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DIT GROUP LIMITED
築友智造科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of DIT Group Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

FINANCIAL SUMMARY

	For the year ended 31 December		
	2024	2023	Changes
	HK$'000	*HK$'000*	
Revenue	**373,990**	867,161	-56.9%
Gross profit	**9,461**	49,872	-81.0%
Loss for the year, attributable to	**(494,158)**	(330,234)	49.6%
— Owners of the Company	**(464,536)**	(315,733)	47.1%
— Non-controlling interests	**(29,622)**	(14,501)	104.3%

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

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**373,990**	867,161
Cost of sales		**(364,529)**	(817,289)
Gross profit		**9,461**	49,872
Government grants		**6,502**	7,249
Other income		**502**	2,217
Other losses — net		**(47,304)**	(18,046)
Selling and distribution expenses		**(37,879)**	(67,414)
Administrative expenses		**(206,302)**	(166,953)
Net impairment losses		**(91,573)**	(102,210)
Share of losses of associates		**(39,909)**	(4,935)
Operation loss		**(406,502)**	(300,220)
Finance costs	*4*	**(87,935)**	(65,530)
Loss before income tax		**(494,437)**	(365,750)
Income tax credit	*5*	**279**	35,516
Loss for the year		**(494,158)**	(330,234)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Note	***HK$'000***	*HK$'000*
Other comprehensive loss, which may be reclassified subsequently to profit or loss			
— Exchange differences arising on translation of			
— Foreign operation		**(41,529)**	(31,542)
— Associates		**(3,462)**	(4,787)
Other comprehensive loss for the year, net of tax		**(44,991)**	(36,329)
Total comprehensive loss for the year		**(539,149)**	(366,563)
Loss for the year, attributable to:			
— Owners of the Company		**(464,536)**	(315,733)
— Non-controlling interests		**(29,622)**	(14,501)
		(494,158)	(330,234)
Total comprehensive loss for the year, attributable to:			
— Owners of the Company		**(509,952)**	(352,159)
— Non-controlling interests		**(29,197)**	(14,404)
		(539,149)	(366,563)
Losses per share attributable to owners of the Company			
(expressed in HK$ cents per share)			
— Basic and diluted	*7*	**(14.98)**	(10.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		At 31 December	
		2024	2023
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,501,398**	2,733,620
Right-of-use assets		**816,220**	865,938
Investment properties		**15,463**	16,063
Intangible assets		**27,060**	33,209
Deferred income tax assets		**111,240**	113,673
Investments in associates		**142,976**	192,974
Financial assets at fair value through profit or loss		**12,959**	40,289
		3,627,316	3,995,766
Current assets			
Inventories		**106,547**	138,502
Trade and other receivables and prepayments	*8*	**1,722,876**	2,165,866
Cash and cash equivalents		**6,435**	9,286
Restricted cash		**26,819**	24,721
		1,862,677	2,338,375
Current liabilities			
Trade and other payables	*9*	**1,612,263**	1,847,914
Contract liabilities		**45,188**	61,303
Current income tax liabilities		**38,819**	41,106
Lease liabilities		**–**	2,022
Borrowings		**959,656**	886,224
		2,655,926	2,838,569
Net current liabilities		**(793,249)**	(500,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,834,067**	3,495,572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2024

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Non-current liabilities		
Amount due to a related party	**79,993**	79,281
Deferred income	**1,649**	1,539
Deferred income tax liabilities	**13,895**	14,955
Lease liabilities	**–**	2,899
Borrowings	**719,994**	841,256
	815,531	939,930
NET ASSETS	**2,018,536**	2,555,642
Equity attributable to owners of the Company		
Share capital (nominal value)	**1,240,438**	1,240,438
Reserves	**132,131**	640,040
	1,372,569	1,880,478
Non-controlling interests	**645,967**	675,164
TOTAL EQUITY	**2,018,536**	2,555,642

NOTES:

1 GENERAL INFORMATION

DIT Group Limited (the "**Company**") was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") starting from 25 July 1991.

The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company in Hong Kong is Units 1602–1605, 16/F, Tower 2, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the "**Group**") are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and rounded to the nearest thousand ("**HK$'000**"), unless otherwise stated.

As at 31 December 2024, the ultimate controlling shareholder of the Company is Mr. Wu Po Sum.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Going concern basis

The Group incurred a loss of HK$494,158,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group's current liabilities exceeded its current assets by HK$793,249,000. At the same date, the Group's current borrowings amounted to HK$959,656,000 while its cash and cash equivalents amounted to HK$6,435,000 only.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

For the year ended 31 December 2024, the Group failed to repay multiple commercial bank borrowings amounted to RMB183,456,000 (equivalent to HK$198,108,000) and interest payable amounted to RMB19,150,000 (equivalent to HK$20,679,000) in total according to the scheduled repayment dates, each of which constituted an event of default (collectively, "**Bank Borrowing Defaults**"). Such events of default resulted in the mentioned borrowings amounted to RMB333,456,000 (equivalent to HK$360,080,000) as at 31 December 2024 becoming immediately repayable if requested by the lenders, of which RMB141,016,000 (equivalent to HK$152,278,000) represented bank borrowings with scheduled repayment dates within one year, while the remaining RMB192,440,000 (equivalent to HK$207,810,000) represented the non-current portion with original maturity dates beyond 31 December 2024 that were reclassified as current liabilities.

As at 31 December 2024, there were various litigations against the Group which were claimed by certain suppliers and banks with respect to overdue payables and borrowings amounted to approximately RMB573,612,000 (equivalent to HK$619,425,000) in total.

Such conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company ("**Directors**") have given careful considerations to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) In respect of borrowings that are either overdue or in default (including the Bank Borrowing Defaults), the Group has been actively negotiating with the relevant lenders for the repayment, renewal and extension of the overdue borrowings. The Directors are confident to convince the relevant lenders not to exercise their rights to demand the Group's immediate repayment of the borrowings prior to their scheduled contractual repayment dates. Subsequent to 31 December 2024, the Group has repaid RMB1,000,000 (equivalent to HK$1,080,000) and the Directors believe that the Group will be able to timely fulfil the repayment schedules under the extended borrowing agreements.

(ii) The Group has also been negotiating with various banks and financial institutions to seek renewal, extension of the other existing borrowings and obtain new borrowings. The Directors believe that, given the Group's long-term relationship with the banks and financial institutions and the availability of the Group's long-term assets as collateral for the borrowings, the Group will be able to renew or extend existing borrowings and obtain new borrowings when needed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

(iii) In respect of the outstanding litigations for overdue payables to the Group's suppliers, the Group is negotiating with suppliers for revised repayment schedules and actively arranging settlement. Subsequent to 31 December 2024, certain overdue payables have been settled and the Directors are confident that the Group is able to reach revised repayment schedules with suppliers and settle the overdue payable accordingly.

(iv) The Group will continue to implement measures to increase the sales of its prefabricated construction units and decoration and landscaping services, and to speed up the collection of trade receivables.

(v) The Group will seek opportunities to dispose of certain assets and investments at reasonable prices to generate cash inflows and mitigate its liquidity pressure. Reference is made to the announcement of the Group on 17 March 2025, the Group entered into an agreement of intent with a third-party company as transferee in relation to the potential disposal of 100% equity interests of a Group's subsidiary, 佛山築友智造科技有限公司 (Foshan Drawin Intelligent Manufacture Technology Limited), within 35 days from the date of the agreement of intent.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful negotiations with the Group's lenders in respect of the borrowings that were either overdue or in default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the borrowings; the timely repayments according to the scheduled repayment dates as stipulated in the extended borrowing agreements;

(ii) the successful negotiations with the banks and financial institutions for renewal of or extension for repayment of the other existing borrowings and the successful obtaining of additional new sources of financing as and when needed;

(iii) the successful settlement of litigation against the Group which were claimed by suppliers for overdue payables; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation (Continued)

(b) Going concern basis (Continued)

(iv) the successful and timely implementation of the measures to increase the sales and speed up the collection of trade receivables, and the successful disposal of relevant assets and investments at reasonable prices and timely collection of the proceeds.

Should the Group be unable to achieve the abovementioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3 REVENUE

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Revenue from sales of prefabricated construction units	**322,099**	673,389
Revenue from decoration and landscaping services	**34,441**	163,508
Revenue from consulting services	**2,896**	5,722
Revenue from sales of prefabricated construction equipment	**3,146**	11,186
Rental income	**11,408**	13,356
	373,990	867,161

4 FINANCE COSTS

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Interest expenses on borrowings	**87,915**	78,945
Finance charges on lease liabilities	**20**	192
Less: Interest capitalised	**–**	(13,607)
	87,935	65,530

5 INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'000*
Current income tax		
— PRC corporate income tax		
Adjustments for current tax of prior periods	**351**	959
— Hong Kong profits tax	**119**	–
	470	959
Deferred income tax	**(749)**	(36,475)
Total income tax credit for the year	**(279)**	(35,516)

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("**CIT Law**"), the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%, while certain subsidiaries are applicable to the preferential tax rate of 15%, those subsidiaries were required to apply for renewal every three years from first year of approval.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Company's mainland China subsidiaries did not have plan for distributing dividend to the Company in the foreseeable future, thus no such withholding tax was accrued for the year ended 31 December 2024 (2023: nil).

Hong Kong profits tax

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

6 DIVIDEND

The directors do not recommend of the payment of a dividend for the years ended 31 December 2024 and 2023.

7 LOSSES PER SHARE

(a) Basic

Basic losses per share for the year is calculated by dividing the consolidated losses of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Consolidated loss attributable to owners of the Company *(HK$'000)*	**(464,536)**	(315,733)
Weighted average number of ordinary shares in issue *('000)*	**3,101,096**	3,101,207
Basic losses per share *(HK cents)*	**(14.98)**	(10.18)

(b) Diluted

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted losses per share for the year ended 31 December 2024 and 2023 are equal to respective basic losses per share. The computation of diluted losses per share for the year ended 31 December 2024 and 2023 has not considered the effect of share options given that the effects are anti-dilutive.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Trade receivables — third parties	**973,546**	1,302,603
Trade receivables — related parties	**722,479**	661,190
Amounts due from related parties	**68,916**	202,680
Notes receivable	**46,460**	45,545
Prepayments — third parties	**76,858**	34,378
Prepayments — related parties	**15,893**	65,052
Land auction deposits	**2,244**	3,608
Value-added tax recoverable	**9,493**	6,840
Deposits	**15,625**	16,412
Receivables relating to disposal of subsidiaries	**1,828**	1,868
Others	**81,700**	63,893
	2,015,042	2,404,069
Less: Provision for impairment of trade and other receivables *(note (a))*	**(292,166)**	(238,203)
	1,722,876	2,165,866

Note:

(a) As at 31 December 2024, such balance included provision for impairment of trade and notes receivables of HK$258,386,000 and provision for impairment of other receivables of HK$33,780,000 (31 December 2023: HK$215,968,000 and HK$22,235,000 respectively).

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

An ageing analysis of trade and notes receivable as at 31 December 2024 and 2023, from the date when they were recognised, is as follows:

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Less than 1 year	**330,899**	872,697
1 to 2 years	**846,663**	1,031,270
Over 2 years	**564,923**	105,371
	1,742,485	2,009,338

The maximum exposure to credit risk as at 31 December 2024 and 2023 is the carrying value of each class of receivables mentioned above.

As at 31 December 2024 and 2023, the fair values of trade and other receivables approximate their carrying amounts.

The carrying amounts of the Group's trade and other receivables and prepayments are denominated in the following currencies:

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
HK$	**3,418**	205,807
RMB	**1,719,458**	1,960,059
	1,722,876	2,165,866

The creation of provision for impairment of receivables has been included in "Net impairment losses" in the condensed consolidated statement of profit or loss and other comprehensive income.

9 TRADE AND OTHER PAYABLES

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Trade payables — third parties	**1,083,001**	1,256,727
Trade payables — related parties	**16,692**	27,208
Accrued tax payable	**135,738**	112,708
Accrued payable for property, plant and equipment construction — third parties	**99,956**	63,715
Accrued payable for property, plant and equipment construction — related parties	**39,987**	50,582
Amounts due to related parties	**92,221**	232,733
Accrued payroll	**30,035**	26,982
Deposits	**9,342**	8,845
Interest payable	**61,972**	12,316
Others	**43,319**	56,098
	1,612,263	1,847,914

An ageing analysis of trade payables as at 31 December 2024 and 2023, from the date when they were incurred, is as follows:

	At 31 December	
	2024	2023
	HK$'000	*HK$'000*
Less than 1 year	**247,893**	1,220,999
Over 1 year	**851,800**	62,936
	1,099,693	1,283,935

As at 31 December 2024 and 2023, the fair values of trade and other payables approximate their carrying amounts.

As at 31 December 2024 and 2023, the carrying amounts of the trade and other payables are primarily denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the construction area of the construction industry amounted to 13,680 million square metres, representing a year-on-year decrease of 10%, of which the housing construction area of real estate development enterprises was 7,330 million square metres, representing a decrease of 12.7%, residential construction area was 5,130 million square meters, representing a decrease of 13.1%, and the new housing construction area was 740 million square metres, representing a year-on-year decrease of 23.0%. In 2024, the area of newly constructed prefabricated buildings nationwide was approximately 750 million square metres, representing a year-on-year decrease of 1%, due to intensified competition in the industry caused by shrinking market scale.

The housing construction market continued to shrink, while the prefabricated building market developed in a relatively stable manner. In 2024, the sales area of commercial properties nationwide amounted to 970 million square metres, representing a year-on-year decrease of 12.9%, and the new housing construction area was 740 million square metres, representing a decrease of 23%. The new construction area of prefabricated buildings is estimated to be 750 million square metres, representing a year-on-year decline of 1%. The decline was much smaller than that of the traditional construction market, highlighting a stronger resilience to risk.

The overseas business of central state-owned enterprises continued to expand and has become an important driver of growth. Under the Belt and Road Initiative, the overseas business of central state-owned enterprises has shown rapid growth, especially in the areas of infrastructure construction and energy cooperation. In 2023, China Communications Construction signed new overseas contracts amounting to RMB319.7 billion, representing a significant year-on-year increase of 47.5%, and further to RMB359.7 billion in 2024, representing a year-on-year increase of 12.5%. The overseas revenue has gradually increased its proportion to approximately 20%, becoming a critical growth engine for the company. In 2023, China State Construction signed new overseas contracts amounting to RMB186 billion, as compared to that of RMB211 billion in 2024. New contracts for overseas infrastructure amounted to RMB1,414.9 billion, representing a year-on-year increase of 21.1%.

Under a complex and challenging external environment, the Group's operating results in 2024 were inevitably affected. For the year ended 31 December 2024, the Group achieved sales revenue of approximately HK$374.0 million, representing a year-on-year decrease of approximately 56.9%. Its gross profit was approximately HK$9.5 million, representing a year-on-year decrease of approximately 81.0%. Net loss attributable to the parent company amounted to approximately HK$464.5 million, representing a year-on-year increase of approximately 47.1%.

I. Deepening transformation and upgrading, and expanding into diversified markets

In 2024, DIT Group quickly adapted to market changes, undergoing business transformation and market upgrading. It expanded its focus from housing construction to infrastructure development in both urban and rural areas. The Company also worked to establish a domestic and overseas presence, transitioning from a prefabricated construction provider to a comprehensive decorator. Additionally, it shifted resources toward state-owned enterprises rather than private ones. Our commitment is to move beyond being a pure original equipment manufacturer and material supplier. We strive to transform into a technology integration and application service enterprise. On the basis of its traditional building construction business, DIT Group has been vigorously promoting transformation and upgrading and new business expansion. Progress was made in wind turbine towers, municipal construction, photovoltaic bases, planter retaining walls, floor slabs and overseas business.

The cumulative new contracts signed in 2024 amounted to RMB500 million, all being external orders. New orders for transformation and upgrading and new business amounted to RMB150 million, accounting for 30% and representing an increase of 23 percentage points year-on-year. New orders from central state-owned enterprises amounted to RMB160 million, accounting for 32% and representing an increase of 1 percentage point year-on-year.

In 2024, DIT Group undertook its first overseas FULL-MIC business worth RMB42 million, which is now able to provide comprehensive decoration services. Strategic cooperation with the PBG Xinnuo Group, Australia has empowered the development of the overseas light-asset agency market and exploration of new cooperation models. Strategic cooperation with the LENNAR Group, Russian has facilitated the establishment of a light-asset franchise model and formation of a joint venture company. The Group received orders for direct supply of sewage treatment plants in Hong Kong, and was awarded its first overseas direct supply project for PC components, worth HK$13.63 million, breaking the monopoly of central state-owned enterprises. Wind turbine tower contracts signed for the year amounted to RMB74.32 million, equipped with a standardised management system. The Group signed 2 new orders for villa business of the Changsha Jiayuan Mansion Project, under which we cooperated with the local agriculture and rural department, and participated in the villa business of Hunan Provincial Beautiful Village Association.

II. Stabilising production and improving quality and efficiency to establish industry benchmarks

During the Reporting Year, the Group maintained quality development in its traditional PC business based on its competitive advantages and industry leading position of the PC business. As of 31 December 2024, the Group had 19 PC factories and a prefabricated decoration industrial park nationwide, with a designed production capacity of 1.34 million cubic meters. In the whole year of 2024, the contract sales of PC components were approximately RMB429 million, representing a year-on-year decrease of approximately 73%; the output of PC components was approximately 145,000 cubic metres, representing a year-on-year decrease of approximately 51.4%; and the sales volume of PC components was approximately 167,000 cubic meters, representing a year-on-year decrease of approximately 43.1%. In terms of PC components sales by regions, the percentage of the Central China, the Yangtze River Delta, the Greater Bay Area, and Henan Province was approximately 47%, 23%, 11% and 13% respectively, reflecting the national production capacity business planning. In addition, with respect to sales volumes of PC components by customers, construction companies accounted for approximately 99% and the government accounted for approximately 1%.

The asset revitalisation was completed for five projects, namely, Haikong Drawin, Chengdu Dayi, Chengdu Jintang, Ruimin Intelligent Building and Zhejiang Huanyu, in addition to an equity structure agreement entered into with the Foshan plant.

In 2024, we streamlined the organisation, implemented cost control measures, and concentrated resources. We dynamically adjusted the organisational structure, enhancing management efficiency. Overall operating expenses were reduced by an average of RMB3.35 million/month compared to the beginning of the year.

The revision and addition of 15 systems were completed throughout the year to standardise work guidelines. Procurement cost reduction rate was 2.63% in 2024. In accordance with the amended authorization manual, we reviewed, dynamically adjusted, and followed up on a total of 428 key items across 11 categories, spanning three levels of authorization (headquarters, the Company, and the factory).

The Huizhou plant won two awards, namely, "Green and Sustainable Contribution" and "Livable City Building", in the symposium on "Building a Liveable, Competitive and Sustainable City" organised by the Hong Kong Quality Assurance Agency.

The Nanjing plant was awarded the title of "Nanjing Intelligent Construction Pilot Enterprise" at the Nanjing Intelligent Construction Work Promotion and Industry Alliance Establishment Meeting, which demonstrates the advanced level of DIT Group in the field of intelligent construction in the prefabricated building industry.

DIT Intelligence was accredited as Hunan Provincial Enterprise Technology Centre.

For seven consecutive years, DIT Group has been shortlisted as one of the "Top 10 Strategic Integrity Providers in China's Real Estate Chain in 2024".

BUSINESS OUTLOOK AND STRATEGY

I. Domestic economy is progressing steadily while the dual-carbon strategy is accelerating structural upgrading of the industry

As China's economy enters a new stage of high-quality development, 2025 will mark the concluding year of the 14th Five-Year Plan. The policy focus will continue to drive structural adjustments in the economy. Despite the uncertainties in the global geopolitical and economic environment, the in-depth implementation of the "dual-carbon" strategy in China has injected positive growth momentum into the construction industry. The construction industry accounts for 51.3% of China's total carbon emissions. As a key driver of green construction, prefabricated buildings will continue to benefit from policy support. The "14th Five-Year Plan" of the Ministry of Housing and Urban-Rural Development of the People's Republic of China clearly states that the proportion of prefabricated buildings to new buildings should reach 30% by 2025 and further increase to 40% by 2030. With the policy support of provinces and cities for intelligent construction and green building materials, the market penetration of prefabricated buildings will accelerate. In addition, China continues to promote government-subsidized housing, urban "villages" renovation and new infrastructure construction, expanding the application scenarios of prefabricated technology. The industry is expected to reach a scale exceeding one trillion.

II. Taking advantages of the entire industry chain, with a focus on policy-driven business development

1. Strengthening the ability to collaborate across the entire industry chain

Leveraging its engineering, manufacturing, procurement, and construction (EMPC) capabilities across the entire industry chain, the Group is committed to fully integrating PC components, landscaping and decoration businesses, while building a service system that covers the entire lifecycle of prefabricated buildings. We will focus on promoting emerging areas such as wind-concrete hybrid tower, vertical industrial development, and water conservancy project, with details as follows:

Wind-concrete hybrid tower: Capitalising on the target of 60GW of onshore wind power installations by 2025, the Company will collaborate with Goldwind and other partners to develop the "Hybrid Tower EPC" model, which aims to increase the profit margin of individual projects to 18%, covering the national market.

Vertical industrial development: In response to the mandatory prefabricated building rate in Shenzhen and other cities, we will promote the standardised product package of "laminated panels + prestressed frame beams" and replicate the successful "3-month delivery" experience from the Changsha project. This approach is expected to reduce the overall cost by 20%.

Water conservancy project: In collaboration with the Anhui Water Conservancy Institute, we will develop prefabricated caisson and culvert modules, advancing water-resistant sealing technology. This will address the demand for national water network construction and reduce river management costs by 30%.

2. ***Seizing opportunities of new infrastructure construction in the existing market***

Existing property renovation: Relying on the resources of 400,000 property owners of Central China New Life, the Company will launch an "old house renovation + prefabricated decoration" package, focusing on community renewal and interior industrialisation, with a target conversion rate of 5%.

Rural revitalisation: We will promote standardised packages of prefabricated farmhouses, reducing the cost of individual decorations by 20%. At the same time, we will target the lower-tier market, guided by the new rural construction policy.

New infrastructure construction: We will expand into areas like municipal pipeline networks and railway protection components, enriching our order structure to increase the capacity utilisation rate to 80%.

III. Technology-led innovation, promoting the deep integration of digital intelligence and industrialisation

Adhering to the development strategy of "Top Priority for Leading Edge of Technology", the Group will continue to invest in R&D to strengthen the research of cutting-edge technologies in the field of prefabricated buildings. The Company aims to enhance its competitiveness through breakthroughs in restructuring and upgrading and new business development. By adhering to the path of becoming a technology integration and application service enterprise, the Company will strengthen its reserves, R&D, and the introduction and integration of technologies and products, fostering technological upgrades and iterations through value-added operations. We will develop non-equivalent cast-in-place prefabricated frame structures and launch high-quality, low-cost, highly integrated, and robust concrete MIC systems, establishing a complete supply chain system for the entire industrial chain.

As the first national key R&D program project hosted by the Group, based on the efficient connection technology of iterative plate members and semi-rigid connected prefabricated structure technology, the Group developed a new type of large-span prestressed iterative floor product and a hybrid dry-wet connection product with efficient prefabricated construction technology (RIFF system), and created a software system that integrates the data interoperability of the three phases of design, manufacturing and construction, which has already been granted a national patent. In addition, the products developed under the project have broad market prospects and significant economic benefits. We will accelerate the R&D of technologies and the transformation of results, enabling the large-scale application of patented technologies such as the RIFF system and prestressed laminated panels. We will also focus on breakthroughs in the technology of "lightweight non-stressed wall panels" to enhance green building standards and promote the sustainable development of the construction industry.

Focusing on the industrialisation approach, the Group is committed to using technological innovation and the introduction of achievements, choosing opportunities to enter the field of industrial and public construction, and using the RIFF system to promote the technology application of "Four New", including new technologies, new processes, new materials and new equipment, so as to contribute to the development of the industry. In addition, the Group will focus on breaking through the R&D of new material manufacturing equipment technology in major equipment manufacturing, and will maintain its leading position in the industry through the release of technical specifications, digitisation of the entire industry chain, and intelligent PC equipment, which will give full play to its strengths in R&D.

At the same time, the Group has the most comprehensive and advanced digital management system in the industry, and is committed to building an innovative whole industry chain synergy model and realising the "Home Smart" strategy. Relying on the scientific and technological innovation and integration at the core production steps (i.e., design, manufacturing, and construction) of the whole prefabricated construction industry chain, it will achieve standardised design, factory manufacturing, professional construction, platform-based procurement, fine management, and intelligent operation in the entire industry chain by combining BIM technology, cloud computing, big data, Internet of Things and other digital technologies through prefabrication. This leads to an overall upgrade of construction quality, schedule, and cost. The in-depth integration of the BIM+ERP system will empower data connectivity in the entire process of design, manufacturing and construction, reducing the error rate in component production to less than 0.5mm and lowering rework costs.

With respect to digital and intelligent transformation, the Group will continue to improve its manufacturing management platform, and online procurement and investment promotion platform, promote the construction of smart community R&D platform, and build product analysis models to support data decision making. By leveraging on both parties' strengths in "digitalisation" and "industrialisation", the Group will continue to work with Glodon to develop SaaS-based digital products, create overall digital solution for the prefabricated construction industry, integrate digitalisation and industrialisation of construction, and carry out industrialisation platform planning to promote the market launch of digital products. With the Group's leading position in digital and intelligent transformation and the large room for system application, the Group will focus more on the application of the whole process information management system in the future, and plans to promote the digital system in the industry to serve domestic and overseas PC manufacturing plants, leading the transformation and upgrading of digitisation and intelligence in the construction industry.

IV. International and domestic dual circulation, fostering ecological cooperation networks

1. Domestic market

By leveraging the resources of central state-owned enterprises and deepening cooperation with central enterprises like China Construction and China Nuclear Construction, we aim to undertake large-scale infrastructure projects through the EPC consortium model, thereby enhancing profit margins. Through cooperations with strategic investors such as China Energy Engineering and Railway Construction Investment Corporation, we are able to optimise the balance sheet ratio, and secure policies and orders that favour the Company.

2. International market

The product is positioned as a low-multi-level technical product for villas. By adopting a product-focused strategy for overseas exports, we will centre on villas as the core principal product, with ALC wall panels, doors and windows, aluminium veneers, space warehouses, and other components serving as supplementary offerings. At the same time, we will engage in overseas trade as appropriate.

In Southeast Asia, we will concentrate on meeting the demand for 5 million government-subsidised housings in Indonesia using MIC technology, while adopting a "bonded warehouse + localised production" model to reduce logistics risks. In the Middle East, we will collaborate with Sino-funded enterprises to participate in the construction of NEOM New City in Saudi Arabia, securing infrastructure projects through technology and adapting to American Standard certification. In Africa, we will enter the "Nomadic Mobile Factory" market in Kenya, responding to the 30% prefabricated building policy in Africa, by replicating the successful experience of our South Africa project.

In addition to product export, technology export is also one of the important businesses of overseas companies. At present, due to the domestic economic pressure and the downturn in the real estate industry, a large number of central enterprises have started to develop overseas housing construction business. However, in light of the difficulty and low efficiency of the traditional construction practices, compounded by the nature of foreign labour, it is more complicated to engage in the overseas housing construction business. These central enterprises clearly recognise that the best approach for overseas housing construction is to begin with China's prefabricated building technology. Some of the central enterprises engaged in the overseas housing construction business lack mature prefabricated building technology or are unwilling to start from scratch to re-examine it. Therefore, they choose to conduct in-depth cooperation with DIT Group, which is a win-win choice for both parties to leverage their complementary strengths.

Currently, China Nuclear Construction, PowerChina, and China Construction Second Engineering have reached out to the Company. Their primary markets include South Africa, the Middle East, South Asia, and other regions, with the expectation that the Company will provide a full range of prefabricated building technology.

3. *Production mode*

We adopt a dual production model of "domestic factory + overseas factory", with overseas exports primarily focused on MIC assembled houses, supplemented by the export of full-dry systems and RIFF system components. This approach reduces heavy asset investment through the "technology shareholding + local OEM" model.

MIC mainly relies on domestic production, with emphasis on factories in Huizhou, Nanjing and Hefei, which are convenient for water and sea transportation, allowing for direct port access and reducing transportation costs. We will work towards establishing nomadic factories in various countries as conditions permit, allowing for cooperation with investors. Under this model, DIT Group will hold the shares, while investors will cover transportation costs, factory rental fees, operating expenses, and other associated costs, ensuring mutual benefits for both parties.

FINANCIAL REVIEW

Review of Results

The principal activities of the Group are prefabricated construction work, decoration and landscaping services, granting licenses, consulting services and sales of equipment in the People's Republic of China.

Revenue

The revenue of the Group decreased by approximately 56.9% from approximately HK$867.2million for the year ended 31 December 2023 to approximately HK$374.0 million for the year ended 31 December 2024. The decrease in revenue was mainly due to the decrease in revenue from PC components of approximately HK$351.3 million and the decrease in transactions of landscaping and decoration services of approximately HK$129.1 million. As a result, for year ended 31 December 2024, the Group recorded revenue from sales of prefabricated construction units of approximately HK$322.1 million (2023: approximately HK$673.4 million), revenue from decoration and landscaping services of approximately HK$34.4 million (2023: approximately HK$163.5 million), rental income of approximately HK$11.4 million (2023: approximately HK$13.4million), revenue from sales of prefabricated construction equipment of approximately HK$3.1 million (2023: approximately HK$11.2million), and consulting services of approximately HK$2.9 million (2023: approximately HK$5.7 million).

Cost of sales

The Group recorded cost of sales of approximately HK$364.5 million (2023: approximately HK$817.3 million) for the year ended 31 December 2024. The decrease was primarily attributable to the decline in revenue from the sales of prefabricated components and landscaping and decoration services, along with the corresponding decrease in cost of sales.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately HK$40.4 million from approximately HK$49.9 million for the year ended 31 December 2023 to approximately HK$9.5 million for the year ended 31 December 2024. The gross profit margin decreased to 2.5% in 2024 from 5.8% in 2023. The decrease in gross profit was mainly due to the fact that the unit price of PC components declined due to intensified market competition while amortisation costs per sq.m. increased due to the decreasing number of orders.

Other income

The other income of the Group decreased by approximately HK$1.7 million from approximately HK$2.2 million for the year ended 31 December 2023 to approximately HK$0.5 million for the year ended 31 December 2024. Other income mainly comprised of interest income arose from bank deposits of approximately HK$0.2 million, non-operating income (which included exchange gains of non-monetary assets, penalty income), other and investment gains (which included distributed dividend and profits) and other gains (which included refunded handled fees of income tax) totalling approximately HK$0.3 million.

Other losses — net

For the year ended 31 December 2024, other losses — net amounting to approximately HK$47.3 million is mainly comprised of (i) losses on disposal of property, plant and equipment of approximately HK$28.7 million; (ii) fair value losses on financial assets at fair value through profit and loss of approximately HK$14.8 million; and (iii) overdue interests to suppliers of approximately HK$1.6 million.

Selling and distribution expenses

The selling and distribution expenses amounted to approximately HK$37.9 million (2023: approximately HK$67.4 million) for the year ended 31 December 2024. The decrease in expenses was primarily attributable to the decline in orders and deliveries of PC, leading to the decrease in transportation fees for product sales.

Administrative expenses

During the year ended 31 December 2024, the administrative expenses increased by 23.6% to approximately HK$206.3 million from approximately HK$167.0 million for the year ended 31 December 2023, which was mainly due to the increase in depreciation and amortization expenses.

Finance costs

Finance costs of approximately HK$87.9 million for the year ended 31 December 2024 mainly represented the interest expenses of approximately HK$87.9 million for the borrowings.

Liquidity and Financial Resources

As at 31 December 2024, the cash and cash equivalents of the Group amounted to approximately HK$6.4 million (2023: approximately HK$9.3 million) and the current ratio of the Group is 0.7 (2023: 0.8).

As at 31 December 2024, the borrowings of the Group amounted to approximately HK$1,679.7 million (31 December 2023: approximately HK$1,727.5 million) and the net gearing ratio, calculated as net debt divided by total equity, is 86.0% (2023: 67.9%).

FINAL DIVIDEND

Under the Dividend Policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the board of directors of the Company shall take into account, among others, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the shareholders of the Company. Declaration of dividend by the Company is also subject to the laws of Bermuda, the bye-laws of the Company and any applicable laws, rules and regulations.

The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend payment of any dividend for the year ended 31 December 2024 and 2023.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company ("**AGM**") is expected to be held on Tuesday, 20 May 2025. A notice convening the AGM will be published in due course in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 May 2025 to Tuesday, 20 May 2025, both dates inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 14 May 2025.

GENERAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders. During the year ended 31 December 2024, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix C1 (previously known as Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following:

Code provision C.2.1 of the Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Guo Weiqiang, being the chief executive officer of the Company, was appointed as the chairman of the Board on 26 January 2024.

Save as disclosed above, the principles as set out in the Code have been applied in our corporate governance structure throughout the year ended 31 December 2024. The Board has taken actions and measures to make sure that the Company is in all aspects in strict compliance with the Listing Rules and the Code. The current practices are reviewed and updated regularly to be in line with the local and international corporate governance practices.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 (previously known as Appendix 10) to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to the specific enquiry made to all Directors by the Company, all the Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

MATERIAL EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2024

As at the date of this announcement, there were no material events after the year ended 31 December 2024.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the independent auditor of the Group on the consolidated financial statements of the Group for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which mentions that the Group incurred a loss of HK$494,158,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group's current liabilities exceeded its current assets by HK$793,249,000. At the same date, the Group's current borrowings amounted to HK$959,656,000 while its cash and cash equivalents amounted to HK$6,435,000 only. For the year ended 31 December 2024, the Group failed to repay multiple commercial bank borrowings amounted to RMB183,456,000 (equivalent to HK$198,108,000) and interest payable amounted to RMB19,150,000 (equivalent to HK$20,679,000) in total according to the scheduled repayment dates, each of which constituted an event of default (collectively, "**Bank Borrowing Defaults**"). Such events of default resulted in the mentioned borrowings amounted to RMB333,456,000 (equivalents to HK$360,080,000) as at 31 December 2024 becoming immediately repayable if requested by the lenders, of which RMB141,016,000 (equivalent to HK$152,278,000) represented bank borrowings with scheduled repayment dates within one year, while the remaining RMB192,440,000 (equivalent to HK$207,810,000) represented the non-current portion with original maturity dates beyond 31 December 2024 that were reclassified as current liabilities.

As at 31 December 2024, there were various litigations against the Group which were claimed by certain suppliers and banks with respect to overdue payables and borrowings amounted to approximately RMB573,612,000 (equivalent to HK$619,425,000) in total. Such conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Lee Chi Ming, Mr. Jiang Hongqing and Mr. Ma Lishan. The Audit Committee has reviewed with the management of the Company, the audited annual results of the Group for the year ended 31 December 2024 and considered that they were prepared in compliance with the relevant accounting standards.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT

This audited annual results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://dit.aconnect.com.hk). The Company's 2024 annual report containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board of
DIT Group Limited
Guo Weiqiang
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises Mr. Guo Weiqiang (Chairman) and Ms. Wang Yuping as executive directors; Mr. Wang Jun and Mr. Guo Jianfeng as non-executive directors; Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan as independent non-executive directors.