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AB BUILDERS GROUP LIMITED

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01615)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of AB Builders Group Limited (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries for the year ended 31 December 2024. This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.abbuildersgroup.com).

The Company’s 2024 annual report will be despatched to shareholders and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board of
AB Builders Group Limited
Lao Chio Seng
Chairman and Executive Director

Macau, 28 March 2025

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lao Chio Seng, Ms. Lao Chao U, Mr. Roberto Gnanavelu, Mr. Cheang Iek Wai and Mr. Ip Kin Wa; and three independent non-executive directors, namely Mr. Chu Yat Pang Terry, Mr. O’Yang Wiley and Mr. Choy Wai Shek, Raymond, MH, JP.

ANNUAL RESULTS

The Board of the Company is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>NOTES</i>	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Revenue	4	182,030	140,580
Cost of sales		(155,127)	(132,488)
Gross profit		26,903	8,092
Other income	6	10,200	8,168
Other gains and losses		1,462	1,145
Impairment loss under expected credit loss model, net of reversal	7	(314)	(4,705)
Administrative expenses		(29,742)	(28,093)
Finance costs		(655)	(598)
Profit (loss) before taxation		7,854	(15,991)
Income tax (expense) credit	8	(436)	204
Profit (loss) for the year	9	7,418	(15,787)
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(311)	(631)
Total comprehensive income (expense) for the year		7,107	(16,418)

	<i>NOTE</i>	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		9,407	(10,281)
Non-controlling interests		<u>(1,989)</u>	<u>(5,506)</u>
		<u>7,418</u>	<u>(15,787)</u>
 Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		9,096	(10,912)
Non-controlling interests		<u>(1,989)</u>	<u>(5,506)</u>
		<u>7,107</u>	<u>(16,418)</u>
		<i>MOP cents</i>	<i>MOP cents</i>
 Earnings (loss) per share	<i>11</i>		
— Basic		1.57	(1.71)
— Diluted		<u>1.57</u>	<u>(1.71)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 MOP'000	2023 MOP'000
Non-current assets			
Property, plant and equipment		35,409	36,928
Right-of-use assets		1,766	—
Intangible assets		2,292	3,167
Financial asset at fair value through profit or loss		11,585	12,280
Other financial assets		31,968	32,142
		<u>83,020</u>	<u>84,517</u>
Current assets			
Inventories		—	477
Trade and other receivables	12	44,842	30,103
Contract assets		62,066	35,634
Other financial assets		—	32,763
Pledged/restricted bank deposits		72,151	71,165
Short-term bank deposits		—	20,630
Bank balances and cash		44,581	38,008
		<u>223,640</u>	<u>228,780</u>
Current liabilities			
Trade and other payables	13	91,042	99,001
Tax payable		978	382
Bank borrowings		17,855	25,827
Lease liabilities		770	—
		<u>110,645</u>	<u>125,210</u>
Net current assets		<u>112,995</u>	<u>103,570</u>
Total assets less current liabilities		<u>196,015</u>	<u>188,087</u>
Non-current liabilities			
Lease liabilities		1,109	—
Deferred tax liabilities		573	849
		<u>1,682</u>	<u>849</u>
Net assets		<u>194,333</u>	<u>187,238</u>
Capital and reserves			
Share capital		6,189	6,189
Reserves		205,454	196,397
Equity attributable to owners of the Company		211,643	202,586
Non-controlling interests		(17,310)	(15,348)
Total equity		<u>194,333</u>	<u>187,238</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 23 February 2017 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 September 2018. In the opinion of the directors, the ultimate controlling shareholders of the Company are Mr. Lao Chio Seng (“**Mr. Lao**”) and Ms. Wong Hio Mei, spouse of Mr. Lao, through Laos International Holdings Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, and WHM Holdings Limited, a company incorporated in the BVI with limited liability, respectively.

The Company acts as investment holding company and its subsidiaries are principally engaged in provision of construction services including fitting-out works and structural works, and sales of air purification unit/system.

The presentation and functional currency of the Company is Macau Pataca (“**MOP**”).

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

4. REVENUE

Revenue represents the aggregate of the amounts received and receivable for construction contracts of fitting-out works and structural works rendered for provision by the Group and sales of air purification unit/system to customers.

An analysis of the Group's revenue from contracts with customers under IFRS 15 is as follows:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Recognised over time:		
Contract revenue from provision of fitting-out works	182,030	90,756
Contract revenue from provision of structural works	—	49,794
	182,030	140,550
Recognised at a point in time:		
Revenue from sales of air purification unit/system	—	30
Total	182,030	140,580

5. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the Chief Executive Officer of the Group, in order for CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under IFRS 8 “Operating Segments” are as follows:

- (a) Fitting-out works;
- (b) Structural works; and
- (c) Air purification business

The CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

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

For the year ended 31 December 2024

	Fitting-out works <i>MOP'000</i>	Structural works <i>MOP'000</i>	Air purification business <i>MOP'000</i>	Total <i>MOP'000</i>
Segment revenue — external	<u>182,030</u>	<u>—</u>	<u>—</u>	<u>182,030</u>
Segment results	<u>27,380</u>	<u>—</u>	<u>(477)</u>	<u>26,903</u>
Administrative expenses				(29,742)
Other income and other gains and losses				11,662
Impairment loss under expected credit loss model, net of reversal				(314)
Finance costs				<u>(655)</u>
Profit before taxation				<u>7,854</u>

For the year ended 31 December 2023

	Fitting-out works <i>MOP'000</i>	Structural works <i>MOP'000</i>	Air purification business <i>MOP'000</i>	Total <i>MOP'000</i>
Segment revenue — external	<u>90,756</u>	<u>49,794</u>	<u>30</u>	<u>140,580</u>
Segment results	<u>4,964</u>	<u>3,772</u>	<u>(644)</u>	8,092
Administrative expenses				(28,093)
Other income and other gains and losses				9,313
Impairment loss under expected credit loss model, net of reversal				(4,705)
Finance costs				<u>(598)</u>
Loss before taxation				<u>(15,991)</u>

6. OTHER INCOME

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Bank interest income	7,087	7,103
Compensation income (<i>Note</i>)	2,271	—
Others	842	1,065
	<u>10,200</u>	<u>8,168</u>

Note: During the year ended 31 December 2024, the Group recognised compensation income of MOP2,271,000 (2023: nil) from insurance claim in relation to a construction project.

7. IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Impairment loss recognised (reversed) on:		
Trade receivables	(1,208)	325
Other receivables	1	(1,821)
Contract assets	1,626	6,082
Other financial assets	(105)	119
	<u>314</u>	<u>4,705</u>

8. INCOME TAX (EXPENSE) CREDIT

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Current tax		
Macau Complementary Tax	(758)	—
Hong Kong Profits Tax	(116)	—
PRC Enterprise Income Tax	(36)	—
	<u>(910)</u>	<u>—</u>
Over (under)provision in prior years:		
Macau Complementary Tax	300	—
Hong Kong Profits Tax	(22)	—
	<u>278</u>	<u>—</u>
Deferred tax	<u>196</u>	<u>204</u>
	<u>(436)</u>	<u>204</u>

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000 for both years. No provision for Macau Complementary Tax has been made for prior year as the assessable profit has been absorbed by unused tax losses.

The Hong Kong Profits Tax of the qualifying group entity under the two-tiered profits tax rates regime is calculated at 8.25% on the first Hong Kong Dollars (“**HK\$**”) 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both years. The Hong Kong Profits Tax of the group entities not qualifying for the regime is calculated at a flat rate of 16.5% of the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax is calculated at 25% of the assessable profits for the subsidiary established in the PRC for both years.

9. PROFIT (LOSS) FOR THE YEAR

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Profit (loss) for the year		
has been arrived at after charging (crediting):		
Contract costs recognised as expense (<i>Note</i>)		
Provision of fitting-out works	154,650	85,792
Provision of structural works	—	46,022
	154,650	131,814
Cost of inventories recognised as expense (including write-down of inventories of MOP477,000 (2023: MOP658,000))	477	674
Staff costs		
Gross staff costs (including directors’ emoluments below)	23,289	19,004
Less: Staff costs capitalised to contract costs incurred	(7,426)	(6,786)
	15,863	12,218
Directors’ emoluments	3,997	4,165
Auditor’s remuneration	560	630
Depreciation of property, plant and equipment	1,496	1,577
Depreciation of right-of-use assets	394	—
Amortisation of intangible assets	785	818

Note: Included in contract costs was a reversal of provision of onerous contracts of MOP809,000 (2023: provision of MOP1,578,000) recognised for provision of fitting-out works during the year ended 31 December 2024.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of each of the reporting period.

11. EARNINGS (LOSS) PER SHARE

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

Earnings (loss) figures are calculated as follows:

	2024	2023
	<i>MOP'000</i>	<i>MOP'000</i>
Profit (loss) for the year attributable to owners of the Company	<u>9,407</u>	<u>(10,281)</u>
Number of shares		
	2024	2023
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	600,000	600,000
Effect of dilutive potential ordinary shares:		
Share options	<u>143</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>600,143</u>	<u>600,000</u>

The computation of diluted earnings (loss) per share does not assume the exercise of certain (2023: all) Company's share options because the exercise price of those share options was higher than the average market price of shares for the year ended 31 December 2024. Save as share options mentioned above, there were no other dilutive potential ordinary shares in existence during the year ended 31 December 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	<i>MOP'000</i>	<i>MOP'000</i>
Trade receivables, net of loss allowance	25,103	12,564
Advances paid to subcontractors and suppliers	7,776	5,716
Consideration receivable	2,061	—
Other receivables, prepayments and deposits	<u>9,902</u>	<u>11,823</u>
Total trade and other receivables	<u>44,842</u>	<u>30,103</u>

Trade receivables represent amounts receivable for work certified in relation to provision of fitting-out works and structural works after deduction of retention money.

As at 1 January 2023, trade receivables, net of loss allowance, from contracts with customers amounted to MOP17,072,000.

The Group generally allows a credit period within 30 days to its customers. The following is an aged analysis of trade receivables presented based on dates of work certified at the end of the reporting period, net of loss allowance.

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
1–30 days	932	8,073
31–60 days	14,862	1,478
61–90 days	6,407	—
Over 90 days	2,902	3,013
	<u>25,103</u>	<u>12,564</u>

13. TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The credit period on trade purchase is generally from 7 to 60 days.

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Trade payables	26,117	6,659
Retention payables	25,443	36,245
Accrued contract costs	29,595	46,906
Provision of onerous contracts	1,493	2,302
Accruals	8,394	6,889
	<u>91,042</u>	<u>99,001</u>

The following is an aged analysis of trade payables presented based on the dates of work certified at the end of the reporting period:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
1–30 days	22,226	3,477
Over 60 days	3,891	3,182
	<u>26,117</u>	<u>6,659</u>

14. CONTINGENT LIABILITIES

On 20 February 2023, Lap Polly Engineering Company Limited (“Lap Polly”), a subsidiary of the Company, received a notice of arbitration regarding to an alleged claim by joint and several liquidators. The alleged claim arose from disputes prior to the acquisition of Lap Polly on 10 September 2019. As at 31 December 2024, taken into account the advice of an independent legal advisor, the management of the Group considered that the potential legal risk to the Group arising from the claim is considered as low.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the global economy remained under pressure with continuous geopolitical complications around the world. Amid the challenging environment, AB Builders Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) has been actively seeking business opportunities and securing new projects to increase revenue and drive long-term development. During the year ended 31 December 2024, the Group recorded a revenue of approximately MOP182.0 million, representing an increase of approximately MOP41.4 million or approximately 29.4% over the corresponding period of 2023. Accordingly, the Group generated a gross profit of approximately MOP26.9 million for the year ended 31 December 2024, as compared with a gross profit of approximately MOP8.1 million last year.

For the year ended 31 December 2024, the Group completed 23 fitting-out works projects and was awarded with 14 fitting-out works projects with an aggregate contract sum of approximately MOP271.5 million. As at 31 December 2024, the Group had 15 ongoing projects (either in progress or yet to commence), including 1 structural works project and 14 fitting-out works projects.

OUTLOOK AND PROSPECTS

Amid the uncertainties in the global economy and the complex political issues among several countries, the Group remains cautiously optimistic about the industry. Macau has shown promising signs of economic recovery, driven by the strong rebound in tourism and gaming activities. According to the Macau government, the region’s tourism industry experienced significant growth in 2024, with visitor arrivals reaching 34.9 million, up 24% year-on-year and recovering to 89% of pre-pandemic levels. The Individual Visit Scheme expansion and infrastructure developments, such as the new light rail transit system from Hengqin port to Cotai, are expected to further stimulate tourism and economic activity in Macau. Additionally, the Macau gaming market reported a Gross Gaming Revenue of HK\$220.2 billion in 2024, representing an increase of 24% year-on-year.

The Group anticipates that the strong recovery in Macau’s tourism and gaming industries will drive investments in new construction and fitting-out projects. Furthermore, major integrated resort operators are actively developing new resorts and hotels, extensive retail and F&B outlets, family-oriented entertainment facilities which highlights the sustained demand for construction services in Macau. The Group will actively participate in bidding for integrated resorts, government and private sector projects to seize these opportunities.

The Group will explore business opportunities in the construction material trading sector in the coming years, leveraging the region’s infrastructure development and growing tourism industry in both Hong Kong and Macau. The accelerating development in Macau and the ongoing infrastructure projects in Hong Kong are expected to create robust demand for construction materials. By expanding into this sector, the Group aims to strengthen its business portfolio and capitalize on the anticipated market demand.

The Group is committed to diversifying its business and revenue streams. Following the acquisition of a corporation with Securities and Futures Commission of Hong Kong (“SFC”) Type 4 (advising on securities) and Type 9 (asset management) licenses, the Group will continue to explore opportunities in the financial services sector. The management is keen to utilize the Group’s business relations and resources to develop commercial strategies and tap into new revenue streams through asset management and securities advisory services. This strategic expansion is expected to enhance the Group’s financial performance and solidify its position in the financial services market.

In addition to expanding its market presence in construction and financial services, the Group will continue to seek partnerships, mergers, and acquisitions with reputable enterprises in these sectors. These efforts aim to further diversify the Group’s revenue streams and drive long-term growth. The Group will also maintain tight cost control measures to ensure sustainable development and a healthy financial position. The board of directors believes these strategies are essential for maintaining competitiveness and navigating the challenges ahead.

The Group remains confident in its ability to capture opportunities in both the construction and financial services sectors while maintaining its focus on sustainable growth and value creation for stakeholders.

FINANCIAL REVIEW

Revenue

The table below sets forth a breakdown of the Group’s revenue for the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	<i>MOP'000</i>	<i>%</i>	<i>MOP'000</i>	<i>%</i>
Types of construction works				
Fitting-out works	182,030	100	90,756	64.6
Structural works	—	—	49,794	35.4
Others	—	—	30	0.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>182,030</u>	<u>100</u>	<u>140,580</u>	<u>100.0</u>

For the year ended 31 December 2024, The Group’s revenue increased by approximately MOP41.4 million or 29.4% as compared with the last year. Such increase was mainly attributable to the increase in revenue generated from fitting-out works projects of approximately MOP91.2 million or 100.6% mainly due to fitting-out works projects awarded in 2024; but which was partially offset by the decrease in revenue generated from structural works projects of approximately MOP49.8 million or 100% due to no new structural works projects awarded in 2024.

Gross profit (loss) and gross profit (loss) margin

The following table sets forth a breakdown of the Group's gross profit (loss) and gross profit (loss) margin by types of revenue for the years ended 31 December 2024 and 2023 respectively:

	For the year ended 31 December			
	2024		2023	
	Gross profit/ (Gross loss) <i>MOP'000</i>	Gross profit/ (Gross loss) margin %	Gross profit/ (Gross loss) <i>MOP'000</i>	Gross profit/ (Gross loss) margin %
Types of construction works				
Fitting-out works	27,380	15.0	4,964	5.5
Structural works	—	—	3,772	7.5
Others	(477)	(100.0)	(644)	(2,146.7)
Total	<u>26,903</u>	<u>14.8</u>	<u>8,092</u>	<u>5.8</u>

For the year ended 31 December 2024, the Group's gross profit increased by approximately MOP18.8 million, or 232.1% to approximately MOP26.9 million when compared with the last year. The increase was mainly due to the rebound of Macau market leading to higher average margins industry-wide.

The gross profit margin of fitting-out works projects increased by 9.5 percentage points from approximately 5.5% for the year of 2023 to 15% for the year of 2024. The increase was mainly due to (i) the effective control of material and labor costs in fitting-out works projects; and (ii) the margins of the projects concluded in the year of 2024 are higher than those concluded in the year of 2023.

No new structural works projects were awarded in 2024, leading to a decrease in gross profit by approximately MOP3.8 million compared to the year of 2023.

Regarding the air purification business, the gross loss of approximately MOP0.5 million for the year of 2024 was mainly due to the 100 percent write-down of remaining inventory.

Other income

The Group's other income increased by approximately MOP2.0 million or 24.4% from approximately MOP8.2 million for the year ended 31 December 2023 to approximately MOP10.2 million for the year ended 31 December 2024. The increase was mainly attributable to a compensation income from insurance claim in relation to a construction project.

Other gains and losses

For the year ended 31 December 2024, the other gains mainly consisted of the gains from disposal of subsidiary of approximately MOP2.6 million together with net exchange loss of approximately MOP0.4 million and the loss from the fair value changes of the financial asset at fair value through profit and loss of approximately MOP0.7 million. For the year ended 31 December 2023, the other gains mainly consisted of net exchange gains of approximately MOP0.6 million.

Impairment losses

It mainly consisted of impairment losses under expected credit loss model on trade and other receivables, contract assets and other financial assets. The decrease was mainly due to the settlement of certain long-aged trade receivables during the year of 2024.

Administrative expenses

Administrative expenses increased by approximately MOP1.6 million from approximately MOP28.1 million for the year ended 31 December 2023 to approximately MOP29.7 million for the year ended 31 December 2024. Administrative expenses consisted primarily of staff costs and Directors' emoluments, depreciation and other administrative expenses. This increase was mainly attributable to the expansion of the Hong Kong market.

Income tax expense (credit)

The increase in income tax expense of approximately MOP0.6 million for the year ended 31 December 2024 was due to the net effect of income tax credit of approximately MOP0.2 million for the year ended 31 December 2023 and income tax expense of approximately MOP0.4 million for the year ended 31 December 2024. It consisted of the net effect of the increase in the profit before tax of approximately MOP23.8 million and the reversal of overprovision of income tax in prior years.

Profit (loss) for the year

The profit for the year ended 31 December 2024 was approximately MOP7.4 million as compared to the loss of approximately MOP15.8 million for the year ended 31 December 2023. Such change was mainly due to the combined effect of the aforementioned items.

Final dividend

The Board did not recommend any payment of a final dividend for both years.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

The Group's capital expenditure and daily operations during the year ended 31 December 2024 were mainly funded by internally generated funds and released short-term bank deposits.

The total cash and bank balances together with the pledged/restricted bank deposits and short-term bank deposits as at 31 December 2024 was approximately MOP116.7 million, compared to approximately MOP129.8 million as at 31 December 2023.

The decrease of approximately MOP13.1 million was mainly related to the release of short-term bank deposits being deployed into the Group's daily operation for the year of 2024.

Our gearing ratio (calculated as debt over total equity) as at 31 December 2024 was 9.2% (2023: 13.8%) which was mainly attributable to the decrease in bank borrowings by approximately MOP7.9 million from the net effect of increased bank overdrafts of approximately MOP17.9 million and decreased bank loans of approximately MOP25.8 million. As at 31 December 2024, the Group had unutilised banking facilities of approximately MOP157.2 million (2023: MOP230.5 million).

The current ratio of the Group as at 31 December 2024 increased to 2.0 times (2023: 1.8 times).

Capital Structure

The capital structure of the Group consists of equity attributable to the owners of the Company comprising issued share capital, share premium, legal reserve, share-based payments reserve, exchange reserve, other reserves and retained earnings. During the year ended 31 December 2024, there has been no change in capital structure of the Company.

Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated 27 August 2018 (the "Prospectus") and in this results announcement, the Group did not have other plans for material investments or capital assets.

Pledge of assets

The following assets of the Group were pledged to secure the credit facilities and bank borrowings to the Group during the year:

	2024	2023
	<i>MOP'000</i>	<i>MOP'000</i>
Owned properties included in property, plant and equipment	35,125	36,530
Other financial assets	—	32,763
Pledged bank deposits	72,151	69,355
	<u>107,276</u>	<u>138,648</u>

Capital commitment

As at 31 December 2024, the Group has an obligation to settle an amount of Renminbi (“**RMB**”) 39.0 million (equivalent to approximately MOP42.6 million) (2023: RMB40.0 million (equivalent to approximately MOP45.2 million)) as further capital contribution to Jiangmen Jinying Construction and Engineering Company Limited.

Significant investments, acquisition and disposals

On 14 March 2024, the Group has announced to enter into a sale and purchase agreement to acquire a company incorporated in Hong Kong with limited liability which possesses the SFC Type 4 (advising on securities) & Type 9 (asset management) licenses, which is expected to help the Group to further diversify and expand its business portfolio. By venturing into the financial services industry of Hong Kong, the Group will tap into new revenue streams. Please refer to the announcement issued by the Company on 14 March 2024 for details.

Save as the above, during the year ended 31 December 2024, the Group did not have any other significant investment, acquisition and disposal.

Exposure to exchange rate fluctuation

The Group entities collect most of its revenue and incur most of its expenditures in their respective functional currencies. The Group is exposed to currency risks primarily through purchase of raw materials, sale proceeds received from its customers, and investments in other financial assets that are denominated in a currency other than the Group’s functional currency. The currencies giving rise to this risk are primarily Hong Kong Dollars, RMB and United States Dollars. The Group currently does not have a foreign currency hedging policy. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

Employee and remuneration policies

As at 31 December 2024, the Group had 159 (2023: 49) full time employees. The increase in the number of employees was mainly due to the increase in fitting-out works projects awarded in 2024.

The remuneration package offered to employees includes salary and other employee benefits such as bonus. In general, the Group determines the salaries of its employees based on their individual performance, qualifications, position and seniority. The Group conducts annual salary and promotion review in order to attract and retain employees. In addition, the Group provides various types of training to its employees to promote overall efficiency, employee loyalty and retention. Total staff costs for the year ended 31 December 2024 were approximately MOP23.3 million (2023: MOP19.0 million).

Compliance with laws and regulations

The Group mainly carries out its business in Macau, Hong Kong and China. To the best of the Directors' knowledge, the Group has complied with all relevant laws and regulations in Macau, Hong Kong and China during the year.

Principal risk and uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible:

- Material changes in the cost of construction materials and labour costs may result in cost overrun, which could materially affect our results of operation and financial performance;
- Mismanagement or delay of our projects will materially affect our reputation and also our financial performance as penalties and/or additional costs may be incurred;
- Cash flow of our projects may fluctuate;
- We rely on subcontractors to help complete our projects. Underperformance by our subcontractors or unavailability of subcontractors may adversely affect our operations, profitability and reputation;
- Our success significantly depends on the key management and our ability to attract and retain technical and management staff; and
- Our inventory level may be affected by the market demand for air purification unit/system which may not be accurately estimated.

CORPORATE GOVERNANCE

For the year ended 31 December 2024, the Company has applied the principles in 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 (the “**Listing Rules**”). During the year ended 31 December 2024 and up to the date of this announcement, to the best knowledge of the Board, the Company has complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” in the CG Code.

DIRECTORS’ INTERESTS IN COMPETING INTERESTS

For the year ended 31 December 2024, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective close associates (as defined under the Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have within the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding the securities transactions by the directors of the Company. Having made specific enquiries of all directors, all directors confirmed that they have complied with the required standard as set out in Model Code throughout the year ended 31 December 2024.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors: Mr. O’Yang Wiley, Mr. Chu Yat Pang Terry and Mr. Choy Wai Shek, Raymond, *MH, JP*. Mr. O’Yang Wiley was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of external auditor, review the financial statements and the information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The Company's consolidated financial statements for the year ended 31 December 2024 have been reviewed by the Audit Committee on 28 March 2025. The Audit Committee is of the opinion that the consolidated financial statements of the Company for the year ended 31 December 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BAKER TILLY HONG KONG 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 the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil).

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting (the "AGM") of the Company will be held on Friday, 20 June 2025 at 3:00 p.m. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For attending and voting at the AGM

The register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 June 2025.