



Zhonggan Communication (Group) Holdings Limited 中赣通信(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2545

Interim Report **2025**

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Haoqiong (*Chairman*)

Mr. Peng Shengqian

Ms. Xie Xiaolan

Mr. Liu Dingli

Mr. Liu Dingyi

Mr. Zhou Zhiqiang

Independent Non-executive Directors

Mr. Yu Shiyong

Mr. Zhu Yugang

Mr. Zhao Hezhen (Appointed on 27 June 2025)

Mr. Li Yinguo (Retired on 27 June 2025)

AUDIT COMMITTEE

Mr. Yu Shiyong (*Chairman*)

Mr. Zhu Yugang

Mr. Zhao Hezhen (Appointed on 27 June 2025)

Mr. Li Yinguo (Retired on 27 June 2025)

NOMINATION COMMITTEE

Mr. Zhu Yugang (*Chairman*)

Mr. Yu Shiyong

Ms. Xie Xiaolan (Appointed on 30 June 2025)

Mr. Liu Dingli (Resigned on 30 June 2025)

REMUNERATION COMMITTEE

Mr. Zhao Hezhen (*Chairman*)

(Appointed on 27 June 2025)

Mr. Li Yinguo (*Chairman*) (Retired on 27 June 2025)

Mr. Peng Shengqian

Mr. Yu Shiyong

JOINT COMPANY SECRETARIES

Mr. Liu Dingyi

Mr. Zhang Senquan (Appointed on 17 July 2025)

Ms. Wong Wai Yee, Ella (Resigned on 17 July 2025)

AUTHORIZED REPRESENTATIVES FOR THE PURPOSE OF THE LISTING RULES

Mr. Liu Dingyi

Mr. Zhang Senquan (Appointed on 17 July 2025)

Ms. Wong Wai Yee, Ella (Resigned on 17 July 2025)

AUDITOR

KPMG

Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

8th Floor, Prince's Building

10 Chater Road, Central, Hong Kong

LEGAL ADVISER (AS TO HONG KONG LAW)

Li & Partners

22nd Floor

World-Wide House

19 Des Voeux Road Central

Hong Kong

Corporate Information (Continued)

COMPLIANCE ADVISER

Zhongtai International Capital Limited
19th Floor
Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

Room 101, Block 99
2799 Tianxiang Avenue
Nanchang Jiahai Industrial Park
Nanchang High-tech Industrial Development Zone
Nanchang City
Jiangxi Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 02, 8/F
Tung Che Commercial Centre
246 Des Voeux Road West
Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation, Nanchang Xihu Branch
Bank of Communication Co., Ltd, Jiangxi Provincial Branch

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE OF THE COMPANY

www.gantongjt.com

STOCK CODE

2545

Management Discussion and Analysis

COMPANY OVERVIEW

Zhonggan Communication (Group) Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 3 July 2024 (the “**Listing Date**”). The Group is a reputable integrated service provider and software developer headquartered in Jiangxi Province of the People’s Republic of China (the “**PRC**”) and focuses on the provision of Telecommunications Infrastructure Services and Digitalisation Solution Services in the PRC.

TELECOMMUNICATIONS INFRASTRUCTURE SERVICES

The customers of the Group’s Telecommunications Infrastructure Services mainly include telecommunications network operators, telecommunications tower infrastructure service providers, local governments, quasi-government institutions and state-owned enterprises. The Group’s main business models for Telecommunications Infrastructure Services are:

1. Infrastructure Construction Services mainly involve the construction, adaptation and installation works of network infrastructure along the entire telecommunications network, such as base stations and auxiliary facilities engineering services, power grid connection services, cable installation services, access network related services and wireless network equipment installation services.
2. Infrastructure Maintenance Services mainly involve carrying out routine basic maintenance, repairs and restoration works and emergency trouble-shooting to the telecommunications infrastructure located across rural and urban areas in the PRC.

DIGITALISATION SOLUTION SERVICES

The Digitalisation Solution Services consist of Integrated Solution Services, System Maintenance Services and Software Solution Services, and aim to improve the operational efficiency and productivity of its customers through incorporating digital technologies such as IoT, cloud computing, big data, discriminative AI and blockchain to enable the integration of various hardware and software systems under a unified platform. The Group’s main business models for Digitalisation Solution Services are:

1. Integrated Solution Services generally provide turnkey solutions through (i) system design planning; (ii) supply of hardware and software and installation and integration services; and (iii) provision of after-sale services such as technical support services, which primarily involve the provision of a comprehensive digitalisation solution that includes all the necessary hardware and software components in a single package.

Management Discussion and Analysis (Continued)

2. System Maintenance Services mainly include commissioned technical support and maintenance services for the hardware and software systems delivered under its Integrated Solution Services projects. System Maintenance Services generally include (i) day-to-day system and network maintenance and data back-up support services; (ii) 24/7 technical support and consulting services; (iii) system migration solution services; and (iv) emergency trouble shooting services.
3. Software Solution Services focus on (i) sale of self-developed software; and (ii) delivering customised software development services.

BUSINESS REVIEW AND OUTLOOK

Looking back on the first half of 2025, against the backdrop of fierce market competition as a whole, the Group secured contracts worth RMB360 million, representing an increase of 133% as compared to the first half of 2024, demonstrating a positive trend in winning bids.

Looking forward, the board (the “**Board**”) of the directors (the “**Directors**”) of the Company plans to accelerate the Group’s nationwide deployment of Telecommunications Infrastructure Services and continue to expand the scale of the Group’s Telecommunications Infrastructure Services outside Jiangxi Province. Meanwhile, the Company is proactively exploring new businesses and new models in the field of telecommunications infrastructure.

In the area of Digitalisation Solution, the Company will carry on to seek more information, artificial intelligence, and AI related-business opportunities both domestically and internationally, thereby strengthening the diversified development momentum of the Company.

The Company will also ensure its stable operation through measures such as refined management, cost control and cash flow management. Meanwhile, the Company will actively adjust the capital structure and optimise asset allocation, reserving sufficient resources for future development.

In the announcement of the Company dated 12 May 2025 relating to the change in use of proceeds, the Company announced the reallocation of the use of net proceeds as disclosed in the prospectus (the “**Prospectus**”) of the Company dated 21 June 2024 in relation to global offering of shares (the “**Global Offering**”) and the extension of the period for the use of net proceeds. For further details and reasons regarding such changes, please refer to the announcement of the Company dated 12 May 2025. For details of the use of the net proceeds allocated after revision and the expected timetable, please refer to “Use of Proceeds from the Global Offering” in this report.

Management Discussion and Analysis (Continued)

FINANCIAL OVERVIEW

Revenue

The Group derives revenue from Telecommunications Infrastructure Services and Digitalisation Solution Services.

The following table sets out a breakdown of revenue by business scope for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Revenue from Telecommunications				
Infrastructure Services	151,268	94.7	215,799	90.9
– Infrastructure Construction Services	137,308	86.0	195,125	82.2
– Infrastructure Maintenance Services	13,960	8.7	20,674	8.7
Revenue from Digitalisation				
Solution Services	8,421	5.3	21,484	9.1
– Integrated Solution Services	7,402	4.6	272	0.1
– System Maintenance Services	283	0.2	251	0.1
– Software Solution Services	736	0.5	20,961	8.9
Revenue	159,689	100.0	237,283	100.0

The Group's revenue decreased by RMB77.6 million from RMB237.3 million for the six months ended 30 June 2024 to RMB159.7 million for the six months ended 30 June 2025, mainly due to a drop of 29.9% in revenue from Telecommunications Infrastructure Services and a decrease of 60.8% in revenue from Digital Solution Services.

The Group's revenue from Telecommunications Infrastructure Services decreased by RMB64.5 million or 29.9% from RMB215.8 million for the six months ended 30 June 2024 to RMB151.3 million for the six months ended 30 June 2025. The main reason was that certain sizeable telecommunications infrastructure services projects were substantially completed in the first half of 2025 and limited number of orders were placed by customers in the newly awarded telecommunications infrastructure services projects, which led to an overall reduction in construction works.

The Group's revenue from Digitalisation Solution Services decreased by RMB13.1 million from RMB21.5 million for the six months ended 30 June 2024 to RMB8.4 million for the six months ended 30 June 2025, mainly due to the decrease in the number of contracts undertaken for the Software Solution Services projects.

Management Discussion and Analysis (Continued)

Cost of sales

The Group's cost of sales decreased by RMB52.5 million from RMB186.0 million for the six months ended 30 June 2024 to RMB133.5 million for the six months ended 30 June 2025, which was in line with the decrease in revenue.

Gross profit and gross profit margin

The following table sets out a breakdown of the gross profit and gross profit margin during the periods indicated by business scope:

	For the six months ended 30 June			
	2025		2024	
	Gross profit RMB'000 (Unaudited)	Gross profit margin %	Gross profit RMB'000 (Unaudited)	Gross profit margin %
From Telecommunications				
Infrastructure Services	24,761	16.4%	30,254	14.0%
– Infrastructure Construction Services	21,246	15.5%	25,431	13.0%
– Infrastructure Maintenance Services	3,515	25.2%	4,823	23.3%
From Digitalisation Solution Services	1,443	17.1%	21,078	98.1%
– Integrated Solution Services	1,184	16.0%	7	2.6%
– System Maintenance Services	137	48.4%	140	55.8%
– Software Solution Services	122	16.6%	20,931	99.9%
Total gross profit and overall gross profit margin	26,204	16.4%	51,332	21.6%

The Group's gross profit decreased by RMB25.1 million from RMB51.3 million for the six months ended 30 June 2024 to RMB26.2 million for the six months ended 30 June 2025, mainly due to (i) a decrease in revenue from telecommunications infrastructure services projects as explained above; and (ii) a decrease in revenue from Software Solution Services that typically contribute higher gross profit.

The Group's gross profit margin decreased from 21.6% for the six months ended 30 June 2024 to 16.4% for the six months ended 30 June 2025, mainly due to a drop in revenue from Software Solution Services that typically contribute higher gross profit margin.

Other net income

The Group's other net income increased by RMB4.8 million from RMB2.4 million for the six months ended 30 June 2024 to RMB7.2 million for the six months ended 30 June 2025, mainly due to newly obtained government incentives for enterprise listing.

Management Discussion and Analysis (Continued)

Selling expenses

The Group's selling expenses increased by RMB0.4 million from RMB1.3 million for the six months ended 30 June 2024 to RMB1.7 million for the six months ended 30 June 2025, primarily due to an increase in tender-related fees, staff costs and travel expenses.

Administrative expenses

The Group's administrative expenses decreased by RMB5.0 million from RMB20.5 million for the six months ended 30 June 2024 to RMB15.5 million for the six months ended 30 June 2025, mainly due to (i) a decrease of RMB4.5 million in professional service and consulting fees; and (ii) a decrease of RMB1.5 million in the provision for credit impairment losses.

Research and development expenses

The Group's research and development expenses decreased by RMB3.1 million from RMB5.9 million for the six months ended 30 June 2024 to RMB2.8 million for the six months ended 30 June 2025, mainly due to a decrease in labour costs of research and development personnel.

Finance costs

The Group's finance costs increased by RMB1.3 million from RMB7.7 million for the six months ended 30 June 2024 to RMB9.0 million for the six months ended 30 June 2025, due to an increase in bank interest expense as a result of higher average balances on bank borrowings in the first half of 2025.

Income tax expense

The Group recorded income tax credit of RMB0.4 million for the six months ended 30 June 2024 and income tax expense of RMB0.2 million for the six months ended 30 June 2025.

Net profit for the period

As a result of the foregoing, the Group's net profit decreased by RMB14.4 million from RMB18.6 million for the six months ended 30 June 2024 to RMB4.2 million for the six months ended 30 June 2025.

Management Discussion and Analysis (Continued)

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow from Operating Activities

For the six months ended 30 June 2025, the Group recorded a net cash used in operating activities of RMB227.1 million, primarily attributable to its profit before tax of RMB4.3 million as adjusted for the following items: (i) non-cash and non-operating items, mainly including interest expenses of approximately RMB9.0 million, depreciation charges of approximately RMB1.8 million and impairment losses recognised of approximately RMB6.6 million; and (ii) net cash outflows from changes in working capital primarily resulted from an increase of approximately RMB50.0 million in contract assets, an increase of approximately RMB35.0 million in trade and other receivables and a decrease of approximately RMB149.6 million in trade and other payables.

Cash and Bank Balances and Borrowings

The Group's cash and cash equivalents are denominated in RMB, US\$ and HK\$, which amounted to approximately RMB47.4 million as at 30 June 2025, representing a decrease of approximately RMB87.6 million from RMB135.0 million as at 31 December 2024. Such decrease was mainly due to the net cash used in operating activities of approximately RMB227.1 million. As at 30 June 2025, the Group's bank borrowings increased by RMB171.5 million from RMB373.5 million as at 31 December 2024 to RMB545.0 million as at 30 June 2025. As at 30 June 2025, the Group's bank borrowings comprised of: (i) RMB125 million (31 December 2024: RMB113 million) bearing interest at rates ranging from 4.25% to 5.44% per annum (31 December 2024: 4.25% per annum) and repayable within one year; (ii) RMB185 million (31 December 2024: RMB170 million) bearing interest at rates ranging from 3.20% to 3.75% per annum (31 December 2024: ranging from 3.5% to 4.2%) and repayable within one year; (iii) RMB179.4 million (31 December 2024: RMB50 million) bearing interest at rates ranging from 4.25% to 4.37% per annum (31 December 2024: 5.24% per annum) and repayable within one year; (iv) RMB30 million (31 December 2024: RMB30 million) bearing interest at 3.5% per annum (31 December 2024: 4.25% per annum) and repayable within one year; (v) RMB10 million (31 December 2024: RMB10 million) bearing interest at 3.9% per annum (31 December 2024: 3.9% per annum) and repayable within one year; and (vi) RMB15 million bearing interest at rates ranging from 2.9% to 3.0% per annum and repayable within one year.

Gearing ratio

As at 30 June 2025, the gearing ratio (total borrowings divided by total equity) of the Group was 1.3 times (31 December 2024: 0.9 times). The increase in gearing ratio was mainly due to an increase in average balances on bank borrowings in the first half of 2025.

Management Discussion and Analysis (Continued)

Capital structure

The share capital of the Company consists of ordinary Shares only. As at the date of this report, the issued share capital of the Company is HK\$64,000,000 comprising 640,000,000 Shares of HK\$0.1 each.

Treasury policies

The Group pursues a prudent treasury management policy and actively manages its liquidity position to cope with daily operation and any demands for capital for future development. Also, the Group actively reviews and manages its capital structure on a regular basis to maintain the advantages and security of a strong capital position and adjust the capital structure in response to changes in economic conditions.

Foreign exchange risk

The Group operates its business primarily in the PRC. RMB is the currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to shareholders outside the PRC. The majority of the Group's cash and cash equivalents are denominated in RMB. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

Capital commitments

The Group had no capital commitments as at 31 December 2024 and 30 June 2025.

Contingent liabilities and pledge of assets

As at 31 December 2024 and 30 June 2025, the Group had no contingent liabilities.

As at 30 June 2025, the carrying value of the Group's property, plant and equipment, investment properties, trade receivables and contract assets, and bank deposits pledged for bank borrowings and bank facilities was approximately RMB1,165.2 million (as at 31 December 2024: RMB991.7 million). Please see note 17(b) to the Unaudited Interim Financial Statements.

Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2025, the Group did not make any significant investments and there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

Future plans for material investments

As at the date of this report, save as disclosed below, the Group did not have any other future plans for material investments or acquisition of capital assets.

Management Discussion and Analysis (Continued)

Use of proceeds from the Global Offering

The Group was listed on the Main Board of the Stock Exchange on 3 July 2024. After deducting underwriting fees and related expenses, the total net proceeds from the Global Offering (the “**Net Proceeds**”) amounted to approximately HK\$141.9 million, the originally intended use and allocation of which had been disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus. On 12 May 2025, the Company announced the reallocation of the use of Net Proceeds and the extension of time of the use of Net Proceeds. As at the date of this report, the utilised Net Proceeds amounted to approximately HK\$96.5 million, while the unutilised Net Proceeds amounted to approximately HK\$45.4 million. The unutilised Net Proceeds were placed with authorised financial institutions or licensed banks in Hong Kong and the PRC as interest-bearing deposits.

The details of the utilization of Net Proceeds and the revised allocation of Net Proceeds as disclosed in the Prospectus are set out below:

Usage	Net Proceeds as disclosed in the Prospectus <i>HK\$ million (approximately)</i>	Allocation proportion as disclosed in the Prospectus <i>%</i>	Unutilised Net Proceeds as at 1 January 2025 <i>HK\$ million (approximately)</i>	Utilised Net Proceeds		Unutilised Net Proceeds as at 30 June 2025 <i>HK\$ million (approximately)</i>	Expected timeline for full utilization of the balance
				Revised allocation of the Net Proceeds <i>HK\$ million (approximately)</i>	for the six months ended 30 June 2025 <i>HK\$ million (approximately)</i>		
Selectively pursue strategic acquisitions	89.4	63.0	89.4	–	–	–	N/A
Payment of upfront costs in respect of prospective Integrated Solution Services projects	22.0	15.5	22.0	32.0	12.0	20.0	By the end of 31 December 2026
Strengthen research and development capabilities	24.6	17.3	20.4	45.4	20.0	25.4	By the end of 31 December 2026
Repayment of bank borrowings	–	–	–	39.4	39.4	–	N/A
General working capital	5.9	4.2	–	15.0	15.0	–	N/A
Total	141.9	100.0	131.8	131.8	86.4	45.4	

Management Discussion and Analysis (Continued)

Employee and remuneration policy

As at 30 June 2025, the Group had 187 (30 June 2024: 229) employees. Total staff costs (including Directors' remuneration) for the six months ended 30 June 2025 amounted to RMB10.5 million (six months ended 30 June 2024: RMB13.0 million). The Group recruits personnel from open market, mainly based on the a range of factors, including but not limited to their working experience, technical knowledge and educational background. To facilitate the recruitment of employees, the Group strives to offer competitive salaries and benefits to its employees and has policies in place to ensure that the salaries and bonuses of its employees are reviewed periodically and are competitive and in line with their performances. In respect of employee training, the Group provides its new and existing employees with relevant job training from time to time which covers health and safety and operational procedures. Where there are new industry regulations or the Group adopts or amends its policies and operating guidelines which its employees are required to adhere to, it may also provide supplemental training to its employees.

RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution under the scheme. The Group had no forfeited contributions which may be used to reduce the existing level of contributions.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company declares that good corporate governance is essential for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. Save as disclosed in this report, for the six months ended 30 June 2025, the Company has adopted and complied with all applicable code provisions (the “**Code Provisions**”) under the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code to govern its corporate governance practices.

The Board will continue to review and monitor the Company’s practices to maintain a high standard of corporate governance, and our compliance with the Corporate Governance Code will be disclosed in future announcements and financial reports.

Deviation from Paragraph C.2.1 of the Code Provisions

Mr. Liu Haoqiong is currently both the Chief Executive Officer and the Chairman of the Company. Paragraph C.2.1 of the Code Provisions stipulates that the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual.

The Board believes that vesting the roles of both Chief Executive Officer and Chairman in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within the Group. The Group considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises nine other experienced and high-calibre individuals who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Board will make consultations with appropriate Board committees and senior management. Despite the deviation from paragraph C.2.1 of the Code Provisions for Mr. Liu Haoqiong, the Chairman of the Board, to concurrently serve as the Chief Executive Officer, the Board believes that Mr. Liu Haoqiong, being the chairman of the Board, is familiar with the Company’s business operation and has excellent knowledge and experience of the Company’s business which will be conducive to improving the efficiency of the Company’s overall strategic planning. The Board believes that such management structure layout will be more beneficial to the future development of the Company and will improve the Company’s operating conditions. Under the supervision of the Board, it is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the shareholders as a whole.

Corporate Governance and Other Information (Continued)

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s relevant employees who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

Upon specific enquiry, all Directors confirmed that they have complied with the required standards of dealing as set out in the Model Code for the six months ended 30 June 2025.

CHANGE OF DIRECTORS’ INFORMATION PURSUANT TO THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors since the date of the annual report for the year ended 31 December 2024 up to the date of this report is set out below:

- Ms. Xie Xiaolan has been appointed as a member of the Nomination Committee of the Company with effect from 30 June 2025;
- Mr. Liu Dingli has resigned as a member of the Nomination Committee of the Company with effect from 30 June 2025;
- Mr. Li Yinguo has retired as an independent non-executive director with effect from 27 June 2025; and
- Mr. Zhao Hezhen has been appointed as an independent non-executive director with effect from 27 June 2025.

Save as disclosed above, there is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Corporate Governance and Other Information (Continued)

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of Directors or chief executives of the Company in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required to be (I) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (II) entered in the register kept by the Company pursuant to section 352 of the SFO, or (III) notified to the Company and the Stock Exchange under the Model Code, were as follows:

Name of Director	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest (%)
Mr. Liu Haoqiong	Interest in controlled corporation ⁽²⁾	359,444,530 (L)	56.16
Mr. Liu Dingyi	Interest in controlled corporation ⁽³⁾	39,439,467 (L)	6.16
Mr. Liu Dingli	Interest in controlled corporation ⁽⁴⁾	34,099,071 (L)	5.33

Notes:

- The letter “L” denotes the person’s long position in the shares of the Company.
- GT & Yangtze Limited is owned as to 70.0% by Mr. Liu Haoqiong and 30.0% by Ms. Tao Xiulan, the spouse of Mr. Liu Haoqiong. By virtue of the SFO, Mr. Liu Haoqiong and Ms. Tao Xiulan are deemed to be interested in the Shares held by GT & Yangtze Limited.
- Octuple Hills Limited is wholly-owned by Mr. Liu Dingyi. By virtue of the SFO, Mr. Liu Dingyi is deemed to be interested in the Shares held by Octuple Hills Limited.
- Huat Huat Limited is wholly-owned by Mr. Liu Dingli. By virtue of the SFO, Mr. Liu Dingli is deemed to be interested in the Shares held by Huat Huat Limited.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2025, none of the Directors or chief executives of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (I) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (II) entered in the register kept by the Company pursuant to section 352 of the SFO, or (III) notified to the Company and the Stock Exchange under the Model Code.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executive of the Company, as at 30 June 2025, the following corporations/ persons (other than the Directors or chief executives of the Company) had, or were deemed to have, interests and short positions in the shares or underlying shares of the Company, its group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded the register of interests required to be kept by the Company under section 336 of the SFO:

Name of corporation/person	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of interest (%)
GT & Yangtze Limited	Beneficial owner	359,444,530 (L)	56.16
Ms. Tao Xiulan	Interest in controlled corporation; interests held jointly with others; and interests of spouses ⁽²⁾	359,444,530 (L)	56.16

Notes:

1. The letter "L" denotes the corporation/person's long position in the shares of the Company.
2. GT & Yangtze Limited is owned as to 70.0% by Mr. Liu Haoqiong and 30.0% by Ms. Tao Xiulan, the spouse of Mr. Liu Haoqiong. By virtue of the SFO, Mr. Liu Haoqiong and Ms. Tao Xiulan are deemed to be interested in the Shares held by GT & Yangtze Limited.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2025, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme was conditionally adopted by the shareholders of the Company by the written resolutions on 17 June 2024 (the "**Share Option Scheme**") and became effective immediately after the Listing. The Share Option Scheme is subject to the requirements of Chapter 17 of the Listing Rules. The Share Option Scheme shall be effective and valid for a period of 10 years from the Listing Date.

The maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 64,000,000 Shares (the "**Scheme Mandate Limit**"). For options lapsed in accordance with the terms of the Share Option Scheme and any other scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Corporate Governance and Other Information (Continued)

Subject to the above, within the Scheme Mandate Limit, the total number of Shares that may be issued upon exercise of all options to be granted to service providers shall not exceed 6,400,000 Shares, representing 1% of the total number of Shares in issue on the Listing Date (the **“Service Provider Sublimit”**).

No share options were granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2025. Accordingly, as at 1 January 2025 and 30 June 2025, the total number of shares available for grant under the Scheme Mandate Limit and the Service Provider Sublimit are 64,000,000 shares and 6,400,000 shares, respectively, representing 10% and 1% of the total number of issued shares of the Company.

For further details of the Share Option Scheme, please refer to the section headed “D. Share Option Scheme” in Appendix V to the Prospectus.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no other significant events that may affect the Group after 30 June 2025 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer’s listed securities to be maintained. This will normally mean that at least 25% of the issuer’s total issued share capital must at all times be held by the public.

Based on the information publicly available to the Company and the knowledge of the Directors, for the six months ended 30 June 2025, the Company has maintained a sufficient public float as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

Corporate Governance and Other Information (Continued)

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and the paragraphs D.3.3 and D.3.7 of the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange.

As at the date of this report, the Audit Committee consists of three members and all of them are independent non-executive Directors, namely Mr. Yu Shiyong, Mr. Zhu Yugang and Mr. Zhao Hezhen. Mr. Yu Shiyong is the Audit Committee’s Chairman, who has appropriate professional qualifications, accounting and related financial management expertise as required in Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company’s existing external auditor.

The Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2025 and this report have been reviewed by the Audit Committee. The Audit Committee is of the view that such unaudited results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	159,689	237,283
Cost of sales		(133,485)	(185,951)
Gross profit		26,204	51,332
Other net income	5	7,176	2,381
Selling expenses		(1,671)	(1,324)
Administrative expenses		(15,521)	(20,540)
Research and development expenses		(2,797)	(5,932)
Profit from operations		13,391	25,917
Finance costs	6(a)	(9,046)	(7,683)
Profit before taxation	6	4,345	18,234
Income tax	7	(150)	356
Profit and total comprehensive income for the period		4,195	18,590
Profit for the period/Total comprehensive income for the period		4,195	18,590
Earnings per share			
Basic and diluted (RMB)	8	0.01	0.04

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	23,641	24,301
Intangible assets		131	139
Investment property	10	31,054	31,474
Investments in associates		7,574	7,424
Trade receivables	12	4,945	4,822
Deferred tax assets		26,882	24,332
		94,227	92,492
Current assets			
Inventories		442	442
Contract assets	11(a)	1,010,558	961,682
Trade and other receivables	12	238,076	208,780
Pledged bank deposits	13	25,599	3,201
Cash and cash equivalents	14	47,350	134,963
		1,322,025	1,309,068
Total assets		1,416,252	1,401,560
Current liabilities			
Trade and other payables	15	420,871	570,357
Contract liabilities	11(b)	7,339	6,905
Lease liabilities	16	67	129
Bank borrowings	17	544,958	373,476
Current taxation		13,167	25,011
		986,402	975,878
Net current assets		335,623	333,190
Total assets less current liabilities		429,850	425,682

Interim Condensed Consolidated Statement of Financial Position (Continued)

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Deferred income		1,751	1,778
Total liabilities		988,153	977,656
NET ASSETS		428,099	423,904
CAPITAL AND RESERVES			
Share capital		58,465	58,465
Share premium		111,985	111,985
Reserves	18(a)	257,649	253,454
Total equity attributable to equity shareholders of the Company		428,099	423,904
TOTAL EQUITY		428,099	423,904

Interim Condensed Consolidated Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance as at 1 January 2024	83	12,112	–	16,103	99,924	128,222
Changes in equity for the six months ended 30 June 2024						
Profit and total comprehensive income for the period	–	–	–	–	18,590	18,590
Arising from reorganisation	–	–	127,718	–	–	127,718
Balance as at 30 June 2024 (unaudited)	83	12,112	127,718	16,103	118,514	274,530
Balance as at 1 January 2025	58,465	111,985	127,718	18,564	107,172	423,904
Changes in equity for the six months ended 30 June 2025						
Profit and total comprehensive income for the period	–	–	–	–	4,195	4,195
Balance as at 30 June 2025 (unaudited)	58,465	111,985	127,718	18,564	111,367	428,099

Interim Condensed Consolidated Statement of Cash Flows

		For the six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Operating activities			
Cash used in operations		(212,538)	(39,698)
Income tax paid		(14,544)	(4,078)
Net cash used in operating activities		(227,082)	(43,776)
Investing activities			
Payment for the purchase of property, plant and equipment		(907)	(764)
Payment for purchase of equity interest in subsidiaries		–	(139,840)
Proceeds from disposal of property, plant and equipment		181	70
Interest received		221	10
Net cash used in investing activities		(505)	(140,524)
Financing activities			
Capital element of lease rentals paid		(62)	(73)
Interest element of lease rentals paid		(1)	(6)
Proceeds from bank borrowings		476,400	201,000
Repayment of bank borrowings		(305,000)	(209,000)
(Increase)/decrease in pledged bank deposit	13	(22,398)	9
Interest paid		(8,963)	(7,733)
Capital injection from shareholders		–	127,718
Payment of listing expenses		–	(2,378)
Net cash generated from financing activities		139,976	109,537
Net decrease in cash and cash equivalents		(87,611)	(74,763)
Cash and cash equivalents as at 1 January		134,963	81,540
Effect of foreign exchange		(2)	(159)
Cash and cash equivalents as at 30 June	14	47,350	6,618

Notes to the Unaudited Interim Financial Statements

1. GENERAL INFORMATION

Zhonggan Communication (Group) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 20 April 2022 as an exempted company with limited liability under the Cayman Islands Companies Act.

The Company is an investment holding company and has not carried on any business since its incorporation save for the group reorganisation. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of (I) telecommunications infrastructure services which comprises infrastructure construction services and maintenance services and (II) digitalisation solution services for the Group’s customers in the People’s Republic of China (the “**PRC**”).

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim financial reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 that is included in this interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in its report dated 25 April 2025.

Notes to the Unaudited Interim Financial Statements (Continued)

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

The principal activities of the Group are the provision of telecommunications infrastructure construction services, digitalisation solution services and maintenance services for customers in the PRC.

Disaggregation of revenue

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS15		
Disaggregated by major products or service lines:		
Revenue from telecommunications infrastructure services		
– infrastructure construction services	137,308	195,125
– infrastructure maintenance services	13,960	20,674
Revenue from digitalisation solution services		
– integrated solution services	7,402	272
– system maintenance services	283	251
– software solution services	736	20,961
Total	159,689	237,283
Disaggregated by timing of revenue recognition		
– Over time	157,541	202,018
– Point in time	2,148	35,265
Total	159,689	237,283

Notes to the Unaudited Interim Financial Statements (Continued)

5. OTHER NET INCOME

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income (Note (i))	228	380
Bank deposit interest income	221	10
Government grants (Note (ii))	6,349	1,489
Rentals income from investment properties less direct outgoings	501	320
Gain on disposal of property, plant and equipment and other financial assets	–	15
Net foreign exchange (loss)/gain	(91)	159
Others	(32)	8
Total	7,176	2,381

Note (i) The interest income is attributable to the significant financing benefit to the Group for contracts containing a financing component.

Note (ii) The government grants mainly represent awards from Jiangxi government authorities attributable to (i) the recognition of the Group's efforts in reducing corporate costs and optimising development environment; (ii) the recognition of the Group's contribution to the development of high-tech industries in Nanchang; (iii) the incentives for listed company registration and (iv) software VAT refund upon collection.

Notes to the Unaudited Interim Financial Statements (Continued)

6. PROFIT BEFORE TAXATION

Profit before taxation of the Group is arrived at after charging:

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(a) Finance costs			
Interest on bank borrowings	9,045	7,678	
Interest on lease liabilities	1	5	
	9,046	7,683	
(b) Staff costs			
Salaries, discretionary bonus and allowance	9,623	12,066	
Contributions to defined contribution retirement plan	896	929	
	10,519	12,995	
(c) Other items			
Depreciation			
– property, plant and equipment	1,386	902	
– investment property	420	264	
Amortisation	8	–	
Impairment losses			
– trade receivables	5,499	6,608	
– contract assets	1,087	1,337	
– other receivables	33	204	
Short-term and low-value lease charges	162	335	
Research and development costs (excluding staff cost)	–	143	
Labour cost (note (i))	123,787	173,985	
Cost of inventories (note (ii))	5,795	264	
Listing expense	–	6,447	

Notes:

- (i) The Group engages labour suppliers to supplement the labor force in performing labour intensive projects.
- (ii) Cost of inventories mainly include the cost of hardware used for the provision in digitalisation solution services.

Notes to the Unaudited Interim Financial Statements (Continued)

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax		
Provision for the year	2,700	20,041
Deferred tax		
Origination and reversal of temporary differences	(2,550)	(20,397)
	150	(356)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the Reporting Period.
- (iii) The subsidiaries of the Group established in the PRC is subject to PRC Corporate Income Tax at the statutory rate of 25%.
- (iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTE") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Zhonggan Communication was qualified as an HNTE since 2015, Jiangxi Gelapu Technology Company Limited was qualified as an HNTE since 2020, and these qualifications had remained valid throughout the Reporting Period.
- (v) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses during the Reporting Period.

Notes to the Unaudited Interim Financial Statements (Continued)

8. EARNINGS PER SHARE

(a) Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately RMB4,195,000 (six months ended 30 June 2024: approximately RMB18,590,000) and the weighted average of 640,000,000 shares (2024: 480,000,000 shares).

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2025 and 2024.

9. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net book value as at 1 January	24,301	34,003
Additions	907	766
Disposals (net book value)	(181)	(55)
Depreciation charge for the period	(1,386)	(902)
Net book value as at 30 June	23,641	33,812

Notes:

- (i) All property, plant and equipment owned by the Group are located in the PRC.
- (ii) As at 30 June 2025, property, plant and equipment with a carrying amount of RMB18,031,000 is pledged to secure the Group's bank borrowings (note 17).

Notes to the Unaudited Interim Financial Statements (Continued)

10. INVESTMENT PROPERTY

The Group leases out investment property under operating leases. The leases run for an initial period of 20 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every 2-3 years to reflect market rentals. Certain leases include variable lease payment terms that are based on the revenue of tenants.

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net book value as at 1 January	31,474	18,841
Amortisation charge for the period	(420)	(264)
Net book value as at 30 June	31,054	18,577

Notes to the Unaudited Interim Financial Statements (Continued)

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contract assets		
Arising from performance under the provision of telecommunications infrastructure services		
– third parties	1,015,493	965,774
Less: loss allowance	(5,612)	(4,503)
	1,009,881	961,271
Arising from performance under the provision of digitalisation solution services		
– third parties	695	451
Less: loss allowance	(18)	(40)
	677	411
	1,010,558	961,682

The Group's contract assets consist of project money and retention money.

(b) Contract liabilities

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contract liabilities		
Billings in advance of performance	7,339	6,905

As at 30 June 2025, billings in advance of performance are expected to be recognised within one year.

Notes to the Unaudited Interim Financial Statements (Continued)

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables		
– current	213,106	228,859
– non-current	11,107	11,106
Less: loss allowance	(45,957)	(40,458)
Trade receivables, net of loss allowance		
– current	173,311	194,685
– non-current	4,945	4,822
Other receivables	8,738	8,910
Less: loss allowance	(4,529)	(4,496)
Other receivables, net of loss allowance	4,209	4,414
Trade receivables and other receivables, net of loss allowance	182,465	203,921
Amounts due from related parties	1,112	112
Prepayment for labour and hardware	50,539	2,743
Deferred VAT refund	8,905	6,826
	243,021	213,602

Notes:

- (i) Apart from the non-current trade receivables as stated above, all of the other trade and other receivables are expected to be recovered or recognised as expense within one year.
- (ii) Other receivables represented tender bonds and performance bonds which will be released to the Group upon the award and the completion of the relevant projects, as the case may be.
- (iii) As at 30 June 2025, prepayment for labour and hardware mainly represents the advance payment for projects to procure labour and hardware.

Notes to the Unaudited Interim Financial Statements (Continued)

12. TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis

As at 31 December 2024 and 30 June 2025, the ageing analysis of trade receivables, based on the transaction date or invoice date and net of loss allowance, are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 6 months	41,341	93,406
More than 6 months but within 12 months	55,597	31,398
More than 12 months but within 18 months	22,603	57,883
More than 18 months but within 24 months	55,797	6,079
More than 24 months	48,875	51,199
Trade receivables	224,213	239,965
Less: loss allowance	(45,957)	(40,458)
	178,256	199,507

13. PLEDGED BANK DEPOSITS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Pledged for bank borrowings	1,000	1,102
Pledged for bank facilities	24,589	2,089
Pledged for letter of guarantee	10	10
	25,599	3,201

The pledged bank deposits will be released upon the settlement of bank borrowings and the maturity of bank facilities and letter of guarantee.

Notes to the Unaudited Interim Financial Statements (Continued)

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated cash flow statements comprise:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Cash at bank and on hand	47,350	134,963
	47,350	134,963

As at 30 June 2025, cash that is placed with banks in the Mainland China amounted to RMB27,400,000 (31 December 2024: RMB113,900,000). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

15. TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables		
– third parties	297,376	454,338
Accrued payroll	4,364	4,675
Amounts due to shareholders	2,800	2,800
Amounts due to associates	7,500	7,350
Other tax payables	103,021	94,389
Other payables and accruals	5,810	6,805
	420,871	570,357

Notes:

- (i) The above trade and other payables are expected to be settled within one year or are repayable on demand.
- (ii) Other tax payables primarily comprised VAT payables.

Notes to the Unaudited Interim Financial Statements (Continued)

15. TRADE AND OTHER PAYABLES (Continued)

As at 31 December 2024 and 30 June 2025, the ageing analysis of trade payables (which are included in trade and other payables), based on the transaction date, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year	165,599	311,847
Over 1 year but within 2 years	72,597	85,597
Over 2 years but within 3 years	17,783	24,373
Over 3 years	41,397	32,521
	297,376	454,338

16. LEASE LIABILITIES

As at 30 June 2025, the lease liabilities were repayable as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year or on demand	67	129

Notes to the Unaudited Interim Financial Statements (Continued)

17. SHORT-TERM BORROWINGS

(a) The Group's bank borrowings are repayable as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 1 year or on demand	544,958	373,476

(b) Assets pledged as security and covenants for bank loans and overdrafts

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Unsecured bank borrowings	105,097	90,123
Secured bank borrowings	439,861	283,353
	544,958	373,476

The bank borrowings are secured by certain assets of the Group and the carrying amounts of these assets are as below:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Property, plant and equipment	18,031	18,696
Investment property	31,054	18,313
Trade receivables and contract assets	1,090,575	951,457
Bank deposits pledged for bank borrowings	1,000	1,102
Bank deposits pledged for bank facilities	24,589	2,089
	1,165,249	991,657

Notes to the Unaudited Interim Financial Statements (Continued)

17. SHORT-TERM BORROWINGS (Continued)

(b) Assets pledged as security and covenants for bank loans and overdrafts (Continued)

The amount of bank borrowings secured by assets of the Group and the shareholders, or guaranteed by the shareholders and their close family member, the key management personnel and their close family member of the Group (together, the Affiliated Individuals) are as below:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Secured by trade receivables and contract assets of the Group	185,173	170,206
Secured by trade receivables, contract assets, property, plant and equipment and investment property of the Group, secured by the properties of shareholders and guaranteed by Affiliated Individuals	254,688	113,147
	439,861	283,353

18. CAPITAL, RESERVES AND DIVIDENDS

(a) Nature and purpose of reserves

Statutory reserve

In accordance with the relevant PRC laws and regulations, the Group's subsidiaries established in the PRC are required to transfer 10% of its net profit each year to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity holders.

Other reserve

Other reserve represented the contribution surplus by a shareholder of a subsidiary pursuant to the Reorganisation of the Group.

(b) Dividends

No dividends were paid, declared or proposed for the six months ended 30 June 2025. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

19. CAPITAL COMMITMENTS

As at 30 June 2025, the Group had no capital commitments.

Notes to the Unaudited Interim Financial Statements (Continued)

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel and the highest paid employees of the Group is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term employee benefits	1,356	1,775
Contributions to defined contribution retirement plan	42	33
	1,398	1,808

(b) Material transactions with related parties

The Group entered into the following material related party transactions during the Reporting Period

Non-recurring transactions, non-trade related:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Repayment from/advance from related parties		
Mr. Liu Haoqiong	–	132,718
Ms. Yeung Hoi Ka	–	2,000
Mr. Chai Wenxin	–	10
Hangzhou Duoba'an Technology Co., Ltd.	150	–
	150	134,728
Repayment to/advance to related parties		
Mr. Liu Haoqiong	1,000	72,714
Mr. Liu Dingli	–	9,789
Ms. Tao Xiulan	–	36,645
Mr. Liu Dingyi	–	13,365
Ms. Yeung Hoi Ka	–	1,377
Mr. Chai Wenxin	–	10
You Po Investment	–	5,899
Ying Hua Investment	–	3,589
Shu Zhi Shen Kong	–	1,842
Rui Da Xin Tao	–	789
	1,000	146,019

Notes to the Unaudited Interim Financial Statements (Continued)

20. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

(i) Amounts due from related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-trade related		
Other receivables		
Mr. Liu Haoqiong	1,000	–
Ms. Tao Hailan	28	28
GT & Yangtze Limited	69	69
Huat Huat Limited	7	7
Octuple Hills Limited	8	8
	1,112	112

Notes to the Unaudited Interim Financial Statements (Continued)

20. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(ii) Amounts due to related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-trade related		
Other payables		
Ms. Yeung Hoi Ka	2,800	2,800
Jian Qingyoupu Information Technology Limited	2,450	2,450
Jiangxi Wanpuxing Information Technology Limited	4,900	4,900
Hangzhou Duoba'an Technology Co., Ltd.	150	–
	10,300	10,150

(iii) Bank borrowings guaranteed by related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-trade in nature		
Bank borrowings guaranteed by		
– Ms. Tao Hailan, Mr. Xiao Wei and		
Ms. Chen Jingyuan	115,119	113,147
	115,119	113,147