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**Jiyi Holdings Limited**  
**集一控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1495)**

**INSIDE INFORMATION IN RELATION TO**  
**(1) PROFIT ALERT — REDUCTION IN LOSS; AND**  
**(2) BUSINESS UPDATE ANNOUNCEMENT**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Jiyi Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**(1) PROFIT ALERT — REDUCTION IN LOSS**

After preliminary review by the Company’s management on the unaudited management accounts of the Group and assessment of the information currently available, the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that financial results and position of the Group are expected to improve for the financial year ended 31 December 2025 (“**FY2025**”) as compared to the financial year ended 31 December 2024 (“**FY2024**”). The key financial figures are as follows:

	<b>For the year ended 31 December</b>		
	<b>2025</b>	<b>2024</b>	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>change</i>
<b>Revenue</b>			
Sale and distribution of merchandise			
— Building materials	99,507	23,680	320.2
— Bulk commodity trading	264,724	240,420	10.1
Provision of interior design and building engineering services	63,918	46,917	36.2
<b>Total revenue</b>	<b>428,149</b>	311,017	37.7
Gross profit	25,373	10,197	148.8
Adjusted EBITDA ( <i>note</i> )	15,904	(9,115)	N/A
Bank balances and cash	50,400	5,041	899.8
Net current assets/(liabilities)	88,488	(8,258)	N/A
Net assets	113,935	47,418	140.3

*Note:* Adjusted earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) is adjusted for non-cash and non-recurring charges by adding back provisions and fair value adjustments.

## Revenue

Revenue from the sale of building materials during FY2025 increased by approximately RMB75.8 million or 320.2% to approximately RMB99.5 million (FY2024: RMB23.7 million). The increase was mainly attributable to the increase in the number of steel and cement purchase contracts completed in the fourth quarter of FY2025 amid the gradual recovery of the property industry in the People’s Republic of China (“**PRC**”).

Revenue from the provision of interior design and building engineering services during FY2025 increased by approximately RMB17.0 million or 36.2% to approximately RMB63.9 million (FY2024: RMB46.9 million). The increase was mainly attributable to the Group’s continuous effort in securing new contracts, which resulted in an increase in construction works, including the commencement of the foundation works for a major construction project in the fourth quarter of 2025.

## Gross profit and adjusted EBITDA

Set out below is the gross profit margin of the business segments of the Group for FY2025 compared to the latest industry gross profit margin in FY2024 as extracted from an industry report (the “**CRI Report**”) commissioned by the Company and independently prepared by China Research and Intelligence Company Limited (“**CRI**”).

	Company FY2025	Industry FY2024
Gross profit margin		
Sale and distribution of merchandise		
— Building materials	6.1%	4.9%–12.0%
— Bulk commodity trading	2.7%	1.1%–2.6%
Provision of interior design and building engineering services	19.2%	16.0%–28.8%

The gross profit margin generated by each business segment of the Group for FY2025 falls within or is above the industry range according to the CRI Report.

Gross profit for FY2025 increased by approximately RMB15.2 million or 148.8% to RMB25.4 million (FY2024: RMB10.2 million). The increase was mainly attributable to the increase in revenue generated by the Group, in particular, in the (i) sale of building materials; and (ii) provision of interior design and building engineering services segments for reasons stated above, which generated higher gross profit margins than bulk commodity trading in general.

The Group recorded adjusted EBITDA of approximately RMB15.9 million (FY2024: loss of RMB9.1 million). This was mainly attributable to the increase in gross profit for FY2025 for reasons mentioned above.

To demonstrate compliance with Rule 13.24 of the Listing Rules, the Group submitted a profit forecast (the “**Profit Forecast**”), which was reviewed by a financial adviser, to the Stock Exchange. Subject to finalisation and audit, the Group’s unaudited management accounts for FY2025 preliminarily demonstrated that the forecasted revenue, gross profit generated and gross profit margin for FY2025 were all achieved.

### Financial position

Bank balances and cash had increased to approximately RMB50.4 million as at 31 December 2025 as compared to approximately RMB5.0 million as at 31 December 2024. This increase was mainly attributable to the gross profit generated and the settlement of long outstanding trade receivables during FY2025. The management of the Company (the “**Management**”) agreed repayment plans with its customers for the settlement of certain long outstanding trade receivables. The customers settled RMB58 million of long-outstanding trade receivables out of RMB232.7 million as at 31 December 2024 according to repayment plans during FY2025. Upon completion of the disposal of the subsidiaries (the “**Target Group**”) as disclosed in the Company’s announcement dated 7 January 2026 (the “**Disposal**”), long outstanding trade receivables of approximately RMB95.1 million and bank borrowings of approximately RMB145.8 million will no longer be consolidated in the financial statements of the Group.

Contract assets had decreased by approximately RMB78.0 million or 37.4% to approximately RMB130.7 million as at 31 December 2025 as compared to approximately RMB208.7 million as at 31 December 2024 as the progress of certain construction work had resumed and milestones were reached which allowed the Group to issue billing invoice to the customers. Accordingly, trade receivables had increased by RMB78.0 million during FY2025 due to the reason mentioned.

Set out below is the aging analysis of the trade and other receivables and prepayments:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	<b>2024</b>
	<i>RMB’000</i>	<i>RMB’000</i>
	(unaudited)	(audited)
Within 6 months	116,559	111,888
6–12 months	—	—
1–2 years	—	1,441
Over 2 years	58,877	232,689
<b>Total</b>	<u>175,436</u>	<u>346,018</u>

The Management has implemented various recovery measures for long due trade receivables, including but not limited to:

- (i) for the purchased materials relating to the suspension of certain construction projects, the Company has been assisting the relevant customers which have ordered the purchased materials by (a) negotiating with relevant suppliers to recover the purchased materials; or (b) negotiating with alternative customers to take up such purchased materials, so as to offset the prepayments of the Company as soon as possible;
- (ii) for contracted but suspended or delayed projects, the Company engaged with the relevant government bodies and real estate developers to facilitate the resumption of and progress of the projects, and in parallel, negotiated with the suppliers to continue delivery of goods and services against the Group's existing prepayments; and
- (iii) for prepayments where no service delivery has occurred, the Company has issued demand and collection letters, and conducted in-person meetings with suppliers, with a view to recovering the prepayments for purchased materials on-site.

Owing to the recovery measures of the Group, during FY2025, approximately RMB58.0 million of trade receivables over two years past due were settled by the relevant customers. Further, approximately RMB95.1 million of trade receivables, all of which are more than one year past due, have been deconsolidated after the Disposal as stated above. For details of the Disposal, please refer to the Company's announcement dated 7 January 2026.

Improving market conditions in the PRC are fostering a more positive business environment, bolstering consumer confidence and enhancing the collectability of trade receivables. In parallel, the Group has intensified its efforts in monitoring and collecting receivables. Save for the remaining long overdue trade receivables of RMB58.9 million in FY2025, the Group has no other trade receivables over 120 days past due. The Management will follow the internal control policies for collecting trade receivables and failing this, may seek legal actions after considering the status of the negotiations, the debtors operating condition and the quantum of the receivable. The Management considers the recoverability of the remaining trade receivables to be in line with expectations and anticipates timely collection sufficient to settle trade payable obligations as they fall due.

The Group recorded net current assets of approximately RMB88.5 million as 31 December 2025 (31 December 2024: net current liabilities of approximately RMB8.3 million). The Group recorded net assets of approximately RMB113.9 million as at 31 December 2025 (31 December 2024: RMB47.4 million). The improvement in the financial position of the Group is mainly due to the Disposal of the Target Group with net liabilities of approximately RMB62.5 million. The Group had agreed on a feasible repayment plan with the borrower for the repayment of bank borrowings by instalments starting from 2026. As the bank borrowings were borrowed by the Target Group disposed under the Disposal, bank borrowings decreased by approximately RMB145.8 million after the Disposal and the Group no longer has the obligation to repay the bank borrowings and the accrued interests. Please refer to the announcement of the Company dated 7 January 2025 for further details.

For the avoidance of doubt, the abovementioned FY2025 financial updates are unaudited and prepared based on the preliminary assessment by the Company and information currently available and is subject to finalisation and audit by the Company's auditor; it is not an indication of the results of operations of the Group for the year ended 31 December 2025, which are subject to and affected by other factors, including the applicable accounting adjustments, if any. Shareholders and potential investors are advised to refer to the announcement of the annual results of the Company which is expected to be published before the end of March 2026 for details of the Group's financial information for the year ended 31 December 2025.

### **Updates on the disclaimer of opinion from the auditor**

Reference is made to the announcement of the Company (the “**Disclaimer Update Announcement**”) dated 20 October 2025 in relation to, among other matters, updates on the disclaimer of opinion from the auditor of the Company (the “**Auditor**”).

As set out in the Disclaimer Update Announcement, the Auditor did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 and the basis for disclaimer of opinion was solely derived from the material uncertainties relating to the going concern basis of the Group (the “**Audit Opinion**”). The Company had formulated actions plans and measures to address the going concern issues in the Audit Opinion and improve the Group's liquidity and financial position, details of which are disclosed in the Disclaimer Update Announcement.

Since then, the Group's operations improved in the fourth quarter of FY2025 and the Group has also recovered a substantial amount of trade receivables long past due. Bank balances and cash of the Group as at FY2025 is expected to be approximately RMB50.4 million (FY2024: RMB5.0 million). The Group has also completed the Disposal, for the disposal of the Target Group with net liabilities of approximately RMB62.5 million. Bank borrowings decreased by approximately RMB145.8 million after the Disposal. Based on the unaudited management accounts of the Company for FY2025, the Group is expected to record net current assets of approximately RMB88.5 million (FY2024: net current liabilities of approximately RMB8.3 million) and net assets of approximately RMB113.9 million (FY2024: RMB47.4 million).

The Auditor, having reviewed the information and documents provided by the Group and the planned actions of the Company as disclosed in the Disclaimer Update Announcement, was of the view that the Group will be able to resolve the going concern issues giving rise to the disclaimer of opinion as scheduled, given that the entire remediation plan has been fully implemented. On this basis, the Auditor confirmed to the Board that it can issue an unqualified opinion for the Group's consolidated financial statements for the year ending 31 December 2025 assuming that there will be no material change in the Group's businesses and the entire remediation plan has been fully implemented without substantial changes.

The Auditor has, as at the date of this announcement, confirmed there is no change to their view as disclosed above and in the Disclaimer Update Announcement.

## **Compliance with Rule 13.24**

The Group achieved a significant financial turnaround and strengthened its position in FY2025, fully achieving the Profit Forecast targets for FY2025 and complying with Listing Rule 13.24.

Key improvements in the Group's financial performance included a 37.7% revenue increase to RMB428.1 million, a 148.8% gross profit increase to RMB25.4 million, and a gross margin increase to 5.9% (from 3.3% in FY2024). Adjusted EBITDA reversed from a loss position in FY2024 of RMB9.1 million to a positive position of RMB15.9 million, attributable to the reasons stated in the paragraphs "Revenue" and "Gross profit and adjusted EBITDA" above.

The Group's financial position was also strengthened. RMB58 million out of RMB232.7 million of long-outstanding trade receivables as at 31 December 2024 was settled during FY2025, contract assets decreased by RMB78.0 million as construction project resumed and the Group was able to issue billing invoice for project milestone achieved and the Disposal of underperforming subsidiaries eliminated approximately RMB145.8 million in bank borrowings and RMB62.5 million in net liabilities.

With respect to the Disposal, the Company would like to clarify that the disposed subsidiaries had ceased the sale of building materials business in 1 January 2025 and only recorded minimal rental income from properties owned since then. The disposed subsidiaries operated the sale of building materials mainly through retail shops, most of which were closed down during COVID. The Group has since reduced its reliance on retail shops as its sales channel and focused on direct sales of building materials to property developers and construction companies for construction projects and this sales channel recorded significant growth during FY2025. The Group has entered into numerous contracts requesting direct sales to customers with significant contract value for this segment and maintains confidence in the prospect of the sale of building materials segment. Having considered that the Group intends to engage in the sale of building materials primarily through its other subsidiaries by way of direct sales to property developers and construction companies for construction projects, the Board is of the view that the Group maintains sufficient resources and operations to support its sale of building materials business after the Disposal. Accordingly, the Board considers the Disposal is in the interests of the Company and its shareholders as a whole.

Due to a combination of the above factors, cash balances increased substantially from approximately RMB5.0 million as at 31 December 2024 to approximately RMB50.4 million as at 31 December 2025.

The Group recorded net current assets of RMB88.5 million as at 31 December 2025 (2024: net current liabilities of RMB8.3 million), with net assets of RMB113.9 million as at 31 December 2025 (2024: RMB47.4 million). Overall, these results confirm the Group's enhanced financial stability and operational viability.

On the bases above, the Board is of the view that Company has continued to demonstrate compliance with Rule 13.24 of the Listing Rules.

The Company has also published the 2024 annual report and 2025 interim report on 29 December 2025 and 31 December 2025, respectively.



## (2) BUSINESS UPDATE

The Board hereby provides the shareholders of the Company and potential investors with the following updates on the business and operational developments of the Group:

### Contract backlog

Set out below is a summary of the ongoing and newly awarded contracts of the Group and the remaining contract sum of the contracts as 31 December 2025:

	No. of contracts	Remaining contract sum as at 31 December 2025 <i>RMB'million</i>
Sale and distribution of merchandise		
— Building materials	7	374.0
— Bulk commodity trading	1	70.2
Provision of interior design and building engineering services	8	220.0
<b>Total</b>	<b>16</b>	<b>664.2</b>

The majority of the contracts are expected to be completed in 2026, and the remaining contracts are expected to be completed in 2027. On the assumption that (but the Group in no way guarantees, forecasts or predicts that) to projects underlying the above 16 contracts will complete according to schedule, a material portion of the total contract sum (less value added tax) is expected to be recognised as revenue to the Group during the year ending 31 December 2026.

### *Sale of building materials*

During FY2025, the Company secured sale of building materials contracts with contract sum significantly larger than those recorded in FY2024. For instance, on 8 October 2025, the Group entered into a framework agreement with Shenzhen Jihua Construction Company Limited (深圳吉華建設股份有限公司) (“**Shenzhen Jihua**”) to supply building materials for the “Jihua-Central” project with total contract sum of RMB286.0 million, the construction period of which is expected to span across ten years. According to the Shenzhen Jihua’s annual building materials procurement plan, it is expected that they will require RMB200 million of building materials from the Group annually. The Group delivered the first building materials supply order to Shenzhen Jihua in the amount of RMB10 million in December 2025.

### *Background information on Shenzhen Jihua and the “Jihua-Central” project*

Shenzhen Jihua is a company of substantial strength, with registered capital of RMB600 million. Its ongoing “Jihua-Central” project is a key initiative included in the PRC’s 14th Five-Year Plan. Located in Jihua Subdistrict, Longgang District, Shenzhen, the project has officially entered the construction phase, with a construction period

exceeding ten years. The planned construction area is approximately 8.6 million square metres, including 4.2 million square metres of residential space, 0.9 million square metres of commercial space, and 3.5 million square metres of industrial park space.

Among “Jihua-Central” components, the “Tibetan Clean Energy Transmission to the Guangdong-Hong Kong-Macao Greater Bay Area Project” (the “**Tibetan Power Transmission Project**”) is a major inter-provincial transmission corridor and a priority project under the national 14th Five-Year Plan for power development. It is also a key initiative under the “Framework Agreement on Cooperation for Transmitting Clean Energy from Tibet to Guangdong, Hong Kong, and Macao” jointly signed by the Guangdong Provincial Government, the Tibet Autonomous Region Government, and China Southern Power Grid. The project has been listed as a priority undertaking by both Guangdong Province and the City of Shenzhen.

CRI has corroborated key information in relation to the Jihua Central project in the CRI Report. This includes the customer’s financial strength and the project’s size, construction timeframe, and the project’s strategic importance as both a national and provincial priority. Please refer to Appendix I to this announcement for details.

#### ***Bulk commodity trading***

The Group engages in bulk commodity trading under short-term contractual arrangements. Given this operating model, there is no sustained contract backlog, and only one contract with a remaining contract sum of RMB70.2 million was active as of the date of this announcement. The Management, having considered the trends of the industry, order enquiries from customers and potential contracts, expect the business operations under this sector in FY2026 to be at similar levels as FY2025.

#### ***Interior design and engineering services***

During FY2025, the Group secured contracts with a significant higher contract sum than those recorded in FY2024. For instance, on 4 May 2025, the Group was awarded a foundation engineering and a construction engineering contract both for a real estate project with contract sum of RMB28.0 million and RMB174.0 million, respectively. The foundation engineering works had commenced in December 2025 and the construction engineering contract will commence in the first quarter of FY2026, following completion of the foundation works, and is expected to be completed by July 2027.

The Group has earmarked working capital to carry out and complete both contracts, including but not limited to the bank balances and cash on hand of RMB50.4 million as at 31 December 2025 and the loan facility of HK\$50 million.

#### ***Gross profit margin of the contract backlog***

The gross profit margin of the contracts on hand, are estimated to be at similar levels as compared to FY2025. For the contracts on hand, a greater portion of business is expected to be derived from the sale of building materials and the interior design and engineering services, which, historically has higher gross profit margins than the commodities trading business.



The Board wishes to emphasise that the above information shall not constitute any forecast or prediction of the profits of the Group.

## **Employees**

As at FY2025, the employee headcount of the Group was 30 (FY2024: 21).

In response to a prolonged property market downturn, the Group closed its retail sales channel, which led to a reduction in staff from 130 to 21 between 2020 and FY2024. Despite the reduction in staff, to ensure continuity in its core operations, the Company strategically retained key personnel in procurement, engineering, and marketing to support its core operations while optimising resource allocation. Importantly, this reduction has not hindered operational efficiency but allowed the Company to streamline resources in alignment with its core business objectives.

During the second half of FY2025, the Group hired nine new staff members. The strategic hiring ensures the increased volume of building materials sales and interior design and building engineering projects from FY2026 and beyond can be managed without compromising on timely delivery, quality, or safety standards.

Set out below is the employee structure of the Group:

- (i) Management, strategy and governance oversight (three employees): key functions include executive decisions, strategic direction, day-to-day operations, operational performance, corporate governance and compliance.
- (ii) Finance management and internal control (five employees): key functions include budgeting, accounting, reporting, treasury functions, internal control and risk management.
- (iii) Core operations and development (17 employees):
  - i. Sales and marketing (seven employees): client acquisition, sales account management and market expansion.
  - ii. Engineering and project management (seven employees): Technical planning, quality control, safety and compliance, and the end-to-end delivery of construction projects.
  - iii. Procurement (three employees): ensure reliable supply chain, sourcing of materials, cost and quality control of materials, and support for project management.
- (iv) Logistics and support (five employees): inventory, logistics and post-sales service.

For the interior design and building engineering projects, the Group is mainly responsible for project management, and each project would usually comprise project manager, project coordinator, materials coordinator, quality controller and a safety supervisor. Depending on the project scale and the qualification of the personnel, staff may hold multiple roles within the team.

To address labor-intensive tasks and specialized technical requirements, the Group engages qualified subcontractors for specific aspects of interior design and engineering services. The project team maintains rigorous oversight to ensure subcontractor work aligns with customer designs, specifications, and the Group's standards. This includes:

- Regular on-site progress inspections.
- Close supervision of overall project progress, including safety, budget, and quality.
- Continuous monitoring of subcontractor work quality and performance to ensure timely and satisfactory completion

To ensure the safety and compliance with the relevant laws relating to construction in the PRC, the safety supervisor would examine the work and identify any dangers or flaws at the site.

The project team would carry out final inspection after completion of the interior design and engineering services project.

The Group is confident that the current team is sufficient to manage ongoing and projected building material sales and construction activities. The strategic hiring of nine new staff in the second half of FY2025 was a proactive measure to build capacity for increased demand from FY2026 onward, ensuring the Group can maintain its standards for timely delivery, quality, and safety. The Group will continue to evaluate staffing needs, with provisions for strategic hires as needed to support further growth in business operations.

## **INDUSTRY OVERVIEW**

The Company has engaged CRI to prepare the CRI Report for objective market insights to enable the Group to integrate industry best practices and identify new opportunities for sustained competitive advantage. A summary of which is appended as Appendix I to this announcement.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company, and if they are in any doubt about their position, they should consult their independent professional adviser(s).**

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024 and will remain suspended until further notice.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company, and if they are in any doubt about their position, they should consult their independent professional adviser(s).**

By order of the Board  
**Jiyi Holdings Limited**  
**Yu Runkun**  
*Chairman and Executive Director*

Hong Kong, 15 January 2026

*As at the date of this announcement, Mr. Yu Runkun and Mr. Yang Hui are the executive Directors of the Company, and Ms. Zhang Chuwen, Mr. Wei Zhihang and Mr. Chi Shimin are the independent non-executive Directors of the Company.*

## **Appendix 1**

### **Summary of the CRI Report**

Set out below are excerpts from the CRI Report of industry information, data and trend to provide context for the Company's business, financial performance and position.

#### **1. Construction and real estate market trends and policy environment**

*With the release of more national and regional real estate stimulus policies, the construction and real estate markets are expected to bottom out and rebound.* The National Housing and Urban-Rural Development Work Conference proposed that “stabilizing the real estate market” will be one of the key tasks in 2026, and put forward a series of important measures. These measures will not only help improve the structure of the real estate market, but also play a positive role in enhancing market confidence and promoting stable economic growth.

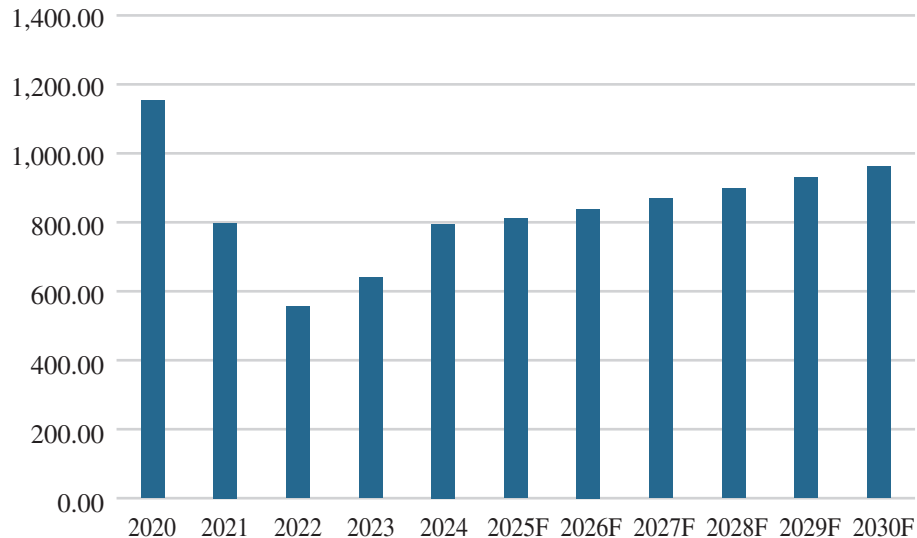
*Strong stimulus policies and the in-depth development of the Greater Bay Area are expected to jointly drive a moderate recovery in Guangzhou's real estate market.* Since September 2024, Guangzhou has completely lifted its real estate purchase restrictions and has continued to promote lower financing costs, releasing market demand. In the future, driven by continued policy stimulus and the advancement of the Greater Bay Area integration, demand in Guangzhou's real estate market is expected to increase. The compound annual growth rate (“CAGR”) will be projected to reach 2.7% from 2026 to 2030.

*Shenzhen's real estate market showed a steady recovery trend, with increased market activity.* In 2025, the total transaction volume of Shenzhen's real estate market reached a new high in nearly three years, and market demand remained active. According to CRI's calculations, the sales value of Shenzhen's real estate market reached RMB793.56 billion in 2024, representing a year-on-year increase of 24.3%. In the future, Shenzhen's real estate market will be expected to continue its moderate recovery, driven by the continued easing of home purchase restrictions and large-scale urban renewal projects. CAGR will be projected to reach 3.5% from 2026 to 2030.

## 2. Overview of building materials and interior design and building engineering services market in Shenzhen city

Market demand for building materials and interior design and building engineering services closely correlates with the performance of the real estate market.

**Real Estate Market Size in Shenzhen City**



Source: CRI and National Bureau of Statistic

The Shenzhen real estate market is experiencing a notable resurgence, with recent data revealing increases in second-hand home transactions following key policy interventions. Although Shenzhen's real estate sales prices fell by approximately 3.4% year-on-year from January to November 2025, the sales area of existing homes increased. Shenzhen's real estate market is expected to recover in 2025, with a growth rate of approximately 2.0%.

Taking into account factors such as Shenzhen's economic growth rate, real estate stimulus policies, and urbanization rate, as well as the signs of a moderate recovery in Shenzhen's real estate market over the past three years, the CAGR of Shenzhen's real estate market size is expected to be 3.5% from 2026 to 2030.

### 3.1 Overview of the building materials market

***The overall gross profit margin of the building materials industry is moderately low.*** CRI estimated that the average gross profit margin of the building materials industry would fluctuate between 4.9% and 12.5% from 2022 to 2024.

***The building materials industry exhibits a moderate level of customer concentration and significant structural differentiation.*** Basic building materials with high standardization and easy substitutability have a relatively broad customer base and a moderate concentration. Products deeply tied to engineering solutions are more likely to create dependence on a few project clients or key clients, resulting in a relatively high customer concentration.

### 3.1.1 “Jihua Central” Project

#### *Background of the transaction partner*

Shenzhen Jihua Construction Company Limited is a company with a registered capital of RMB600 million. Its ongoing “Jihua Central” project has been included as a key project in China’s 14th Five-Year Plan. The project is located in Shangshuijing Village, Xiashuijing Village, Gankeng Village, and Liangweishan Village in Jihua Sub-district, Longgang District, Shenzhen, covering more than 7,000 mu, with an expected construction period of over ten years.

#### *Project Overview*

The Jihua-Central project is a key land consolidation and benefit-coordination project in Shenzhen. Located in Jihua Subdistrict, Longgang District, Shenzhen, the project has officially entered the construction phase, with a construction period exceeding 10 years. The planned construction area is approximately 8.61 million square meters, including 4.2 million square meters of residential space, 900,000 square meters of commercial space, and 3.51 million square meters of industrial park space.

## 3.2 Overview of the commodities trading market

The commodity trading industry is characterized by large transaction volumes, high individual transaction amounts, highly transparent and market-driven prices, and a strong correlation between pricing mechanisms and costs. Its profit model does not rely on high profit margins per transaction, but rather on achieving overall profitability through large-scale, rapid turnover.

The settlement method mostly adopts the payment upon delivery model, which is conducive to accelerating the recovery of funds and reducing the risk of bad debts. At the same time, the procurement model of sales-driven procurement and back-to-back contracts has the characteristics of lighter assets and lower inventory.

***The average gross profit margin and net profit margin in the commodities industry are typically low.*** The main reason is that commodity trade is characterized by high transaction volume and low added value. CRI estimates that the average gross profit margin of commodity trading industry fluctuates between 1.0% and 3.0% from 2022 to 2024.

***The commodity trading industry exhibits a high degree of customer concentration.*** Compared to consumer goods trading, commodity trading relies more heavily on large-scale purchasing customers. Individual customers often have large purchase volumes, resulting in the few customers accounting for a significant proportion of revenue.



### 3.3 Overview of the interior design and building engineering services market

*Interior design and engineering services are generally considered high value-added services, boasting high industry profit margins and competitiveness.* Their core characteristics include high professional barriers to entry, strong comprehensive capabilities, difficulty in standardization, and deep integration with the client's decision-making process. The high value-added services of interior design are primarily reflected in conceptual planning, brand building, and in-depth professional integration. The added value of engineering services is mainly reflected in technical management, system integration, and risk control.

*The design and engineering services industry generally has a high gross profit margin. However, affected by the sluggish construction and real estate market, the industry's average net profit margin has turned negative.* CRI estimated that the average gross profit margin of the design and engineering services industry would fluctuate between 16.0% and 30.2% from 2022 to 2024.

*Design and engineering contracts generally employ milestone-based payment mechanisms, using project progress or deliverables as the basis for payment.* Design service contracts typically have shorter terms, ranging from a few weeks to 6–12 months, depending on the depth of the design, the approval process, and the client's decision-making efficiency. Engineering contracts are usually much longer, typically covering the entire construction period and lasting one to three years or longer.