmentally friendly maintenance materials during the maintenance process, promoting the recycling of waste materials, and reducing energy consumption and emissions in maintenance operations will help reduce negative impacts on the environment and promote sustainable development. Green maintenance has become an important direction for the development of the road maintenance industry. With our patent "Hot-in-Place" recycling technology and other new products, the Group will benefit from the increasing demand for APM and the favourable environment in the PRC, especially those using the recycling technologies.

Firstly, as at 31 December 2023, China has the longest expressway and the second longest highway (in terms of mileage) in the world. The overall growth of the APM industry in the PRC remains sustainable and the existing penetration rate of recycling technology (including the Group's "Hot-in-Place" recycling technology) is still minimal and has significant potential for expansion. Secondly, the Group has developed part of the South China market which enables the Group to perform APM services during slack season. Third, subsequent to the Company's sale of a modular series equipment to a customer in the Republic of Korea and standard series equipment to customers in Macau, Malaysia and Taiwan, the Company will continue to explore the overseas business opportunities and strategic cooperation with other companies, such as some listed companies and large-scale or state-owned enterprises. Fourth, as the border restrictions between Hong Kong, China and other countries had been lifted, the Group will continue to leverage on its state-owned partners' overseas channels to explore overseas business opportunities. The Group is making an effort to promote its overseas business opportunities in the countries along the "One Belt One Road" and four Asian tigers. In light of these, the Group is well positioned to benefit from the government's policies and the positive development prospects in the environmental protection sector.

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

1. it will increase market penetration, particularly in cities where the use of "Hot-in-Place" recycling technology is currently relatively limited;

2. it will focus on the cities which will hold major events to gain and complete projects of high awareness;

3. it will diversify its product range and developed new product in road industry;

4. it will continue to invest on its testing and planning department by devoting more equipment and staff so as to enhance its one-stop solution and generate new revenue stream which is road doctor consultant services;

5. it will further optimize its techniques and technologies to lower the construction costs;

6. it will leverage on its state-owned partners' overseas channels to expand the international APM equipment and services market.

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

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

FINANCIAL PERFORMANCE REVIEW

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

The following table is a description of the Group's operating activities during the year under review, with comparisons to those of 2023.

REVENUE

a. APM Services

	Year ended 31 December				
	2024		2023		
	HK$'000	**Area serviced *(square meters '000)***	*HK$'000*	Area serviced *(square meters '000)*	Increase
Revenue (net of VAT)					
"Hot-in-Place" Projects	**169,101**	**3,833**	139,299	3,123	21.4%

	Year ended 31 December				
	2024		2023		
	HK$'000	***Margin***	*HK$'000*	*Margin*	Increase
Gross profit					
"Hot-in-Place" Projects	**78,602**	**46.5%**	59,522	42.7%	32.1%

Revenue for this segment increased in the year of 2024 compared to 2023 due to the effect of the growth in the total service area of the Group's "Hot-in-Place" projects as more road maintenance project had been conducted by the local authority before the road inspection in the second half of 2025. The gross profit margin of this segment increased from 42.7% in 2023 to 46.5% in 2024 due to the increase in the revenue amount.

b. APM Equipment

	Year ended 31 December				
	2024		2023		
	HK$'000	***units/sets***	*HK$'000*	*units/sets*	Decrease
Revenue (net of VAT)					
Standard series	**15,937**	**13**	26,261	23	(39.3%)
Modular series	**–**	**–**	17,212	1	N/A
Repair and maintenance	**2,920**	**N/A**	5,117	N/A	(42.9%)
Total	**18,857**		48,590		(61.2%)

	Year ended 31 December				
	2024		2023		
	HK$'000	***Margin***	*HK$'000*	*Margin*	Decrease
Gross profit					
Standard series	**9,490**	**59.5%**	15,072	57.4%	(37.0%)
Modular series	**–**	**–%**	3,520	20.5%	N/A
Repair and maintenance	**1,876**	**64.2%**	2,792	54.6%	(32.8%)
Total	**11,366**	**60.3%**	21,384	44.0%	(46.8%)

Revenue for the APM equipment segment for 2024 decreased by 61.2% as compared to the corresponding period for 2023. This was mainly due to the new products launched by the Group were only able to create few successful sales records in the second half of 2024 and the corresponding period in 2023 included the sale of as set of modular series equipment. Due to the revenue during the year under review did not include lower gross profit margin model, the gross profit margin for APM equipment increased from 44.0% in 2023 to 60.3% in 2024.

OTHER INCOME

Other income from continuing operations for the year under review increased by approximately HK$3.4 million, from approximately HK$2.5 million in 2023 to approximately HK$5.9 million in 2024 primarily due to the penalty income received from the overdue trade receivables balance.

REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL AND CONTRACT ASSETS

The reversal of impairment losses on financial and contract assets from continuing operations decreased by of approximately HK$10.2 million, from approximately HK$15.3 million in 2023 to approximately HK$5.1 million in 2024 primarily due to the more long aged of trade receivables and contract assets had been settled in 2023 after court decision.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs from continuing operations for the year under review relatively stable and decreased by approximately HK$0.7 million, from approximately HK$17.4 million in 2023 to approximately HK$16.7 million in 2024.

ADMINISTRATIVE EXPENSES

Administrative expenses from continuing operations increased by approximately 3.1%, or approximately HK$1.9 million, from approximately HK$61.2 million in 2023 to approximately HK$63.1 million in 2024, primarily due to the more legal and professional fees incurred for the disposal of the shareholding in Tianjin Expressway Maintenance.

RESEARCH COSTS

Research costs from continuing operations increased by approximately 17.1%, or approximately HK$2.1 million, from approximately HK$12.3 million in 2023 to approximately HK$14.4 million in 2024, primarily due to more cost to incurred in the upgrading and diversification of the product range of the Group in road industry.

SHARE OF LOSSES OF JOINT VENTURES

The Group's share of profits from joint ventures improved from share of losses of approximately HK$4.3 million in 2023 to share of profit of approximately HK$0.1 million in 2024 primarily due to the business of the joint ventures were gradually recovered after the end of the recent years COVID-19 pandemic outbreak in the end of 2022.

FINANCE COSTS

Finance costs from continuing operations increased by approximately HK$0.5 million, from approximately HK$3.2 million in 2023 to approximately HK$3.7 million in 2024 primarily due to the increase in the bank borrowings balances.

INCOME TAX EXPENSE

Income tax expense from continuing operations increased by approximately HK$4.3 million, from approximately HK$0.9 million in 2023 to approximately HK$5.2 million in 2024 due to the increase in the profit before tax of the PRC's subsidiary and deferred tax recognised on fair value gain of investment property.

DISCONTINUED OPERATION

The results of Tianjin Expressway Maintenance were classified as discontinued operation upon Deconsolidation and presented as a single line item in the consolidated statement of profit or loss for 2023 and 2024. Net profit from discontinued operation for 2024 amounted to HK$16.5 million (2023: HK$22.7 million). Details of results of the discontinued operation are set out in note 18 to the consolidated financial statements.

PROFIT

Profit attributable to owners of the Company from the continuing operation amounted to approximately HK$5.3 million which relatively stable as compared to 2023, primarily due to the net effect of (i) the increase in the revenue of the APM service segment; (ii) the decrease in the revenue of APM equipment segment; (iii) the decrease in reversal of expected credit loss of trade receivables and contract assets; (iv) share of profits of joint ventures; and (v) the recognition of the fair value gain of the investment property.

FINANCIAL POSITION

As at 31 December 2024, the total equity of the Group amounted to approximately HK$708.8 million (2023: HK$763.3 million). Decrease in the total equity of the Group was due to the net effect of (i) the increase in profit attributable to owners of the Company from the continuing operation for the year ended 31 December 2024; and (ii) the disposal of the shareholding in Tianjin Expressway Maintenance; and (iii) changes in foreign currency translation reserve as a result of the depreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

The Group's net current assets as at 31 December 2024 amounted to approximately HK$474.2 million (2023: HK$485.7 million). The current ratio, which is the amount of the current assets divided by the amount of the current liabilities as at 31 December 2024, was 2.8 (31 December 2023: 2.1). The decrease in the net current assets and the improvement of current ratio was mainly due to the disposal of the equity interest in Tianjin Expressway Maintenance which contribute net current asset but lower current ratio in 2023.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group's bank balances and cash, pledged bank deposits, and restricted bank deposit amounted to approximately HK$293.8 million (2023: HK$254.3 million). The increase was primarily due to the effect of net cash generated from operating activities, purchase of property, plant and equipment, proceeds from the disposal of a subsidiary and increase in bank borrowings. As at 31 December 2024, the bank borrowings of the Group amounted to HK$117.5 million (2023: HK$99.1 million). As at 31 December 2023 and 2024, the Group was in a net cash position.

Due to the most of the Group's APM services projects was conducted in the second half of 2024 and most of the progress payment of these projects were due in first half of 2025, the gross amount of trade receivables and contract assets balances increased from HK$469.3 million (not include the balances of HK$279.6 million of Tianjin Expressway Maintenance as it was disposed on 31 December 2024) as at 31 December 2023 to HK$475.2 million as at 31 December 2024. The contract assets balance also includes some retention money withheld by the customers (5% to 10%) of the contract price which is to be paid after the expiration of the warranty period and not yet past due. As at the latest practicable date, third party customers had settled trade receivables amounting to approximately HK$73.3 million (RMB68.9 million).

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

As at 31 December 2024, the Group's liquidity position remained strong and the management of the Company believes that this will enable the Group to expand in accordance with their plans. The Group strives to efficiently use its financial resources and adopts a prudent financial policy in order to maintain a healthy capital ratio and support its business expansion requirements.

INTEREST-BEARING BANK BORROWINGS

As at 31 December 2024, the Group had total debt of HK$117.5 million (2023: HK$99.1 million), which was comprised of guaranteed interest-bearing bank borrowings of HK$86.1 million (2023: HK$44.6 million) and unguaranteed interest-bearing bank borrowings of HK$31.4 million (2023: HK$54.5 million).

As at 31 December 2024, bank balance of approximately HK$14.5 million (2023: HK$7.5 million) was pledged to secure general banking facilities granted to the Group.

The maturity profile of the interest-bearing bank borrowings as at 31 December 2023 and 2024 were repayable within one year or on demand.

INVESTMENT PROPERTY

As at 31 December 2024, the Group's investment property was measured using the fair value model and was approximately HK$144.3 million (as at 31 December 2023: HK$140.9 million). The investment property is a parcel of land and is located at lot 04–05 and 04–06 of Jiangxinzhou, Jianye District, Nanjing, the PRC (中國南京市建鄴區江心洲). It was acquired by the Group in December 2016 and will be developed for research and development use. The construction has commenced in the first quarter of 2022. Due to the strict COVID-19 pandemic control in second quarter of 2022 and some changes of the construction plan, the construction works were suspended during the period from around April 2022 to around February 2023 resulting in a delay in the progress of the construction. It was expected that the completion date of the construction will be in or around the first quarter of 2027. The Group intends to fund 80% of the contract cost by bank financing and 20% by its internal resources. The site area of the investment property is approximately 35,673 square meters, with plot ratio not more than 1.2 and gross floor area permissible for sale is no more than 40% of the total gross floor area. The investment property will be developed into the global technology research and development centre of the Group, two main office buildings with total gross floor area of approximately 25,696 square meter (the "Main Buildings") and seventeen small office buildings with total gross floor area of approximately 17,055 square meter (the "Office Buildings") will be developed. Upon the completion of the construction, the Group intends to lease some office spaces of the Main Buildings to third parties, which will bring additional income streams to the Group. The Group also decides to sell the Office Buildings to repay the construction cost. During the year ended 31 December 2021, as the management of the Group had decided to sell Office Buildings upon completion and the investment property of approximately HK$136.5 million had been transferred to inventories. The Group intends to develop the investment property to bring additional income to the Group, it is an one-off transaction and the Group does not have the intention to enter into real estate development industry.

USE OF PROCEEDS RAISED FROM INITIAL PUBLIC OFFERING ("IPO")

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

These net proceeds were applied in the year ended 31 December 2024 in the manner as stated in the prospectus of the Company dated 14 June 2013, the Change in Use of Proceeds Announcement and the Clarification Announcement, as follows:

		Net proceeds utilised during the year	**Net proceeds utilised up to 31 December 2024**	**Unutilised**	**Expected timeline for unutilised net proceeds**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
Investment in research and development activities	167.4	14.4	154.6	12.8	End of 2025
Establishing joint ventures and expanding APM service teams	99.9	–	99.9	–	
Manufacturing APM equipment and expanding our APM service teams	103.1	–	103.1	–	
Acquisitions of other APM service providers	60.8	–	60.8	–	
Constructing new production facility	83.4	8.3	77.0	6.4	End of 2025
Establishing sales offices in new markets and marketing expenses	68.7	–	68.7	–	
General corporate purposes and working capital requirements	103.7	15.5	87.2	16.5	End of 2025
	687.0	38.2	651.3	35.7	

The unutilised net proceeds have been deposited into short term deposits with licensed banks and authorised financial institutions in Hong Kong and the PRC.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 22 November 2024, Freetech Smart Road Recycling Engineering Investment Limited ("Freetech Smart Road") (an indirect non-wholly subsidiary which owned 55% of the equity interest in Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司) ("Tianjin Expressway Maintenance)) and Tianjin Expressway Group Co., Ltd.* (天津高速公路集團有限公司) ("Tianjin Expressway Group") (which owned 45% of the equity interest in Tianjin Expressway Maintenance) entered into a share purchase agreement which Freetech Smart agreed to dispose and Tianjin Expressway Group agreed to acquire Freetech Smart Road's 55% of the equity interest in Tianjin Expressway Maintenance at a cash consideration of RMB71,099,000 (the "Disposal"). The Disposal was completed on 31 December 2024, on which date control of Tianjin Expressway Maintenance was passed to Tianjin Expressway Group. The directors consider that the disposal will allow the Group to have more flexibility in management and resources allocation for the development of its APM Services through "Hot-in-Place" projects. Tianjin Expressway Maintenance was classified as a discontinued operation and is no longer included in the note 5 on operating segment information in the financial statements.

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital commitments as at 31 December 2024 are set out in note 19 to the consolidated financial statements. As at 31 December 2024, the Group did not have any material contingent liabilities.

FINANCIAL RISK MANAGEMENT

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

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate. As at 31 December 2024, all of the Group's bank borrowings are at fixed interest rate (2023: 88.9% and 11.1% at fixed interest rate and floating interest rate respectively). The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group collects most of its revenue in RMB and most of its expenditures as well as capital expenditures are also denominated in RMB. The Group's exposure to foreign currency risk arises mainly from certain bank deposits and interest-bearing bank borrowings denominated in foreign currency of the relevant group entities. As at 31 December 2024, certain pledged bank deposits, restricted bank deposits and bank balances and cash of approximately HK$286,044,000 (2023: HK$249,327,000) are denominated in RMB, the remaining balances are mainly denominated in Hong Kong dollars. As at 31 December 2024, the Group's bank borrowings denominated in RMB amounted to approximately HK$117,506,000 (equivalent to RMB110,500,000) (2023: HK$99,117,000 (equivalent to RMB90,000,000)). The Group has not hedged its foreign currency risk. The changes in foreign currency translation reserve during the year under review was the result of the depreciation of RMB against Hong Kong dollar as the assets and liabilities of the Group are denominated in RMB, but for the purpose of presenting consolidated financial statements, these assets and liabilities are translated into Hong Kong dollars.

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

EMPLOYEES AND REMUNERATION

As at 31 December 2024, the Group had a total of 295 full time employees (2023: 264, exclude 211 full time employee from Tianjin Expressway Maintenance). The Group provides competitive remuneration packages to retain its employees including discretionary bonus schemes, medical insurance and other allowances and benefits in kind as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC. The Group has adopted a share award scheme under which shares of the Company may be awarded to the selected employees (including executive directors of the Company) as incentives to retain them for the continual operation and development of the Group.

CORPORATE GOVERNANCE CODE

The Board is committed to achieve high standards of corporate governance to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability by further expand into the APM business. The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2024, except code provision C.2.1 as more particularly described below.

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

AUDIT COMMITTEE

The audit committee of the Company has been set up in accordance with the Listing Rules. The audit committee comprises three independent non-executive directors, namely Ms. Yeung Sum (Chairman), Prof. Lau Chi Pang and Prof. Lai Kin Keung, (including one independent non-executive director with the appropriate professional qualifications).

The audit committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the year under review. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

DIVIDEND

Directors of the Company did not recommend the payment of interim dividend for the six months ended 30 June 2024.

Taking into the factors set out in the Company's dividend policy, the directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2024. As at the date of this announcement, there was no arrangement with any Shareholder of the Company under which he/she/it has waived or agreed to waive any dividends.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.freetech-holdings.hk.

The 2024 report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

The Chairman of the Company wishes to express his sincere gratitude to the management and staff members of the Group for their dedication and hard work during the year under review. He would like to extend thanks to all the business partners, customers and shareholders of the Company for their support. He believes that they will continue to render support to the Group for our continuous growth and success in the future.

By order of the Board
Freetech Road Recycling Technology (Holdings) Limited
Sze Wai Pan
Chairman and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Sze Wai Pan and Mr. Chan Kai King; the non-executive Directors are Ms. Sze Wan Nga, Mr. Zhou Jichang, Prof. Tong Wai Cheung Timothy and Dr. Chan Yan Chong; and the independent non-executive Directors are Ms. Yeung Sum, Prof. Lau Chi Pang and Prof. Lai Kin Keung.