Zhongtian Construction (Hunan) Group Limited
中天建設（湖南）集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2433)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board ("**Board**") of directors (the "**Directors**") of Zhongtian Construction (Hunan) Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 ("**FY2024**") together with the comparative audited figures for the previous year ended 31 December 2023 ("**FY2023**") as follows:

FINANCIAL HIGHLIGHT

For FY2024, our revenue generated from construction contracts decreased by approximately RMB1,021.3 million or 52.3% from approximately RMB1,952.1 million in FY2023 to approximately RMB930.8 million in FY2024.

For FY2024, our overall gross profit margin decreased from approximately 10.9% for FY2023 to approximately 7.6% for FY2024.

Our net loss was approximately RMB26.4 million in FY2024 as compared to net profit of approximately RMB46.0 million in FY2023.

CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	5	**930,801**	1,952,122
Cost of sales		**(859,820)**	(1,739,486)
Gross profit		**70,981**	212,636
Other income and other gains, net	6	**15,125**	978
Administrative and other expenses		**(73,990)**	(125,465)
Listing expenses		**—**	(10,166)
Impairment on financial and contract assets, net		**(37,611)**	(17,351)
Finance costs	7	**(5,321)**	(7,785)
(Loss)/profit before income tax	8	**(30,816)**	52,847
Income tax credit/(expense)	9	**4,375**	(6,857)
(Loss)/profit and total comprehensive income for the year		**(26,441)**	45,990
(Loss)/profit and total comprehensive income for the year attributable to			
Owners of the Company		**(25,389)**	45,277
Non-controlling interests		**(1,052)**	713
		(26,441)	45,990
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (expressed in RMB cents per share)	11	**(4.69)**	9.60*

* restated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**14,739**	21,262
Investment properties		**8,940**	—
Deferred tax assets		**12,523**	6,843
Intangible assets		**38**	41
		36,240	28,146
Current assets			
Inventories		**978**	801
Trade, bills and other receivables, and prepayments	12	**528,494**	453,522
Contract assets		**1,599,809**	1,476,028
Restricted bank deposits		**41,570**	19,061
Cash and cash equivalents	13	**32,543**	59,609
		2,203,394	2,009,021
Current liabilities			
Trade payables	14	**985,306**	808,587
Bills payables	15	**8,500**	15,000
Accruals and other payables		**612,284**	557,309
Contract liabilities		**5,355**	9,497
Lease liabilities		**357**	338
Borrowings		**110,261**	108,362
Income tax payable		**15,987**	18,121
		1,738,050	1,517,214
Net current assets		**465,344**	491,807
Total assets less current liabilities		**501,584**	519,953

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**1,121**	1,464
Borrowings	**2,800**	6,029
	3,921	7,493
NET ASSETS	**497,663**	512,460
EQUITY		
Equity attributable to owners of the Company		
Share capital	**5,132**	4,245
Reserves	**485,150**	497,579
	490,282	501,824
Non-controlling interests	**7,381**	10,636
TOTAL EQUITY	**497,663**	512,460

1. GENERAL INFORMATION

Zhongtian Construction (Hunan) Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 27 March 2020. The Company's registered office is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is located in the People's Republic of China (the "**PRC**").

The Company, an investment holding company, and its subsidiaries (collectively referred as the "**Group**") are principally engaged in the provision of construction services in the PRC.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements have been prepared on the historical cost basis and the consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

The HKICPA has issued a number of new and amendments to HKFRSs which are relevant to the Group and became effective during the reporting period. For the purpose of preparing and presenting the consolidated financial statements for the reporting period, the Group has adopted all new and amendments to HKFRSs that are effective during the reporting period and has applied them consistently throughout the reporting period.

Certain comparative amounts have been re-presented to conform with the current year's presentation to better reflect the nature of the financial performance of the Group.

During the year ended 31 December 2024, the Group incurred a net loss of approximately RMB26,441,000 and had net operating cash outflows of approximately RMB9,243,000. As at 31 December 2024, its current liabilities, including bank borrowing of approximately RMB110,261,000, however, the Group had cash and cash equivalent of approximately RMB32,543,000 as at 31 December 2024.

Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and they are in the view of that have sufficient working capital to finance its operation and the Group will meet its financial obligations as and when they fall due in the foreseeable future, based on the Group's cash flow forecast covering a period of twelve months from the end of the reporting period prepared by management (the "**Forecast Period**") (collectively the "**Cash Flow Forecast**"). The following considerations have been taken into account in the Cash Flow Forecast:

(i) The Group has been actively negotiating with banks for having extension of the payment terms for the existing bank loans and for having favourable terms when renewing the banking facilities and obtaining new loans, in order to secure necessary funds to meet the Group's working capital and financing requirements in the foreseeable future. Subsequent to the reporting date in February 2025, the Group has obtained bank loan of approximately RMB15,000,000;

(ii) Up to the date of this announcement, the Group had unused bank and credit facilities of a total amount of approximately RMB11,000,000;

(iii) Management has been endeavoring to improve the Group's operating results and cash flows in the coming year through maintaining various cost control measures; and

(iv) The Group has been closely monitoring its working capital requirement. Subsequent to the reporting date and up to the date of this announcement, the Group has successfully collected no less than approximately RMB220,000,000 from debtors in relation to the trade receivable and contract assets.

Based on the Cash Flow Forecast, and in the absence of any adverse unforeseen circumstances, the Directors has a reasonable expectation that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the Forecast Period in order to enable the Group to continue as a going concern notwithstanding there are inherent uncertainties associated with the outcomes of the above plans and measures that include (i) the banks would extend the repayment period of bank borrowings, (ii) the bank would not withdraw credit facilities in the event that the Group is unable to meet the covenants and (iii) the economic conditions over the Forecast Period would not deteriorate significantly that affect the Group's ability to achieve its cost control measures, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs — effective 1 January 2024

The Group has adopted the following amendments to HKFRSs for the current year's consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the"**2022 Amendments**")
Amendments to Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Following the amendment, HK-Int 5 (Revised) is also updated to the reference to the amendments to HKAS 1. The conclusions in HK-Int 5 are unchanged.

Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

None of these new or amendments to HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

The Group has not early applied any new or amendments to HKFRSs that are not yet effective for the current accounting period. Impact on the applications of these new or amendments to HKFRSs are summarised below.

(b) New and amendments to HKFRSs that have been issued but are not yet effective

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded on the Stock Exchange. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

4. SEGMENT INFORMATION

(a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance.

Management has determined the operating segments based on the reports reviewed by chief operating decision maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of construction services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during FY2024.

As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

(b) Information about major customers

There is no customer accounting for 10% or more of the Group's revenue for FY2024 and FY2023.

5. REVENUE

Revenue represents income from construction contracts and provision of construction machinery and equipment for construction projects.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from construction contracts		
Civil building construction	**529,287**	974,816
Municipal works construction	**282,795**	618,360
Foundation works	**—**	21,200
Prefabricated steel structure construction works	**35,198**	265,167
Other specialised contracting works	**80,409**	64,674
	927,689	1,944,217
Revenue from provision of construction machinery and equipment	**3,112**	7,905
	930,801	1,952,122

Timing of revenue recognition:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
— Transferred over time	**930,801**	1,952,122

6. OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**140**	465
Government grants *(note)*	**13,697**	255
Loss on disposal of property, plant and equipment	**(32)**	(7)
Loss on written off property, plant and equipment	**(1,262)**	—
Loss on disposal of a subsidiary	**(638)**	—
Others	**3,220**	265
	15,125	978

Note:

These represented grants to incentivise the development of the Group, of which the entitlement was unconditional and one-off in nature.

7. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest charge on lease liabilities	**74**	10
Interest charge on borrowings	**5,247**	7,775
	5,321	7,785

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging the followings:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories	**323,266**	727,921
Auditors' remuneration	**1,250**	1,300
Depreciation of owned property, plant and equipment	**3,329**	4,757
Depreciation of right-of-use assets	**341**	78
Depreciation of investment properties	**197**	—
Amortisation of intangible assets	**3**	4
Research costs	**28,904**	63,660
Short-term leases expenses		
— Office premises	**533**	338
— Machinery and equipment	**60,242**	127,698
Staff costs (including directors' emoluments):		
— Salaries and wages	**18,119**	19,322
— Retirement scheme contributions	**5,787**	5,447
Listing expenses	**—**	10,166

9. INCOME TAX CREDIT/(EXPENSE)

Provision for the PRC Enterprise Income Tax ("**EIT**") for the reporting period was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current year	**(1,327)**	(9,593)
Deferred tax	**5,702**	2,736
	4,375	(6,857)

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of the Group is 25% for the years ended 31 December 2024 and 2023, except for the following subsidiaries:

— A subsidiary of the Company has been certified as new high technology enterprise in the PRC and enjoyed a preferential enterprise income tax rate of 15% for the years ended 31 December 2024 and 2023.

— Two subsidiaries of the Company were qualified as small enterprise and were eligible for preferential enterprise tax rate of 5% for the years ended 31 December 2024 and 2023.

10. DIVIDENDS

No dividends were paid or declared by the Company for both FY2024 and FY2023.

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings per ordinary share is based on the following data:

	Year ended 31 December	
	2024	2023
(Loss)/profit for the year attributable to owners of the Company *(RMB'000)*	**(25,389)**	45,277
Weighted average number of shares in issue *(note)*	**541,858,000**	471,799,000*
Basic (loss)/earnings per share *(RMB cents)*	**(4.69)**	9.60*

Note:

The weighted average number of ordinary shares used in calculating the basic earnings per share for the year ended 31 December 2024 represented 480,000,000 ordinary shares of the Company as at 1 January 2024 and weighted average number of 51,672,000 ordinary shares of the Company issued during the year, which have been adjusted to reflect the bonus element from the placing of new shares of the Company which was completed on 18 June 2024.

The weighted average number of ordinary shares used in calculating the basic earnings per share for the year ended 31 December 2023 represented 101,100 ordinary shares of the Company as at 1 January 2023, 359,898,900 ordinary shares of the Company issued under the capitalisation issue completed in March 2023 (the "**Capitalisation Issue**"), as if these additional shares issued under the Capitalisation Issue had been in issue throughout the year ended 31 December 2023, and weighted average number of 91,068,000 ordinary shares of the Company issued upon the listing of the Company's shares on the Main Board of the Stock Exchange on 30 March 2023, after reflecting the bonus element from the placing of new shares of the Company which was completed on 18 June 2024.

Diluted (loss)/earnings per share presented is the same as the basic earnings per share as the Group has no dilutive potential ordinary share outstanding during FY2024 (2023: Same).

12. TRADE, BILLS AND OTHER RECEIVABLES, AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
— Related parties	**40,097**	17,421
— Third parties	**408,375**	366,606
	448,472	384,027
Bills receivables	**725**	1,700
Impairment provision for		
— Trade receivables	**(35,175)**	(17,867)
— Bills receivables	**(49)**	(19)
	(35,224)	(17,886)
Trade and bills receivables, net	**413,973**	367,841
Deposits and other receivables	**107,735**	69,642
Prepayments	**26,780**	26,041
Impairment provision for deposits and other receivables	**(19,994)**	(10,002)
Other receivables, prepayments and deposits, net	**114,521**	85,681
	528,494	453,522

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of each reporting period:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
0–90 days	**144,887**	85,709
91–180 days	**11,999**	40,055
181–365 days	**64,941**	79,264
1–2 years	**107,476**	107,112
2–3 years	**53,407**	35,554
Over 3 years	**30,587**	18,466
	413,297	366,160

As at 31 December 2024, trade and bills receivables arising from provision of construction services of approximately RMB33,750,000 (2023: Nil) were pledged as securities for the Group's borrowings.

13. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. The Directors consider that the carrying value of the deposits at the end of each of the FY2024 and FY2023 approximate to their fair value.

As at the end of FY2024, all of the Group's cash at banks and on hands were denominated in RMB and placed in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

14. TRADE PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables		
— Third parties	**945,415**	759,239
— Related parties	**39,891**	49,348
	985,306	808,587

A credit period of up to 3 months from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of each of the reporting period is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
0–90 days	**226,489**	180,297
91–180 days	**35,362**	105,303
181–365 days	**262,185**	96,191
1–2 years	**353,674**	318,410
Over 2 years	**107,596**	108,386
	985,306	808,587

15. BILLS PAYABLES

As at 31 December 2024, the Group's bill payables were secured by the Group's bank deposits of approximately RMB2,550,000 (2023: approximately RMB4,500,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a general contracting construction group in Hunan Province with over 45 years of operating history. In the year ended 31 December 2024 ("**FY2024**"), we derived all of our revenue from our customers located in the PRC.

Currently, we primarily focus on the provision of construction services comprising (i) civil building construction services, provision of construction contracting mainly as general contractor for residential, industrial and commercial construction projects; (ii) municipal works construction services, which mainly consist of construction of urban roads, education institutions, sports stadiums and water supply works; (iii) foundation works services which include foundation construction as well as earthwork construction; (iv) prefabricated steel structure construction services; and (v) other specialised contracting works which includes building renovation and decoration construction specialised contracting. We provide comprehensive construction services to customers throughout the construction process from project procurement, management, construction to supervision and to a lesser extent, we also engage in the provision of construction machinery and equipment service.

For FY2024, the Group's revenue amounted to approximately RMB930.8 million, representing a decrease of approximately RMB1,021.3 million or 52.3% from approximately RMB1,952.1 million in the year ended 31 December 2023 ("**FY2023**"). We recorded a decrease in our gross profit from approximately RMB212.6 million in FY2023 to approximately RMB71.0 million in FY2024, representing a year-on-year decline of approximately 66.7%. For FY2024, our gross profit margin was approximately 7.6%.

FINANCIAL REVIEW

Revenue

For FY2024, our revenue from construction contracts significantly decreased by approximately RMB1,021.3 million or 52.3%, from approximately RMB1,952.1 million in FY2023 to approximately RMB930.8 million in FY2024. The decline was primarily due to a reduction in revenue of various major construction segments, resulting from the challenging market conditions.

Civil Building Construction

Revenue from civil building construction declined by approximately RMB445.5 million or 45.7%, from approximately RMB974.8 million in FY2023 to approximately RMB529.3 million in FY2024. The decrease was mainly due to the completion of major projects in FY2023, including the Dongfang Xin'an Homeland (Phase II) project, which contributed significantly to revenue in the prior year.

Municipal Works Construction

Revenue from municipal works construction decreased by approximately RMB335.6 million or 54.3%, from approximately RMB618.4 million in FY2023 to approximately RMB282.8 million in FY2024. This was primarily due to the completion of large-scale projects, such as the Xupu County Chengbei School Supporting Facilities Construction project, which had contributed significantly to the Group's revenue in FY2023.

Foundation Works

Revenue from foundation works decreased significantly from approximately RMB21.2 million in FY2023 to nil in FY2024, indicating no new projects in this category during the year.

Prefabricated Steel Structure Construction

Revenue from prefabricated steel structure construction decreased by approximately RMB230.0 million or 86.7%, from approximately RMB265.2 million in FY2023 to approximately RMB35.2 million in FY2024. This decline was mainly due to the near completion of the Zhongtian Lutai project, which had generated substantial revenue in the previous year.

Other Specialised Contracting Works

Revenue from other specialised contracting works increased moderately by approximately RMB15.7 million or 24.3%, from approximately RMB64.7 million in FY2023 to approximately RMB80.4 million in FY2024. The growth in this segment was mainly attributable to new refurbishment projects undertaken during FY2024.

Provision of Construction Machinery and Equipment Services

Revenue from this sub-segment decreased from approximately RMB7.9 million in FY2023 to approximately RMB3.1 million in FY2024, reflecting lower demand for rental equipment.

Cost of Sales

Our cost of sales decreased from approximately RMB1,739.5 million in FY2023 to approximately RMB859.8 million in FY2024, in line with the decline in revenue. However, our gross profit margin decreased from approximately 10.9% in FY2023 to approximately 7.6% in FY2024, primarily due to increase in certain subcontracting and material costs relative to revenue.

Gross Profit and Gross Profit Margin

Our gross profit declined by approximately RMB141.7 million or 66.7%, from approximately RMB212.6 million in FY2023 to approximately RMB71.0 million in FY2024. The decrease in gross profit margin reflects the impact of increased competition.

Administrative and Other Expenses

Our administrative expenses and other expenses decreased from approximately RMB125.5 million in FY2023 to approximately RMB74.0 million in FY2024, reflecting cost-cutting and control measures implemented and decrease in research costs in response to lower revenue.

Impairment on Financial and Contract Assets, Net

Impairment losses increased significantly from approximately RMB17.4 million in FY2023 to approximately RMB37.6 million in FY2024, reflecting higher expected credit losses due to prolonged settlement from customers and increased financial stress in the construction sector.

Finance Costs

Finance costs decreased from approximately RMB7.8 million in FY2023 to approximately RMB5.3 million in FY2024, primarily due to the decrease in the Group's borrowings.

Income Tax Credit/(Expense)

We recorded an income tax credit of approximately RMB4.4 million in FY2024, compared to an income tax expense of approximately RMB6.9 million in FY2023, primarily due to the movements in deferred tax assets during FY2024.

(Loss)/Profit and Total Comprehensive Income for the Year

We reported a net loss of approximately RMB26.4 million in FY2024, compared to a net profit of approximately RMB46.0 million in FY2023. The loss was primarily due to the significant decline in revenue and gross profit, coupled with impairment losses on financial and contract assets.

Analysis of Key Items of Financial Position

Trade, Bills, and Other Receivables, and Prepayments

Our trade, bills, and other receivables and prepayments increased from approximately RMB453.5 million as at 31 December 2023 to approximately RMB528.5 million as at 31 December 2024, primarily due to prolonged settlement from customers.

LIQUIDITY, FINANCIAL RESOURCES, AND CAPITAL STRUCTURE

As at 31 December 2024, the Group had net current assets of approximately RMB465.3 million, compared to approximately RMB491.8 million as at 31 December 2023. The decrease in net current assets was primarily due to an increase in trade payables and impairment on financial and contract assets, partially offset by an increase in contract assets.

The current ratio (calculated as current assets divided by current liabilities) decreased slightly from approximately 1.32 as at 31 December 2023 to approximately 1.27 as at 31 December 2024, indicating a marginal decline in short-term liquidity position.

Our cash and cash equivalents decreased from approximately RMB59.6 million as at 31 December 2023 to approximately RMB32.5 million as at 31 December 2024, primarily due to cash outflows related to working capital requirements, including payments to suppliers and subcontractors.

Total interest-bearing borrowings (including lease liabilities) decreased from approximately RMB116.2 million as at 31 December 2023 to approximately RMB114.5 million as at 31 December 2024. As at 31 December 2024, the Group's total bank and other borrowings (including lease liabilities) amounted to approximately RMB114.5 million, comprising:

- approximately RMB110.6 million repayable within one year; and

- approximately RMB3.9 million repayable within two to five years

The Group's bank borrowings carried interest rates ranging from 3.7% to 18% per annum, and all borrowings were denominated in Renminbi.

Our gearing ratio, calculated as total interest-bearing debt divided by total equity, remained stable at 23.0% as at 31 December 2024, compared to that as at 31 December 2023. The stability in gearing ratio reflects the Group's prudent financial management despite the challenging market conditions.

The Group continues to adopt a prudent treasury policy, closely monitoring cash flow and ensuring sufficient liquidity to meet operational and financial obligations.

The Company's issued share capital was HK$4.8 million, and the number of its issued ordinary shares was 480,000,000 shares of HK$0.01 each. On 18 June 2024, the Company completed placing of 96,000,000 shares under the general mandate (the "**General Mandate**") and the number of its issued ordinary shares increased to 576,000,000. For details, please refer to the paragraph headed "The Placing and Use of Proceeds" in this announcement. During FY2024, the Company did not hold or sell any treasury shares.

FUNDING AND TREASURY POLICY

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirement from time to time.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had approximately RMB14.5 million (31 December 2023: approximately RMB14.5 million) of capital commitments in respect of the acquisition of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed 345 employees in the PRC (31 December 2023: 324 employees). The total staff costs incurred by the Group for FY2024 was approximately RMB23.9 million compared to approximately RMB24.8 million for FY2023. Our Group's employees may be remunerated by way of fixed salary, hourly wage or on project-by-project basis, depending on their job nature. Our Group utilises an appraisal system for our employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. Our employees are also entitled to a number of fringe benefits and welfare, including transportation allowance, health care allowance and paid leave. Our Group provides trainings to our employees, which includes induction training which is held by our human resources department, on-the-board training, and sometimes education opportunities depending on the job function of the employees. Our Group will hold seminars and events occasionally for our employees, in order for them to catch up with market trends.

Retirement Scheme Contributions

As stipulated by the relevant regulations of the PRC, the Group participates in a central pension scheme operated by the local municipal government (the "**Scheme**"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

The retirement benefit scheme contributions made by the Group amounted to approximately RMB5,787,000 during FY2024 (2023: approximately RMB5,447,000). Save as the aforesaid, the Group did not participate in any other pension schemes during FY2024 and FY2023. For FY2024 and FY2023, no forfeited contributions may be used by the Group to reduce the existing level of contributions.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was conditionally adopted by written resolutions of the Company's shareholders passed on 10 March 2023. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in the report of the Directors in the annual report of the Company for the year ended 31 December 2024.

As at the Listing Date and 31 December 2024, no Share option has been granted by the Company and the outstanding number of Share options available for grant under the Share Option Scheme is 48,000,000 Share options to subscribe for the Shares, representing 10% of the issued share capital of the Company, out of which the outstanding number of Share options available for grant under the Service Provider Sublimit (as defined in the Share Option Scheme) is 4,800,000 Shares options to subscribe for the Shares, representing 1% of the issued share capital of the Company.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or vested or cancelled or has lapsed during FY2024 and there was no outstanding option as at 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus and the announcement dated 7 June 2024 in relation to placing of new shares under General Mandate (the "**Placing Announcement**"), the Group does not have other future plans for material investments and capital assets as at 31 December 2024. For details, please refer to the paragraphs headed "Use of Proceeds from the Global Offering" and "The Placing and Use of Proceeds" in this announcement.

CONTINGENT LIABILITIES

Other than a number of lawsuits and claims arising from the normal course of business were lodged against our Group which remained outstanding as at 31 December 2024, the Group had no material contingent liability as at 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2024, the Group had pledged certain assets as securities for its borrowings. The details of the pledged assets are as follows:

- Trade and bills receivables amounting to approximately RMB33.8 million (31 December 2023: RMB nil) were pledged as security for the Group's borrowings.

- Restricted bank deposits of approximately RMB2.6 million (31 December 2023: approximately RMB5.0 million) were pledged for securing bills payables.

- Certain plant and machinery with a carrying amount of approximately RMB5.0 million (31 December 2023: approximately RMB9.0 million) were pledged as collateral for bank borrowings.

- Investment properties with a carrying amount of approximately RMB6.9 million (31 December 2023: RMB nil) were pledged for financing purposes.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company has been listed on the Stock Exchange since the Listing Date following the completion of the global offering (the "**Global Offering**") of 120,000,000 new ordinary shares of the Company. The amount of net proceeds from the Global Offering amounted to approximately RMB76.6 million (equivalent to approximately HK$84.1 million), after deduction of the underwriting commission and other expenses. The Company applied the proceeds from the Global Offering in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the Prospectus which is also set out below. The balance of the net proceeds from the Global Offering brought forward at the beginning of FY2024 was approximately RMB18.2 million. During FY2024, net proceeds of approximately RMB6.7 million were used.

The following table sets out the breakdown of the use of net proceeds from the Global Offering:

Purpose	Intended use of proceeds *RMB' million*	Utilised amount as at 31 December 2023 *RMB' million*	Net proceeds utilised during FY2024 *RMB' million*	Utilised amount as at 31 December 2024 *RMB' million*	Unutilised amount as at 31 December 2024 *RMB' million*	Estimated timeline for utilising the unutilised net proceeds
To fund our upfront expenditure of three projects on hand	38.3	38.3	—	38.3	—	N/A
To acquire and/or replace our construction machinery and equipment	15.3	—	3.8	3.8	11.5	End of December 2025 *(Note 1)*
To fund the establishment and operation of our know-how centre	15.3	12.4	2.9	15.3	—	N/A
Working capital and general corporate purposes	7.7	7.7	—	7.7	—	N/A
Total	76.6	58.4	6.7	65.1	11.5	

Note 1: The use of proceeds for acquiring and/or replacing our construction machinery and equipment is expected to fall behind the original schedule of December 2024, which is mainly because of the postponement of the need to order the construction machinery and equipment due to the changes in schedules and timelines of some projects.

THE PLACING AND USE OF PROCEEDS

On 7 June 2024, the Company announced that it proposed to raise approximately HK$15.6 million, before expenses, by issuing 96,000,000 placing Shares ("**Placing Share(s)**") with nominal value of HK$960,000 of HK$0.01 each, which ranked pari passu with the ordinary Shares, by way of placing (the "**Placing**") to not less than six independent placees at the subscription price of HK$0.162 per Placing Share. The net price was approximately HK$0.159 per Placing Share. The closing price of the Shares quoted on the Stock Exchange on 7 June 2024, which was the date on which the placing agreement was signed, was HK$0.195 per Share, and the Placing Shares had an aggregated market value of HK$18.2 million.

The Placing Shares were issued under the General Mandate approved by the Shareholders at the annual general meeting of the Company held on 25 May 2023, pursuant to which the Company was authorised to allot, issue and deal with up to 96,000,000 Shares. The 96,000,000 Placing Shares constituted 100% of the General Mandate and, upon completion of the Placing, the General Mandate was fully utilised.

As disclosed in the Placing Announcement, the gross proceeds from the Placing were approximately HK$15.6 million and the net proceeds from the Placing, after deducting the related expenses and underwriting commission, were approximately HK$15.2 million. The reason for undertaking the Placing was to raise funds for the upfront expenditure of a newly awarded project and for general working capital of the Group.

During the year ended 31 December 2024, the net proceeds from the Placing have been applied as follows:

	Intended use of proceeds *(HK$' million)*	Utilised net proceeds from the Placing as at 31 December 2024 *(HK$' million)*	Net proceeds from the Placing utilised during FY2024 *(HK$' million)*	Unutilised balance of the net proceeds from the Placing as at 31 December 2024 *(HK$' million)*	Expected timeline of utilisation
Funding the upfront expenditure of a newly awarded project of a cultural exhibition and intangible cultural heritage inheritance centre	13.7	13.7	13.7	—	N/A
Working Capital	1.5	1.5	1.5	—	N/A
Total	15.2	15.2	15.2	—	

As at 31 December 2024, all net proceeds from the Placing were fully utilised in the manner set out in the disclosure in the Placing Announcement.

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

During FY2024, Hunan Zhongtian Construction Group Corporation* (湖南中天建設集團股份有限公司) entered into a sales and purchase agreement with a third party, for disposal of a non-wholly owned subsidiary, Hunan Zhongtian Jianzhu Anquan Keji Company Limited* (湖南中天建築安全科技有限公司), with consideration of approximately RMB2.6 million in cash.

There were no other significant investments held by the Group during FY2024. Save as disclosed in this announcement, the Group did not have any material acquisitions or disposal of subsidiaries, associates or joint ventures during FY2024.

* The English name is translated for identification purpose only.

FOREIGN EXCHANGE RISK

The assets, liabilities and transactions of the Group are principally denominated in Renminbi. As at 31 December 2024, the Group did not entered into any foreign exchange contracts to hedge against the fluctuation in exchange rates and the Group did not have any foreign currency investments which had been hedged by currency borrowing and other hedging instruments. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders.

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Since the Listing Date up to 31 December 2024, the Group has adopted the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance and complied with all the applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

As the Company was listed on the Stock Exchange since the Listing Date, related rules under the Listing Rules concerning the Model Code that Directors shall observe applied to the Company since the Listing Date.

Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code since the Listing Date.

AUDIT COMMITTEE

The Company has established the audit committee ("**Audit Committee**") on 10 March 2023 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee, comprising the three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick (Chairperson), Dr. Liu Jianlong and Ms. Deng Jianhua.

REVIEW OF FINANCIAL RESULTS BY AUDIT COMMITTEE

The Group's consolidated financial statements for FY2024 have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosure has been made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for FY2024 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, SALES OR REDEMPTION OF OUR SHARES

There has been no purchase, sale or redemption of the Company's shares or any treasury shares by the Company or any of its subsidiaries during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained a sufficient amount of public float for its shares as required under the Listing Rules during FY2024 and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for FY2024 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIVIDENDS

The Board proposed not to declare any final dividend for the year ended 31 December 2024 (2023: nil).

SIGNIFICANT EVENT AFTER REPORTING PERIOD

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors subsequent to 31 December 2024.

ANNUAL GENERAL MEETING ("AGM") AND CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on 27 June 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 24 June 2025 to 27 June 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 23 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.ztcon.com. The annual report of the Company for the year ended 31 December 2024 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the websites of both the Stock Exchange and the Company in due course.

By order of the Board
Zhongtian Construction (Hunan) Group Limited
Mr. Yang Zhongjie
Chairman and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Yang Zhongjie as Chairman of the Board and executive Director; Mr. Liu Xiaohong, Mr. Min Shixiong and Mr. Chen Weiwu as executive Directors; and Dr. Liu Jianlong, Ms. Deng Jianhua and Mr. Lau Kwok Fai Patrick as independent non-executive Directors.