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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of DIT Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) with comparative figures for the corresponding period of 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)
Revenue	4	50,170	235,289
Cost of sales	7	<u>(80,093)</u>	<u>(232,251)</u>
Gross (loss)/profit		(29,923)	3,038
Government grants		401	5,470
Other income	5	533	493
Other losses — net	6	(16,433)	(11,757)
Selling and distribution expenses	7	(9,516)	(22,185)
Administrative expenses	7	(97,376)	(91,281)
Share of losses of associates		(10,701)	(1,887)
Net impairment losses on financial assets		<u>(84,244)</u>	<u>(23,554)</u>
Operation loss		(247,259)	(141,663)
Finance costs		<u>(39,265)</u>	<u>(43,041)</u>
Loss before income tax		(286,524)	(184,704)
Income tax expenses	8	<u>—</u>	<u>(360)</u>
Loss for the period		<u>(286,524)</u>	<u>(185,064)</u>
Loss for the period, attributable to:			
— Owners of the Company		(270,848)	(170,487)
— Non-controlling interests		<u>(15,676)</u>	<u>(14,577)</u>
		<u>(286,524)</u>	<u>(185,064)</u>
Losses per share attributable to owners of the Company (expressed in HK\$ cents per share)			
— Basic and diluted	10	<u>(8.73)</u>	<u>(5.50)</u>

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

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(286,524)</u>	<u>(185,064)</u>
Other comprehensive income/(loss), which may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of		
— Foreign operation	24,119	(15,274)
— Associates	<u>2,092</u>	<u>(1,143)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>26,211</u>	<u>(16,417)</u>
Total comprehensive loss for the period	<u>(260,313)</u>	<u>(201,481)</u>
Total comprehensive loss for the period, attributable to		
— Owners of the Company	(244,464)	(186,969)
— Non-controlling interests	<u>(15,849)</u>	<u>(14,512)</u>
	<u>(260,313)</u>	<u>(201,481)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment		2,505,015	2,501,398
Right-of-use assets		819,078	816,220
Investment properties		–	15,463
Intangible assets		24,730	27,060
Deferred income tax assets		112,959	111,240
Investments in associates		134,367	142,976
Financial assets at fair value through profit or loss		13,159	12,959
		<u>3,609,308</u>	<u>3,627,316</u>
Current assets			
Inventories		106,947	106,547
Trade and other receivables and prepayments	11	1,511,446	1,722,876
Cash and cash equivalents		2,887	6,435
Restricted cash		25,097	26,819
		<u>1,646,377</u>	<u>1,862,677</u>
TOTAL ASSETS		<u><u>5,255,685</u></u>	<u><u>5,489,993</u></u>
Current liabilities			
Trade and other payables	12	1,615,174	1,612,263
Contract liabilities		48,411	45,188
Current income tax liabilities		38,975	38,819
Borrowings	13	880,615	959,656
		<u>2,583,175</u>	<u>2,655,926</u>
Net current liabilities		<u>(936,798)</u>	<u>(793,249)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,672,510</u></u>	<u><u>2,834,067</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2025*

		30 June 2025	31 December 2024
		HK\$'000	HK\$'000
	<i>Note</i>	(unaudited)	(audited)
Non-current liabilities			
Amount due to a related party		79,993	79,993
Deferred income		1,675	1,649
Deferred income tax liabilities		14,109	13,895
Borrowings	13	817,834	719,994
		913,611	815,531
NET ASSETS		1,758,899	2,018,536
Capital and reserves			
Share capital (nominal value)		1,240,438	1,240,438
Reserves		(111,657)	132,131
Equity attributable to owners of the Company		1,128,781	1,372,569
Non-controlling interests		630,118	645,967
		1,758,899	2,018,536

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 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, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Going concern basis

The Group incurred a loss of HK\$286,524,000 for the six months ended 30 June 2025 and as at 30 June 2025, the Group’s current liabilities exceeded its current assets by HK\$936,798,000. At the same date, the Group’s current borrowings amounted to HK\$880,615,000 while its cash and cash equivalents amounted to HK\$2,887,000 only.

For the six months ended 30 June 2025, the Group failed to repay multiple commercial bank borrowings amounted to RMB245,454,000 (equivalent to HK\$269,153,000) and interest payable amounted to RMB86,277,000 (equivalent to HK\$94,607,000) 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 RMB393,954,000 (equivalent to HK\$431,990,000) as at 30 June 2025 becoming immediately repayable if requested by the lenders, of which RMB189,972,000 (equivalent to HK\$208,314,000) represented bank borrowings with scheduled repayment dates within one year, while the remaining RMB203,981,000 (equivalent to HK\$223,676,000) represented the non-current portion with original maturity dates beyond 30 June 2025 that were reclassified as current liabilities.

As at 30 June 2025, 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 RMB636,838,000 (equivalent to HK\$698,326,000) 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 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. In the period ended 30 June 2025, the Group has successfully extended RMB237,520,000 (equivalent to HK\$260,453,000) of these defaulted borrowings 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.
- (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 30 June 2025, 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.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2025. 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 30 June 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed 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
- (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 above-mentioned 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.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2024, as described in those annual financial statements, and the adoption of the new and amended standards of HKFRS Accounting Standards effective for its accounting period beginning on 1 January 2025, which did not have any significant impact on the Group's financial statements and did not require retrospective adjustments.

There are no standards, amendments and interpretations to existing standards that are not effective and would be expected to result in any significant impact on the Group's financial positions and results of operations.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single business segment and hence no segment information is presented.

4. REVENUE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from sales of prefabricated construction units	42,488	201,093
Revenue from decoration and landscaping services	2,062	25,932
Rental income	5,620	4,124
Revenue from consulting services	–	3,489
Revenue from sales of prefabricated construction equipment	–	651
	<u>50,170</u>	<u>235,289</u>

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income on bank deposit	10	39
Others	523	454
	<u>533</u>	<u>493</u>

6. OTHER LOSSES — NET

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Losses on disposal of equipment	(9,130)	(8,727)
Net exchange losses	—	(9)
Fair value change on investment properties	(6,455)	—
Others	(848)	(3,021)
	<u>(16,433)</u>	<u>(11,757)</u>

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Raw materials and consumables used	17,679	128,876
Changes in inventories of finished goods, goods in transit and work in progress	3,992	(19,099)
Employee benefits expenses	44,777	63,485
Labour outsourcing	11,825	15,448
Subcontracting charges in relation to decoration and landscaping services	—	12,369
Depreciation	52,503	58,009
Amortisation of right-of-use assets	9,648	9,966
Transportation	5,738	14,467
Land use tax and value-added tax surcharges	10,040	10,548
Legal and professional fees	3,138	8,728
Entertainment and travelling expenses	1,564	3,358
Repairs and maintenance	19	179
Office expenses	197	1,381
Provision for inventories impairment	258	540
Others	25,607	37,462
	<u>186,985</u>	<u>345,717</u>
Total of cost of sales, selling and distribution expenses and administrative expenses	<u>186,985</u>	<u>345,717</u>

8. INCOME TAX EXPENSES

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). Taxation on the People's Republic of China (the "PRC") profits is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Under the Corporate Income Tax ("CIT") Law of the PRC, 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%.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax — PRC corporate income tax	<u>—</u>	<u>360</u>

9. DIVIDEND

The Board of Directors did not recommend any payment of dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

10. LOSSES PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Consolidated loss attributable to owners of the Company (HK\$'000)	(270,848)	(170,487)
Weighted average number of ordinary shares in issue ('000)	3,101,096	3,101,096
Basic losses per share (HK cents)	<u>(8.73)</u>	<u>(5.50)</u>

(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. For the six months ended 30 June 2025 and 2024, the calculation of diluted losses per share excluded the share options granted to directors, senior management and other employees on 30 November 2021, as their inclusion would have been antidilutive. Therefore, diluted losses per share for the six months ended 30 June 2025 and 2024 are equal to respective basic losses per share.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Trade receivables — third parties	852,664	973,546
Trade receivables — related parties	704,583	722,479
Amounts due from related parties	93,082	68,916
Notes receivable	50,275	46,460
Prepayments — third parties	92,512	76,858
Prepayments — related parties	19	15,893
Land auction deposits	2,160	2,244
Value-added tax recoverable	532	9,493
Deposits	12,661	15,625
Receivables relating to disposal of subsidiaries	1,856	1,828
Others	61,486	81,700
	1,871,830	2,015,042
Less: Provision for impairment of trade and other receivables	(360,384)	(292,166)
	<u>1,511,446</u>	<u>1,722,876</u>

An ageing analysis of trade receivables and notes receivable as at 30 June 2025 and 31 December 2024, from the date when they were recognised, is as follows:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Less than 1 year	353,925	330,899
1–2 years	317,644	846,663
Over 2 years	935,953	564,923
	<u>1,607,522</u>	<u>1,742,485</u>

The maximum exposure to credit risk as at 30 June 2025 and 31 December 2024 is the carrying value of each class of receivables mentioned above.

As at 30 June 2025 and 31 December 2024, 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 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Hong Kong dollars ("HK\$")	325	3,418
Renminbi ("RMB")	1,511,121	1,719,458
	<u>1,511,446</u>	<u>1,722,876</u>

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

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Trade payables — third parties	1,047,032	1,083,001
Trade payables — related parties	16,072	16,692
Accrued tax payable	122,583	135,738
Accrued payable for property, plant and equipment construction — third parties	103,969	99,956
Accrued payable for property, plant and equipment construction — related parties	40,441	39,987
Amounts due to related parties	94,522	92,221
Accrued payroll	35,611	30,035
Deposits	12,220	9,342
Interest payable	94,607	61,972
Others	48,117	43,319
	<u>1,615,174</u>	<u>1,612,263</u>

An ageing analysis of trade payables as at 30 June 2025 and 31 December 2024, from the date when they were incurred, is as follows:

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Less than 1 year	72,958	247,893
Over 1 year	990,146	851,800
	<u>1,063,104</u>	<u>1,099,693</u>

As at 30 June 2025 and 31 December 2024, the fair values of trade and other payables approximate their carrying amounts.

As at 30 June 2025 and 31 December 2024, the carrying amounts of the trade and other payables are primarily denominated in RMB.

13. BORROWINGS

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Non-current, secured:		
— Bank borrowings	981,041	1,056,046
Non-current, unsecured:		
— Bank borrowings	148,478	21,648
	1,129,519	1,077,694
Less: Current portion of non-current borrowings	(311,685)	(357,700)
Non-current, total	817,834	719,994
Current, secured:		
— Bank borrowings	511,560	419,391
Current, unsecured:		
— Bank borrowings	57,370	182,565
	568,930	601,956
Current portion of non-current borrowings	311,685	357,700
Current, total	880,615	959,656

Notes:

- (a) These bank borrowings of the Group are secured by property, plant and equipment, right-of-use assets and restricted cash deposit of the Group and/or guaranteed by subsidiaries of the Company or related parties.
- (b) The borrowings are all denominated in RMB and their fair values approximate their carrying amounts.
- (c) For the six months ended 30 June 2025, the Group failed to repay multiple commercial bank borrowings amounted to RMB245,454,000 (equivalent to HK\$269,153,000) and interest payable amounted to RMB86,277,000 (equivalent to HK\$94,607,000) in total according to the scheduled repayment dates, each of which constituted an event of default. Such events of default resulted in the mentioned borrowings amounted to RMB393,954,000 (equivalent to HK\$431,990,000) as at 30 June 2025 becoming immediately repayable if requested by the lenders, of which RMB189,972,000 (equivalent to HK\$208,314,000) represented bank borrowings with scheduled repayment dates within one year, while the remaining RMB203,981,000 (equivalent to HK\$223,676,000) represented the non-current portion with original maturity dates beyond 30 June 2025 that were reclassified as current liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the global economy situation remained complex and volatile. Amid ongoing trade wars and tariff disputes, China demonstrated resilience and steady progress, with notable growth in industrial production and a significant increase in manufacturing investment. However, the economy continued to face multiple challenges, and the development of the construction industry was still in an adjustment cycle.

In the first half of 2025, the housing construction market continued to shrink, with industry competition further intensifying. The housing construction area of real estate development enterprises nationwide was 6,333 million square metres, representing a year-on-year decrease of 9.1%. The new housing construction area was 304 million square metres, representing a decrease of 20.0%. The prefabricated construction industry encountered the plight of shrinking market demand, oversupply and overcapacity. Leading prefabricated construction enterprises have halted investments in new factories for two consecutive years. The benchmark prices for the PC market in major cities across the country have declined to varying degrees.

Under a complex and challenging external environment, the Group's operating results in the first half of 2025 were inevitably affected. For the year ended 30 June 2025, the Group achieved sales revenue of approximately HK\$50.2 million, representing a year-on-year decrease of approximately 78.7%. Its gross loss was approximately HK\$29.9 million. Net loss attributable to the parent company was approximately HK\$270.8 million, representing a year-on-year increase of approximately 58.9%.

I. Continuously deepening transformation and upgrading, and actively expanding into diversified markets

In the first half of 2025, facing a challenging market environment, DIT Group withstood the pressure and maintained stable production and operational fundamentals. In terms of business, the Group accelerated technology marketing and all-hands marketing, driving continuous business transformation and market upgrading. We remain committed to transforming into a technology integration and application service enterprise. In terms of capital, the Group strengthened the collection of receivables, and promoted the leasing of idle factories and the revitalisation of idle assets to bolster cash flow. On the basis of its traditional housing construction, DIT Group vigorously promoted transformation and upgrading and the expansion of new business. The Group continued to promote transformation and upgrading and new business expansion in addition to traditional housing construction, and made progress in areas such as wind turbine towers, municipal construction, industrial park construction and overseas business.

The cumulative new contracts signed in the first half of 2025 amounted to RMB180 million, all being external orders. New orders for transformation and upgrading and new business amounted to RMB54 million, accounting for 30%. New orders from central state-owned enterprises amounted to RMB114 million, accounting for 63% and representing an increase of 18 percentage points year-on-year. Strategic clients contributed 17 new orders with a value of RMB98 million, accounting for 54%.

While the domestic prefabricated construction market remains sluggish, the overseas market is experiencing rapid growth. Strong infrastructure demand in “Belt and Road” countries has made them key regions for international projects, creating a strategic window for Chinese state-owned construction enterprises to expand globally and capture new opportunities. Regions such as Australia, the Middle East, and South Africa are vigorously developing prefabricated construction. For example, Saudi Arabia and the UAE are strongly advancing modular construction with a compound annual growth rate of 7.94%, while the Maldives and El Salvador are undertaking large-scale prefabricated villa projects. Through continuous market expansion, DIT Group has made certain progress in overseas orders: the Hong Kong Light Public Housing project is about to be undertaken; the California project in the U.S. is in the process of constructing sample homes to obtain ACC and other American certifications, alongside coordination and relationship-building efforts; and the El Salvador project, the Riyadh project in Saudi Arabia, and the Australian villa project are currently being followed up.

II. Optimising operations to stabilise the foundation, and gathering strength for collaborative breakthroughs

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 30 June 2025, the Group had 19 PC factories and one prefabricated decoration industrial park nationwide, with an available capacity of 725,000 cubic metres. In the first half of 2025, the contracted sales of prefabricated PC components were approximately RMB180 million, representing a year-on-year decrease of approximately 44%; the output of PC components was approximately 41,200 cubic metres, representing a year-on-year decrease of approximately 48%; and the sales volume of PC components was approximately 43,000 cubic metres, representing a year-on-year decrease of approximately 54%. In terms of PC components sales by regions, Central China accounted for approximately 55%, Henan Province for approximately 18%, the Yangtze River Delta for approximately 16% and 11%, the Greater Bay Area for approximately 8%, and other regions for approximately 3%, reflecting the national production capacity business planning. In addition, all customers for PC component sales were construction companies.

In the first half of the year, collection from operations of DIT Group amounted to RMB277 million, of which cash inflow was RMB108 million, accounting for 40%. Collection from litigation amounted to RMB24.08 million, of which loss recovery from bad debts amounted to RMB10 million. Disposal of idle assets and rental recovery amounted to RMB5.79 million.

In the first half of the year, the Group thoroughly implemented the annual meeting's guiding principles of "Renewal, Restructuring, and Collaboration," carrying out merit-based selection and appointing 7 managerial personnel. Upholding the spirit of heroism, we advocated for five categories of exemplary employees, identifying 14 outstanding individuals from frontline staff. In the first half of the year, 192 employees were optimised, representing an optimisation ratio of 27%. Monthly labour costs were reduced from RMB7 million at the beginning of the year to RMB5.31 million at the end of June, a decrease of RMB1.69 million or 24%. Primarily leveraging the internal training resources, the Company conducted 10 high-quality courses focusing on key areas such as technology marketing, debt resolution for operational stability and technological innovation. A total of 1,779 employees participated, accumulating 11 training hours. This initiative played a positive role in helping employees stay informed about industry trends and implement best practices.

On 10 April, DIT Group held a partner conference themed "Breaking Barriers for Progress, Collaborating for Shared Growth" attended by client representatives and top suppliers from across the nation. The event served as a platform to explore ecosystem development in the prefabricated construction industry and seek new opportunities for win-win collaboration. The Group released the "DIT Group 2024 Customer Satisfaction Survey and Analysis Report" and the "DIT Group 2024 Supplier Credit Evaluation Results", advocating for seizing the new opportunities of the "Belt and Road" initiative and achieving overseas breakthroughs through dedicated cooperation. The initiative aimed to strengthen partnerships, enhance market competitiveness, and foster synergistic industry development, injecting new momentum into modern construction industrialization. The event garnered 12,000 engagements across all platforms.

On 28 June, DIT Group was invited to participate in the 2025 Carbon Neutrality Technology Exchange and Government-Industry-University Collaboration Conference themed "Gathering Talents in Erqi, Innovating the Future (才聚二七 智創未來)", jointly organised by six parties including the People's Government of Erqi District of Zhengzhou City, Henan Association of Construction Education, Huanghe Science and Technology University and DeepRock Group. During the event, the Group conducted a technical roadshow, proposed the "Zero-Carbon Campus" concept, sought business cooperation opportunities, and jointly promoted the technological transformation and deep integration of industry and education in the field of carbon neutrality.

BUSINESS OUTLOOK AND STRATEGY

I. Policy dividends continue to unfold, while dual-carbon initiatives drive industry upgrading

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.

II. Taking advantages of the entire industry chain and expanding into emerging application scenarios

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%. The Company will also strengthen strategic collaborations with Mingyang Wind Power and Shanghai Electric while simultaneously expanding our nationwide market presence.

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 draw on 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%. The marketing department will continue to monitor the latest development of the hydropower project in the lower reaches of the Yarlung Tsangpo River and actively seek cooperation opportunities.

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 to achieve new breakthroughs in the business market.

Rural revitalisation: We will promote standardised packages of prefabricated farmhouses to reduce the cost of individual decorations. 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.

III. Strengthening technological leadership and deepening digital-intelligent industrial integration

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 led 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. The products and system have demonstrated 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 manufacturers, leading the transformation and upgrading of digitisation and intelligence in the construction industry.

In terms of technology marketing, the Group will focus on building a comprehensive media matrix and gathering various business scenarios to facilitate collaborations with government entities, universities, and peer companies, thereby attracting clients with diverse needs. The objective is to ensure that orders acquired through technical marketing account for no less than 35% of the total contract value for the year.

IV. Deepening domestic ecological cooperation and achieving breakthroughs in international market

1. Focusing on the domestic market

By leveraging the resources of central state-owned enterprises and deepening cooperation with major entities 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.

We will implement a trinity approach of strategic customer maintenance, new business expansion and technology marketing, and synergize resources from all parties to advance the development of strategic clients. This includes engaging with new clients such as CCCC First Harbor, China Construction Third Engineering Bureau (South China) Co., Ltd., Henan Water Conservancy No.2 Engineering Bureau Group, Huanghe Science and Technology University, Sinohydro Group, and China MCC4 Group. We will also maintain relationships with existing clients by signing strategic cooperation agreements to secure more orders from strategic customers. Additionally, we will promote a company-wide marketing approach by mobilising frontline staff to participate in sales initiatives and incentivising order expansion efforts.

2. Expanding into the International Market

Product positioning: The product is positioned as a low-multi-level technical product for villas. By adopting a product-focused strategy, we will prioritise MIC modular buildings and fully furnished villas as our core and flagship products for overseas exports, 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.

Key projects: In the second half of the year, we will finalise contracts for the Hong Kong Light Public Housing and the Pat Fong Nullah renovation projects, while advancing the signing and implementation of the California Villa Project in the U.S. For the affordable housing project in Iran, the technical plan for process planning has been completed, and a cooperation agreement will be signed as soon as possible. For the UNRRA affordable housing project, materials have been submitted for filing, and the Group will closely follow up to ensure the completion of the approval process.

Technology export: 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. In this context, the best approach for overseas housing construction is to begin with China's prefabricated building technology. Some of the central enterprises engaged in overseas housing construction business lack mature prefabricated building technology or are unwilling to start from scratch to re-examine it. This presents an opportunity for these enterprises to engage in in-depth collaboration with DIT Group to achieve complementary advantages.

3. Upgrading the industrial model

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 and Nanjing, 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.

As of 30 June 2025, the Group has signed contracts with third parties for the sale of prefabricated components with a total contract amount of approximately RMB181.47 million and a total volume of 89,809 cubic metres.

Sales revenue of prefabricated construction units	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Sales revenue from third parties	42,488	173,072
Sales revenue from related parties	—	28,021
Total	<u>42,488</u>	<u>201,093</u>

Technology trademarks and patents obtained by the Group during the first half of 2025

Patents: As at 30 June 2025, 1,973 patents were granted in aggregate.

Plants in operations

Regions	Annual estimated capacity (approximate '000 cubic metre)	Area of land (approximate mu)	Area of plants (approximate square metre)
Nanjing Technology Park	90	151	35,981
Zhengzhou Technology Park	80	235	19,659
Hefei Technology Park	70	154	22,398
Huizhou Technology Park	65	61	22,284
Changsha Technology Park	60	352	33,433
Zhoukou Technology Park	60	135	20,639
Qingdao Jiaozhou Technology Park	60	93	19,339
Luoyang Technology Park	60	308	55,260
Jiaozuo Technology Park	60	80	19,383
Huaian Technology Park	60	120	19,356
Nantong Technology Park	60	100	26,154
Xiangtan Technology Park	60	100	19,310
Chongqing Technology Park	60	133	19,659
Total	<u>845</u>	<u>2,022</u>	<u>332,855</u>

Government grants in the first half of 2025

As prefabricated construction industry has received strong support from central government of People's Republic of China (the “**PRC**”), local governments are initiating relevant ancillary policies, offering honorary awards and fund subsidies. As a national high-tech enterprise, the technology innovation capability of the Group is widely recognized by the government authorities. The Group has been granted honorary awards such as Changsha Engineering Research Center and National Intellectual Property Advantageous Enterprises. We have also made great contributions to environmental energy-saving engineering, promotion of industry upgrade and transformation, and intelligent manufacturing, while encouraging local employment and industry development. In this regard, local governments offer direct cash incentives.

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Government grants	401	5,470

The Group has satisfied and complied with the relevant requirements and regulations in the PRC necessary for the receipt of the above government grants.

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 HK\$185.1 million from approximately HK\$235.3 million for the six months ended 30 June 2024 to approximately HK\$50.2 million for the six months ended 30 June 2025. The decrease in revenue was mainly attributable to (i) the decrease in revenue from sales of prefabricated construction units and consulting services as a result of the decreasing number of customers for the six months ended 30 June 2025; and

(ii) the decrease in revenue from the smart landscaping business and smart decoration business as a result of the decreasing number of customers for the six months ended 30 June 2025. As a result, the Group recorded sales revenue for the six months ended 30 June 2025 of prefabricated construction units of approximately HK\$42.5 million (six months ended 30 June 2024: approximately HK\$201.1 million), revenue from decoration and landscaping services of approximately HK\$2.1 million (six months ended 30 June 2024: approximately HK\$25.9 million), rental income from investment properties of approximately HK\$5.6 million (six months ended 30 June 2024: approximately HK\$4.1 million), no revenue from consulting services (six months ended 30 June 2024: approximately HK\$3.5 million) and no revenue from sales of prefabricated construction equipment (six months ended 30 June 2024: approximately HK\$0.7 million).

Cost of sales

The Group recorded cost of sales of approximately HK\$80.1 million (six months ended 30 June 2024: approximately HK\$232.3 million) for the six months ended 30 June 2025. The decrease was primarily attributable to the decrease in sales of prefabricated construction units.

Other income

The other income of the Group remain unchanged at approximately HK\$0.5 million for the six months ended 30 June 2024 and 30 June 2025. Part of other income came from interest income generated from bank deposits.

Other losses — net

For the six months ended 30 June 2025, other losses — net amounting to approximately HK\$16.4 million mainly comprised of (i) losses on disposal of equipment amounting to approximately HK\$9.1 million; and (ii) fair value change on investment properties amounting to approximately HK\$6.5 million.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately HK\$12.7 million to approximately HK\$9.5 million for the six months ended 30 June 2025 from approximately HK\$22.2 million for the six months ended 30 June 2024, such expenses are directly related to the sale of prefabricated construction units.

Administrative expenses

The administrative expenses increased by approximately HK\$6.1 million from approximately HK\$91.3 million for the six months ended 30 June 2024 to approximately HK\$97.4 million for the six months ended 30 June 2025. Such increase was due to the increase in amortization expenses produced by the factory.

Finance costs

The finance costs decreased by approximately HK\$3.7 million from approximately HK\$43.0 million for the six months ended 30 June 2024 to approximately HK\$39.3 million for the six months ended 30 June 2025. Finance costs came from the interest expenses for the bank borrowings.

Loss for the period

As a result of the foregoing, the Group recorded loss of approximately HK\$286.5 million for the six months ended 30 June 2025 as compared to a loss of approximately HK\$185.1 million for the corresponding period of 2024.

Liquidity and financial resources

As at 30 June 2025, the Group had current assets of approximately HK\$1,646.4 million (31 December 2024: approximately HK\$1,862.7 million) and current liabilities of approximately HK\$2,583.2 million (31 December 2024: approximately HK\$2,655.9 million). The current ratio (which is calculated by divided total current assets by total current liabilities) was approximately 0.6 as at 30 June 2025 (31 December 2024: 0.7).

As at 30 June 2025, the Group held borrowings amounted to approximately HK\$1,698.4 million (31 December 2024: approximately HK\$1,679.7 million) and the net gearing ratio (calculated as net debt divided by total equity) was 102% (31 December 2024: 86.0%).

As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$2.9 million, which include approximately HK\$1.9 million denominated in RMB and approximately HK\$1.0 million denominated in HKD (31 December 2024: approximately HK\$6.4 million, in which approximately HK\$5.6 million denominated in RMB and approximately HK\$0.8 million denominated in HKD). As at 30 June 2025, the Group had restricted cash of approximately HK\$25.1 million, all denominated in RMB (31 December 2024: approximately HK\$26.8 million, all denominated in RMB).

As at 30 June 2025, the Group had interest-bearing bank and other borrowings of approximately HK\$1,698.4 million, all denominated in RMB with interest rate in a range of 3.10% to 6.95% per annum (31 December 2024: approximately HK\$1,679.7 million, all denominated in RMB with interest rate in a range of 3.10% to 9.72% per annum).

Other than the matters above, there has been no material change from the information published in the annual report of the Company for the year ended 31 December 2024.

Capital structure

As at 30 June 2025, the total number of issued Shares was 3,101,095,730 Shares. Based on the closing price of HK\$0.066 per Share as at 30 June 2025, the Company's market value as at 30 June 2025 was approximately HK\$204.7 million.

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.

Reference is made to the announcement of the Company dated 26 January 2024. As disclosed in the announcement, as Mr. Guo Weiqiang (“**Mr. Guo**”) serves as both the Chairman and the Chief Executive Officer, such practice deviates from code provision C.2.1 of the Corporate Governance Code as set forth in Appendix C1 of the Listing Rules (the “**CG Code**”). The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Code provision C.1.6 provides that non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to their respective business engagements, Mr. Wang Jun was unable to attend the annual general meeting of the Company held on 20 May 2025.

For the six months ended 30 June 2025, save as disclosed, the Company has fully complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to the specific enquiry made by the Company, all the Directors confirmed that they fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2025.

The Company has also adopted a code for dealing in the Company’s securities by relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

By order of the Board of
DIT Group Limited
Guo Weiqiang
Chairman and Executive Director

Hong Kong, 27 August 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.