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Zhonggan Communication (Group) Holdings Limited
中贛通信（集團）控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2545)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Zhonggan Communication (Group) Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	159,689	237,283
Cost of sales		<u>(133,485)</u>	<u>(185,951)</u>
Gross profit		<u>26,204</u>	<u>51,332</u>
Other net income	4	7,176	2,381
Selling expenses		(1,671)	(1,324)
Administrative expenses		(15,521)	(20,540)
Research and development expenses		<u>(2,797)</u>	<u>(5,932)</u>
Profit from operations		<u>13,391</u>	<u>25,917</u>
Finance costs	5(a)	<u>(9,046)</u>	<u>(7,683)</u>
Profit before taxation	5	<u>4,345</u>	<u>18,234</u>
Income tax	6	<u>(150)</u>	<u>356</u>
Profit and total comprehensive income for the period		<u>4,195</u>	<u>18,590</u>
Profit for the period/Total comprehensive income for the period		4,195	18,590
Earnings per share			
Basic and diluted (RMB)	7	<u>0.01</u>	<u>0.04</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		23,641	24,301
Intangible assets		131	139
Investment property		31,054	31,474
Investments in associates		7,574	7,424
Trade receivables	8	4,945	4,822
Deferred tax assets		26,882	24,332
		<u>94,227</u>	<u>92,492</u>
Current assets			
Inventories		442	442
Contract assets		1,010,558	961,682
Trade and other receivables	8	238,076	208,780
Pledged bank deposits		25,599	3,201
Cash and cash equivalents		47,350	134,963
		<u>1,322,025</u>	<u>1,309,068</u>
Total assets		<u><u>1,416,252</u></u>	<u><u>1,401,560</u></u>
Current liabilities			
Trade and other payables	9	420,871	570,357
Contract liabilities		7,339	6,905
Lease liabilities		67	129
Bank borrowings	10	544,958	373,476
Current taxation		13,167	25,011
		<u>986,402</u>	<u>975,878</u>
Net current assets		<u>335,623</u>	<u>333,190</u>
Total assets less current liabilities		<u><u>429,850</u></u>	<u><u>425,682</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Deferred income		<u>1,751</u>	<u>1,778</u>
Total liabilities		<u>988,153</u>	<u>977,656</u>
NET ASSETS		<u>428,099</u>	<u>423,904</u>
CAPITAL AND RESERVES			
Share capital		58,465	58,465
Share premium		111,985	111,985
Reserves	11	<u>257,649</u>	<u>253,454</u>
Total equity attributable to equity shareholders of the Company		<u>428,099</u>	<u>423,904</u>
TOTAL EQUITY		<u>428,099</u>	<u>423,904</u>

1. BASIS OF PREPARATION

This interim condensed consolidated financial statements of the Group 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 condensed consolidated financial statements of the Group 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 2.

2. 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 condensed consolidated financial statements of the Group 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.

3. 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	2024
Revenue from contracts with customers within the scope of HKFRS15	<i>RMB'000</i>	<i>RMB'000</i>
Disaggregated by major products or service lines:	(Unaudited)	(Unaudited)
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

4. OTHER NET INCOME

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income (<i>Note (i)</i>)	228	380
Bank deposit interest income	221	10
Government grants (<i>Note (ii)</i>)	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.

5. 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
		<u>9,046</u>	<u>7,683</u>
(b) Staff costs			
Salaries, discretionary bonus and allowance		9,623	12,066
Contributions to defined contribution retirement plan		896	929
		<u>10,519</u>	<u>12,995</u>
(c) Other items			
Depreciation			
– property, plant and equipment		1,386	902
– investment property		420	264
Amortisation		8	–
Impairment losses			
– trade receivables		5,099	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 (<i>note (i)</i>)		123,787	173,985
Cost of inventories (<i>note (ii)</i>)		5,795	264
Listing expense		–	6,447
		<u>–</u>	<u>6,447</u>

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.

6. 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	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(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.

7. 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.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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
	<u>243,021</u>	<u>213,602</u>

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.

Ageing analysis

As at 30 June 2025 and 31 December 2024, 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 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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
	<hr/>	<hr/>
Trade receivables	224,213	239,965
Less: loss allowance	(45,957)	(40,458)
	<hr/>	<hr/>
	178,256	199,507
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9. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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.

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 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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

10. SHORT-TERM BORROWINGS

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

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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

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 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (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	<u>254,688</u>	<u>113,147</u>
	<u>439,861</u>	<u>283,353</u>

11. 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.

12. CAPITAL COMMITMENTS

As of 31 December 2024 and 30 June 2025, the Group had no capital commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The Company 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.
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 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 announcement.

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	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(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
	159,689	100.0	237,283	100.0

Revenue

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.

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	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
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.

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.

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.

Capital structure

The share capital of the Company consists of ordinary Shares only. As at the date of this announcement, 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 10(b) to the interim condensed consolidated financial statements of the Group.

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 announcement, save as disclosed below, the Group did not have any other future plans for material investments or acquisition of capital assets.

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 announcement, 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>	Revised allocation of the Net Proceeds <i>HK\$ million (approximately)</i>	Utilised Net Proceeds for the six months ended 30 June 2025 <i>HK\$ million (approximately)</i>	Unutilised Net Proceeds as at 30 June 2025 <i>HK\$ million (approximately)</i>	Expected timeline for full utilization of the balance
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	

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 SCHEMES

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.

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 announcement, 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.

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 announcement 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.

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.

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 of the date of this announcement, 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 interim results for the six months ended 30 June 2025 and this announcement 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.

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 announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.gantongjt.com) and the Stock Exchange (www.hkexnews.hk), and the interim report of the Group for the six months ended 30 June 2025 will be despatched to shareholders of the Company and published on the above websites in due course.

By order of the Board

Zhonggan Communication (Group) Holdings Limited

Liu Haoqiong

Chairman and Executive Director

Hong Kong, 28 August 2025

As at the date of this announcement, the executive directors are Mr. Liu Haoqiong, Mr. Peng Shengqian, Ms. Xie Xiaolan, Mr. Liu Dingli, Mr. Liu Dingyi and Mr. Zhou Zhiqiang; and the independent non-executive directors are Mr. Yu Shiyong, Mr. Zhu Yugang and Mr. Zhao Hezhen.