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CHANHIGH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2017)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,748,321	1,879,443
Gross profit	131,341	141,406
Profit and total comprehensive income for the year	27,372	30,183
Profit/(loss) for the year and total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	27,313	30,745
Non-controlling interests	59	(562)

The board (the “**Board**”) of directors (the “**Directors**”) of Chanhigh Holdings Limited (the “**Company**”), hereby presents the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Year**”) together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue	4	1,748,321	1,879,443
Cost of services rendered	6	(1,611,226)	(1,731,367)
Sales related tax and auxiliary charges	6	(5,754)	(6,670)
Gross profit		131,341	141,406
Other income, other gains and losses		24,399	18,793
Administrative and other operating expenses	6	(62,578)	(61,780)
Provision for impairment loss on trade and other receivables and contract assets, net		(34,684)	(26,925)
Profit from operations		58,478	71,494
Finance costs		(22,871)	(27,937)
Share of profits of an associate		969	236
Profit before income tax		36,576	43,793
Income tax expense	5	(9,204)	(13,610)
Profit and total comprehensive income for the year		27,372	30,183
Profit/(loss) for the year and total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		27,313	30,745
Non-controlling interests		59	(562)
		27,372	30,183
Earnings per share			
Basic and diluted (RMB cents per share)	7	4.4	5.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		13,013	13,704
Intangible assets		25,734	73,720
Right-of-use assets		480	780
Investment in an associate		30,886	29,917
		<u>70,113</u>	<u>118,121</u>
Current assets			
Trade and other receivables	8	371,186	616,393
Contract assets		1,158,228	1,175,371
Restricted bank deposits		117,898	—
Bank and cash balances		439,665	416,098
		<u>2,086,977</u>	<u>2,207,862</u>
TOTAL ASSETS		<u>2,157,090</u>	<u>2,325,983</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	9	5,487	5,487
Reserves		992,796	965,483
		<u>998,283</u>	970,970
Non-controlling interests		6,146	6,087
		<u>1,004,429</u>	<u>977,057</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		203	540
Borrowings		—	102,002
		<u>203</u>	<u>102,542</u>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current liabilities			
Trade and bills payables	<i>10</i>	385,840	406,624
Accruals and other payables		41,397	64,014
Contract liabilities		39,769	66,733
Lease liabilities		332	301
Borrowings		548,700	573,700
Current tax liabilities		136,420	135,012
		<u>1,152,458</u>	<u>1,246,384</u>
TOTAL LIABILITIES		<u>1,152,661</u>	<u>1,348,926</u>
TOTAL EQUITY AND LIABILITIES		<u>2,157,090</u>	<u>2,325,983</u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 17th and 18th Floors, Cang Hai Industry Building, No. 3388 Cang Hai Road, Yinzhou District, Ningbo City, Zhejiang Province, the People's Republic of China (the "PRC").

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company is an investment holding company. The principal activities of its subsidiaries are provision of services of municipal works, building works and landscape construction, and related services.

In the opinion of the Directors, as at 31 December 2024, the Peng Family, comprising Mr. Peng Daosheng, Ms. Wang Sufen, Mr. Peng Tianbin and Mr. Peng Yonghui, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IASs"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRSs

In the Year, the Group has applied the amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements. The application of the new and amendments to IFRSs in the Year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early adopted the amendments to standards that have been issued but are not yet effective.

In July 2024, IASB issued IFRS 18 — Presentation and Disclosure in Financial Statements which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The Directors are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Except from IFRS 18, the Directors have assessed the financial impact on the Group of the adoption of the new standards, amendments to existing standards and interpretations that have been issued but are not yet effective. These standards, amendments and interpretations are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting the accounting policy information disclosures to ensure consistency with the amended requirements. The Group intends to adopt the above new standards, amendments to existing standards and interpretations when they become effective.

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue is mainly derived from contracts with customers.

(i) Information about operating segment profit or loss:

	Landscape construction <i>RMB'000</i>	Municipal works construction <i>RMB'000</i>	Building works <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
2024					
External revenue	97,476	811,663	790,719	48,463	1,748,321
Segment results	12,194	72,727	36,502	9,918	131,341
Cost of materials	(39,917)	(344,072)	(361,053)	(14,469)	(759,511)
Staff costs	(24,283)	(236,666)	(263,545)	(18,606)	(543,100)
Short-term lease payments	(5,300)	(44,129)	(44,355)	(2,634)	(96,418)
Additions to segment non-current assets	—	—	—	739	739
Disposal of segment non-current assets	—	(46,621)	—	—	(46,621)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2023					
External revenue	187,077	691,265	942,411	58,690	1,879,443
Segment results	18,159	67,984	41,523	13,740	141,406
Cost of materials	(83,855)	(332,770)	(477,288)	(15,362)	(909,275)
Staff costs	(51,784)	(165,136)	(300,032)	(20,963)	(537,915)
Short-term lease payments	(23,093)	(85,328)	(116,485)	(7,245)	(232,151)
Additions to segment non-current assets	—	7,279	—	1,661	8,940
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(ii) Reconciliation of operating segment profit or loss:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit and loss		
Total profits of reportable segment	131,341	141,406
Unallocated amounts:		
Interest income	16,951	15,117
Government incentives and awards	1,820	2,509
Gain on termination of concession rights	5,246	—
Loss on deregistration of subsidiaries, net	(142)	—
Depreciation of property, plant and equipment	(1,040)	(1,147)
Depreciation of right-of-use assets	(300)	(142)
Amortisation of intangible assets	(1,365)	(1,364)
Finance costs	(22,871)	(27,937)
Staff costs	(32,087)	(32,483)
Research and development expenditure	(7,593)	(376)
Impairment loss on trade and other receivables and contract assets, net	(34,684)	(26,925)
Others	(18,700)	(24,865)
	<u>36,576</u>	<u>43,793</u>
Profit before income tax	<u>36,576</u>	<u>43,793</u>

(iii) Geographical information

Based on the locations of the customers, the revenues are earned in the PRC.

5. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC Enterprise Income Tax:		
Current income tax expense		
Provision for the year	9,224	10,597
(Over)/under-provision in prior years	(20)	3,013
	<u>9,204</u>	<u>13,610</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the Year (2023: Nil).

PRC Enterprise Income Tax (“**PRC EIT**”) has been provided at a rate of 25% (2023: 25%).

For the Year and previous year, one of the subsidiaries of the Company, Zhejiang Zhanhai Industrial Company Limited (浙江展海實業有限公司) (“**Zhejiang Zhanhai**”), is qualified as a small and low-profit enterprise in the PRC. Zhejiang Zhanhai is assessed the PRC EIT on the following basis: if its annual taxable income is less than RMB1.0 million, the applicable enterprise income tax rate determined by the relevant authority is 5% (2023: 5%); if its annual taxable income is more than RMB1.0 million but less than RMB3.0 million, the applicable enterprise income tax rate is 10% (2023: 10%).

One of the subsidiaries of the Company incorporated in the PRC, Zhejiang Chanhigh Construction Limited (浙江滄海建設有限公司) (“**Chanhigh Construction**”) obtained the qualification of High and New Technology Enterprise with a validation period of three years starting from 2023 (2023: three years starting from 2023). The applicable income tax rate for Chanhigh Construction is 15% (2023: 15%) for the Year.

6. EXPENSES BY NATURE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Auditor’s remuneration	1,786	1,220
Subcontracting expenses	118,323	15,110
Cost of materials	782,245	926,780
Sales related tax and auxiliary charges	5,754	6,670
Staff costs	553,013	553,818
Depreciation of property, plant and equipment	1,040	1,147
Amortisation of intangible assets	1,365	1,364
Depreciation of right-of-use assets	300	142
Bad debts written off	10	2,003
Legal and professional fee	5,057	6,313
Research and development expenditure	7,593	376
Short-term lease payments	96,418	232,151
Waste disposal expenses	11,121	8,477
Entertainment expenses	4,735	6,278
Transportation expenses	45,616	5,120
Others	45,182	32,848
	<u>1,679,558</u>	<u>1,799,817</u>
Total direct costs and administrative and other operating expenses	<u>1,679,558</u>	<u>1,799,817</u>

7. EARNINGS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit attributable to the owners of the Company, used in the basic and diluted earnings per share calculation	<u>27,313</u>	<u>30,745</u>
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation (thousand shares)	<u>618,502</u>	<u>618,502</u>

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same. As at 31 December 2024, the Company had no dilutive potential ordinary shares (2023: Nil).

8. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables, retention receivables and bills receivables		
Trade receivables	214,407	301,138
Loss allowance	<u>(88,723)</u>	<u>(75,702)</u>
	<u>125,684</u>	<u>225,436</u>
Retention receivables	52,630	40,851
Loss allowance	<u>(286)</u>	<u>(100)</u>
	<u>52,344</u>	<u>40,751</u>
Bills receivables	2,586	3,786
Loss allowance	<u>(2,586)</u>	<u>(2,624)</u>
	<u>—</u>	<u>1,162</u>
	<u>178,028</u>	<u>267,349</u>
Other receivables		
Construction contracts performance guarantees and deposit for tender	56,712	34,832
Receivables for demolition expenses paid in advance	—	32,075
Amount due from an associate	20,379	28,403
Others	<u>55,542</u>	<u>52,830</u>
	<u>132,633</u>	<u>148,140</u>
Loss allowance	<u>(16,455)</u>	<u>(18,320)</u>
	<u>116,178</u>	<u>129,820</u>
Prepayments and deposits		
Advance to suppliers and other prepayments	76,882	219,128
Lease deposits	<u>98</u>	<u>96</u>
	<u>76,980</u>	<u>219,224</u>
	<u>371,186</u>	<u>616,393</u>

Trade receivables, retention receivables, and bills receivables represented the construction contracts and rendering of services receivables from the customers at each of the reporting dates. The Group's trading terms with its customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade receivables, based on the contract terms for the works certified, net of loss allowance, is as follow:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 90 days	41,844	87,250
91 to 180 days	14,753	4,892
181 to 365 days	2,818	41,430
Over 1 year but less than 2 years	9,620	26,413
Over 2 years but less than 3 years	10,823	28,440
Over 3 years	45,826	37,011
	<u>125,684</u>	<u>225,436</u>

The aging analysis of retention receivables is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Not yet due	37,697	30,127
Within 1 year	3,558	1,510
Over 1 year but less than 2 years	2,205	2,154
Over 2 years but less than 3 years	8,884	6,960
	<u>52,344</u>	<u>40,751</u>

9. SHARE CAPITAL

	Number of shares '000	Amount	
		<i>HK\$'000</i>	<i>RMB'000</i>
Authorised:			
<i>Ordinary shares of HK\$0.01 per share</i>			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>2,000,000</u>	<u>20,000</u>	<u>17,733</u>
Issued and fully paid:			
<i>Ordinary shares of HK\$0.01 per share</i>			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>618,502</u>	<u>6,185</u>	<u>5,487</u>

10. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follow:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	60,002	96,355
91 to 180 days	25,900	39,593
181 to 365 days	83,419	83,214
Over 1 year but less than 2 years	74,766	77,132
Over 2 years but less than 3 years	43,015	55,606
Over 3 years	98,738	54,724
	385,840	406,624

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS REVIEW

In 2024, the downward pressure on the real estate industry persisted, and the survival environment for construction enterprises, especially small and medium-sized ones, became more challenging. Against the backdrop of the deepening “14th Five-Year Plan,” national policies continued to focus on high-quality economic development, with infrastructure investment further increasing. New infrastructure, green building, and smart city construction became key development directions. At the same time, the digital transformation of the construction industry accelerated, industry concentration continued to rise, market competition intensified, and enterprise differentiation became more pronounced. Despite the complex and volatile external environment, with the implementation of various economic stabilization policies, construction enterprises still encountered new development opportunities. The specific details are as follows:

I. Steady Growth in Construction Industry Output Value

According to the National Bureau of Statistics’ 2024 National Economic and Social Development Statistical Bulletin, the total output value of the national construction industry reached RMB32.7 trillion, an increase of 3.9% over the previous year. The construction area of buildings nationwide was 13.68 billion square meters, a decrease of 10.6% year-on-year. The added value of the construction industry for the year was RMB9.0 trillion, an increase of 3.8% over the previous year. Despite the continued downturn in the real estate industry, the total output value of the construction industry maintained steady growth, and the industry’s pillar status in the national economy remained firm.

According to statistics, the total profits of qualified general contracting and specialized contracting construction enterprises nationwide in 2024 were RMB751.3 billion, a decrease of 9.8% over the previous year. Among them, the profits of state-controlled enterprises were RMB366.9 billion, a decrease of 8.7%. In June 2024, the number of construction enterprises nationwide reached 152,000, an increase of 8.7% year-on-year, indicating further intensification of market competition. The total value of new contracts signed by the eight major central construction enterprises in 2024 was RMB16.4 trillion, an increase of 6.9% year-on-year, accounting for 50.0% of the overall construction market, reflecting the continued increase in industry concentration and the more prominent market dominance of leading enterprises.

According to the Fifth National Economic Census Bulletin released in December 2024, as of the end of 2023, the number of employees in construction enterprises was approximately 51.16 million, a decrease of 11.9% compared to the end of 2018. The total annual real estate investment decreased by 10.6%, and various data in the real estate industry continued to show a downward trend. The growth in the number of construction enterprises contrasted sharply with the decrease in the number of employees, further highlighting the difficulty in labor supply and the increasing survival pressure on small and medium-sized construction enterprises. However, with policy support, the trend of the construction market tilting towards infrastructure became more evident. In 2024, national fixed asset investment increased by 3.2% over the previous year, with infrastructure investment growing by 4.4%, becoming an important driver of construction industry growth.

II. Construction Industry Business Activity Index Rebounds

According to the construction industry business activity index for the year, the industry showed a trend of continuous decline followed by a fluctuating rebound, reflecting the resilience of the construction industry in a complex economic environment. In December 2024, the construction industry business activity index was 53.2%, an increase of 3.5% month-on-month but a decrease of 3.7% year-on-year. The annual average remained in the high expansion range, indicating that the construction industry maintained a strong expansion momentum despite macroeconomic pressures. The rebound in the new orders index, employment index, and business activity expectations index indicated a recovery in market demand. Overall, driven by both policy support and market demand, the construction industry maintained strong resilience. The continuous push in infrastructure investment provided significant support for the construction industry, but the downturn in the real estate industry and labor supply challenges remained key issues for the sector.

III. Smart Construction Drives Industry Transformation and Upgrading

This year marks the conclusion of the “14th Five-Year Plan” and the formulation of the “15th Five-Year Plan.” In 2024, the construction industry made significant progress in the field of smart construction. With the deep integration of new-generation information technology and the construction industry, smart construction has become an important direction for industry transformation and upgrading. The aging problem in the construction industry remains severe, with challenges such as labor shortages and high labor costs persisting. Smart construction, through the application of digital and intelligent technologies, provides new solutions for the industry. Smart construction not only optimizes various stages of building construction but also simplifies construction processes through factory prefabrication and on-site assembly, significantly improving construction efficiency. The widespread application of intelligent robots and automated equipment further enhances the automation level of construction, improves workers’ working environments, and effectively alleviates labor supply issues in the construction industry.

In 2024, the “14th Five-Year Plan” continued to guide the construction industry towards green and intelligent development. Industry leaders, through resource integration and technological innovation, further increased market concentration, intensifying competitive pressures and accelerating the survival of the fittest. In this context, enterprises must focus on high-quality development, relying on innovation, technology, and talent as driving forces to accelerate the transition to smart construction. By integrating design, research and development, production, and construction resources across the industrial chain, the “construction industry+” model, which combines smart construction and smart building, has become a new path for enterprise transformation. Emerging fields such as smart construction, green building, and digital management present new opportunities and challenges for construction enterprises.

In the future, with the continuous maturation and application of smart construction technologies, the construction industry will undergo more profound changes. Enterprises need to closely follow technological development trends, actively embrace digital transformation, and enhance efficiency, reduce costs, and strengthen competitiveness through smart construction, thereby securing a favorable position in the fierce market competition and injecting new momentum into the sustainable development of the industry.

IV. Policy Dividends Boost Water Conservancy Construction

In 2024, the state continued to thoroughly implement the “14th Five-Year Plan,” comprehensively advancing the rural revitalization strategy and further increasing support for agricultural, rural, and water conservancy infrastructure construction. The Central Document No. 1 explicitly proposed accelerating the construction of modern water conservancy facilities and promoting high-quality development of water conservancy, injecting strong momentum into the water conservancy engineering market. In 2024, national water conservancy construction investment is expected to exceed RMB1.3 trillion, reaching a new historical high, making water conservancy projects an important tool for stabilizing growth and benefiting people’s livelihoods. Leveraging its municipal, construction, and water conservancy and hydropower qualifications, as well as its comprehensive capabilities in undertaking large-scale infrastructure projects, the Group actively seized policy dividends and deeply participated in national water conservancy projects. The Group’s associated company specializing in water conservancy and hydropower business maintained its 3A credit rating from the Ministry of Water Resources, further consolidating its competitive advantage in the water conservancy and hydropower market, aligning closely with national industrial development layouts.

In terms of technological innovation, the Group actively responded to the national call for promoting the deep integration of the construction industry with new-generation information technology, accelerating its layout in smart water conservancy and smart construction. The Group's technology sector made breakthrough progress in projects such as building structure monitoring and water conservancy and hydropower smart monitoring, gaining practical experience in applying cutting-edge technologies such as big data, the Internet of Things, and artificial intelligence to engineering projects. In 2024, the Group closely followed market trends, further expanded its business scope, and achieved new breakthroughs in green building, smart cities, and ecological environmental protection, presenting a positive development trend with higher project quality, greater technological content, and stronger market competitiveness.

In the future, the Group will continue to be guided by national strategies, deepen its presence in the water conservancy engineering market, strengthen technological innovation-driven development, and promote the transformation and upgrading of its business towards high-quality, intelligent, and green development, contributing greater strength to the realization of rural revitalization and high-quality water conservancy development.

BUSINESS REVIEW

For the year, the annual revenue of the Group was approximately RMB1,748.3 million, representing a decrease of approximately 7.0% over last year. The revenue was mainly generated from: 1) landscape construction, 2) municipal works construction, 3) building works, and 4) others, and accounted for 5.6%, 46.4%, 45.2% and 2.8%, respectively.

In 2024, the Group successfully received more than 10 corporate honors, including the National Water Conservancy Construction Market Credit Entity AA Rating, Engineering Construction Integrity Model Enterprise, Zhejiang Province "Contract-Honoring and Creditworthy" AAA Rating, Zhejiang Province Private Enterprise Economic Headquarters Enterprise Honor, Ningbo City Green Space Adoption and Management Outstanding Unit, Ningbo City Top 100 Service Enterprises (47th place), Ningbo City Top 100 Competitive Enterprises (33rd place), Yinzhou District Outstanding Construction Enterprise, and Yinzhou District "Great Tripod" High-Quality Development Award. Nine projects won the Zhejiang Province "Qianjiang Cup" Quality Engineering Award, Zhejiang Province Safety Production Standardized Construction Site, Zhoushan City "Haishan Cup" Quality Engineering Award, Ningbo City "Camellia Cup" Excellent Landscape Engineering Gold Award, Ningbo City Structure Quality Award, and Ningbo City Municipal (Landscape, Rail) Engineering Safety Production Standardized Management Site. One project won the Ningbo City "Six Haves and One Good" Red Construction Site "Construction Pioneer" title. The Group added three invention patents. The Yinzhou District Craftsman Innovation Studio was established. One QC achievement won the "Ningbo Construction Cup" Excellent Quality Management Group Achievement First Prize and the Zhejiang Province Municipal

Industry Association Excellent Quality Management Group Achievement Release First Prize. By focusing on creating “quality projects” and “standardized construction sites,” the Group rigorously improved project quality management and technological innovation.

PROSPECTS

In 2024, the construction industry exhibited the overall characteristics of “infrastructure stabilizing growth, real estate weak recovery, and technology promoting transformation.” State-owned enterprises and regional leaders performed prominently, while private construction enterprises generally faced multiple pressures. Large central enterprises and local state-owned enterprises dominated the market with their capital, technological, and policy advantages. Intensified market competition squeezed the survival space of non-leading private enterprises, and rising cost pressures further compressed profit margins, particularly in traditional building construction. Additionally, the urgent need for industry transformation, with high application thresholds for green building and smart construction technologies, has placed the entire industry in a phase of “scale contraction and profit pressure.” Against this backdrop, under the strong leadership of the Board of Directors and the management team, Changhai’s cadres and employees rose to the challenge, united their efforts, continuously broadened channels, optimized structures, and took multiple measures to tackle key business areas, achieving commendable results.

2025 is a crucial year for fully implementing the spirit of the 20th National Congress of the Communist Party of China and achieving the goals of the “14th Five-Year Plan.” China will continue to adhere to the principle of seeking progress while maintaining stability, balancing development and security, and promoting sustained economic recovery and improvement. The construction and water conservancy industries, as important pillars of the national economy, will further accelerate green, intelligent, and digital transformation under the guidance of national strategies, contributing to the realization of the “dual carbon” goals and sustainable development. At the same time, the deepening of the rural revitalization strategy will provide more opportunities for rural water conservancy construction and infrastructure improvement. The government’s overall requirements for this year’s work in the construction and water conservancy sectors focus on infrastructure construction, rural revitalization, green and intelligent transformation, water conservancy reform, and ecological environmental protection. These policy directions offer new development opportunities for the construction and water conservancy industries while also posing higher demands on enterprises’ technological innovation and management capabilities.

In 2025, China's infrastructure investment will commence the final phase of the "14th Five-Year Plan" with a total scale of RMB12.8 trillion, of which at least RMB2 trillion in special bond funds will be allocated to digital and intelligent infrastructure, injecting strong momentum into new infrastructure and industrial upgrading. Water conservancy construction investment is expected to exceed RMB1.5 trillion, becoming a key area of national investment. Meanwhile, intelligent and green development will become important directions in the infrastructure and water conservancy sectors, contributing to the realization of the "dual carbon" goals and sustainable development. Starting from 2024, Ningbo City will fully implement the "1115" project (i.e., implementing 10 major special projects, advancing 10 landmark projects, building 100 major projects, and completing over RMB500 billion in comprehensive transportation investment), with a total investment exceeding RMB700 billion over the five years to 2029.

Looking ahead to 2025, a new journey has begun. The Group will face challenges with greater confidence and more pragmatic measures, actively exploring new development opportunities. The Group will continue to build on traditional infrastructure, with water conservancy construction as a new growth point and technological innovation as a breakthrough, adhering to market orientation, innovation-driven development, and efficiency-centered operations. We will further optimize our business structure, enhance management efficiency, and strive to maintain a firm foothold in the fierce market competition. At the same time, the Group will actively promote green development and digital transformation, fulfill social responsibilities, contribute to the realization of the "dual carbon" goals, and make greater contributions to the high-quality development of China's economy and the comprehensive progress of society.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by 7.0% or RMB131.1 million from RMB1,879.4 million for last year to RMB1,748.3 million for the Year. This mainly due to the fact that for the Year the decrease in revenue of landscape construction segment, building works segment and others segment offset the increase in revenue of municipal works construction segment, and led to overall decrease in the Group's total revenue.

The revenue recognised during the Year for projects completed during the Year and in progress as at 31 December 2024 as compared with that of last year is tabulated as follows:

Business segments	Revenue <i>RMB'000</i>	2024		Revenue <i>RMB'000</i>	2023	
		No. of projects completed during the year	No. of projects in progress as at the year end		No. of projects completed during the year	No. of projects in progress as at the year end
Landscape construction	97,476	15	19	187,077	19	23
Municipal works construction	811,663	96	75	691,265	40	78
Building works	790,719	7	20	942,411	12	25
Others	48,463	16	29	58,690	16	31
Total	1,748,321	134	143	1,879,443	87	157

As compared with that of last year, the revenue for the Year decreased by 7.0% and the number of projects for the Year increased by 18.4%. The overall fluctuation in revenue and number of projects was mainly due to the net effect of (i) landscape construction segment of which the revenue and number of projects for the Year decreased by 47.9% or RMB89.6 million and 19.0% respectively; (ii) municipal works construction segment of which the revenue and number of projects for the Year increased by 17.4% or RMB120.4 million and 44.9% respectively; (iii) building works segment of which the revenue and number of projects for the Year decreased by 16.1% or RMB151.7 million and 27.0% respectively; and (iv) others segment of which the revenue and number of projects for the Year decreased by 17.4% or RMB10.2 million and 4.3% respectively.

Landscape construction

The Group recorded a decrease in revenue from the landscape construction segment, from RMB187.1 million for last year to RMB97.5 million for the Year, representing a decrease of 47.9% or RMB89.6 million. The decrease was mainly due to decrease in number of projects for the Year as compared with that of last year.

Municipal works construction

The Group recorded an increase in revenue from the municipal works construction segment, from RMB691.3 million for last year to RMB811.7 million for the Year, representing an increase of 17.4% or RMB120.4 million. The increase was mainly due to increase in number of projects for the Year as compared with that of last year.

Building works

The Group recorded a decrease in revenue from the building works segment, from RMB942.4 million for last year to RMB790.7 million for the Year, representing a decrease of 16.1% or RMB151.7 million. The decrease was mainly due to decrease in number of projects for the Year as compared with that of last year.

Others

The Group recorded a decrease in revenue from the others segment, from RMB58.7 million for last year to RMB48.5 million for the Year, representing a decrease of 17.4% or RMB10.2 million. The decrease was mainly due to decrease in average contract value and number of projects for the Year as compared with that of last year.

Cost of services rendered

Cost of services rendered decreased by 6.9% or RMB120.2 million from RMB1,731.4 million for last year to RMB1,611.2 million for the Year. Generally, the decrease in cost of services rendered was in line with the decrease in revenue for the Year.

Gross profit and gross profit margin

The Group's gross profit decreased by 7.1% or RMB10.1 million from RMB141.4 million for last year to RMB131.3 million for the Year. Gross profit margin of the Group remained stable at approximately 7.5% as compared with that of last year.

Other income, other gains and losses

Other income, other gains and losses increased by 30.0% or RMB5.6 million from RMB18.8 million for last year to RMB24.4 million for the Year. The increase was mainly due to a gain arisen from termination on concession rights.

Administrative and other operating expenses

The Group's administrative expenses slightly increased by 1.3% or RMB0.8 million from RMB61.8 million for last year to RMB62.6 million for the Year.

Finance costs

The Group's finance costs decreased by 17.9% or RMB5.0 million from RMB27.9 million for last year to RMB22.9 million for the Year, which was mainly due to decrease in interest rates and average borrowing balances.

Income tax expense

The Group's income tax expense decreased by 32.4% or RMB4.4 million from RMB13.6 million for last year to RMB9.2 million for the Year. The decrease was mainly due to decrease in profit before income tax and increase in income not taxable.

LIQUIDITY AND CAPITAL RESOURCES

	2024	2023
Cash and cash equivalents (excluding deposits with initial term of over three months) (RMB'000)	272,665	252,572
Current ratio	1.8	1.8
Gearing ratio	0.5	0.7

As at 31 December 2024, the Group's current ratio (based on the total current assets as at the respective year ends divided by the total current liabilities as at the respective year ends) was 1.8.

As at 31 December 2024, the Group's gearing ratio (based on the total debts as at the respective year ends divided by total equity as at the respective year ends) was 0.5.

SUBSEQUENT SETTLEMENT OF TRADE RECEIVABLES

The following table provides information about the subsequent settlement as at 28 February 2025 on trade receivables as at 31 December 2024:

	Gross carrying amount as at 31 December 2024 <i>RMB'000</i>	Subsequent settlement as at 28 February 2025 <i>RMB'000</i>
0 to 90 days past due	41,844	34,476
91 to 180 days past due	14,753	9,604
181 to 365 days past due	2,818	2,818
Over 1 year but less than 2 years past due	9,620	9,620
Over 2 years but less than 3 years past due	10,823	4,079
Over 3 years past due	45,826	8,532
	<u>125,684</u>	<u>69,129</u>

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

For the Year, the Group incurred capital expenditures totalling RMB0.3 million in relation to property, plant and equipment and intangible assets.

Capital commitments

As at 31 December 2024, the Group had no significant capital commitments.

INDEBTEDNESS

Borrowings

The following table sets forth the Group's total debts as at year end:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank borrowings	<u>548,700</u>	<u>675,702</u>

The average interest rate for bank loans as at 31 December 2024 was 4.08% per annum.

Except as disclosed above, as at 31 December 2024, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

CONTINGENT LIABILITIES

Contingent liabilities in respect of legal claims

A subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims related to construction contracts. After due consideration of each case and with reference to the legal advice, historical records, in the opinion of the directors of the Group, any such existing claims and legal proceedings against the Group have no material financial impact to the Group as at 31 December 2024.

USE OF NET PROCEEDS FROM THE LISTING

In line with the change in use of net proceeds as described in the Company's announcement dated 8 December 2017, the following table sets forth the Group's use of net proceeds up to the date of this announcement:

	Adjusted allocation of use of proceeds (HK\$ million)	Utilised amount up to the date of this announcement (HK\$ million)	Remaining amount as at the date of this announcement (HK\$ million)
Acquisition of construction companies possessing first-grade qualification and certificates in municipal projects, including but not limited to highway projects and water projects	195.8	120.2 ^(Note 1)	75.6
Acquisition of or strategic investment in architectural design firm(s) in the Yangtze River Delta possessing first-grade qualification in architectural design	91.4	7.5 ^(Note 2)	83.9
Acquisition or establishment of a new inspection centre accredited with the qualification(s) to carry out inspection, analysis and testing on the incoming materials to be used for construction, and/or inspection and supervision of construction works	7.9	—	7.9
General working capital	20.2	20.2	—
Total	315.3	147.9	167.4

Notes:

1. The Group acquired several construction licenses including a First-Grade General Contractor for Water Works and Hydropower Projects Qualification, a Second-Grade General Contractor for Highway Construction Projects Qualification along with a Second-Grade General Contractor for Water Works and Hydropower Projects Qualification and a First-Grade General Contractor for Housing Construction Projects Qualification in the PRC at a consideration of RMB76,000,000, RMB13,600,000 and RMB13,500,000 respectively, totaling RMB103.1 million (HK\$120.2 million).
2. The Group acquired an A-Grade Landscape Construction Design Qualification with a consideration of RMB6.7 million (HK\$7.5 million).

The remaining net proceeds of approximately HK\$167.4 million are currently held in bank deposits and it is intended to apply in the manner consistent with the proposed allocation in the Company's announcement dated 8 December 2017. These remaining net proceeds are expected to be utilised by the end of 2026.

FINAL DIVIDENDS

The Board does not recommend the payment of any dividend for the Year.

NO MATERIAL CHANGE

During the Year, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE HIGHLIGHTS

The Company is committed to achieving and maintaining high standards of corporate governance. The Board believes that effective corporate governance and disclosure practices are not only crucial to the enhancement of the Company's accountability and transparency and investors' confidence, but also critical to the Group's long-term success. The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance.

The Company has complied with the code provisions set out in the CG Code for the Year, except that the Director, Mr. Peng Tianbin (chairman of the Board and chairman of the Strategy Committee), did not attend the annual general meeting on 13 June 2024 due to unexpected business engagements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the Year, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code during the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is tentatively scheduled to be held on Thursday, 26 June 2025. Notice of the annual general meeting will be published and issued to shareholders in due course.

BOOK CLOSURE

The transfer books and register of members of the Company will be closed from Thursday, 19 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30p.m. on Wednesday, 18 June 2025.

AUDIT COMMITTEE

In compliance with the Listing Rules, the Company has an audit committee comprising three independent non-executive Directors, namely Mr. Chan Lap Ip, Mr. Shi Weixing and Mr. Yang Zhongkai (the “**Audit Committee**”). The Audit Committee has reviewed the accounting policies adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the consolidated results of the Group for the Year.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group’s audited consolidated financial statements for the Year, but represents an extract from those accounts. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group’s external auditors, Linksfield CPA Limited.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.chanhigh.com.hk. The Company's annual report for the Year will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to the customers and shareholders for their continuing support as well as the employees for their dedication and contribution.

By order of the Board
Chanhigh Holdings Limited
Peng Tianbin
Chairman and Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board consists of Mr. Peng Tianbin, Mr. Peng Yonghui and Mr. Peng Daosheng as executive Directors; Ms. Wang Sufen as non-executive Director; and Mr. Chan Lap Ip, Mr. Shi Weixing and Mr. Yang Zhongkai as independent non-executive Directors.