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Zhongshen Jianye Holding Limited

中深建業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2503)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

Revenue decreased from approximately RMB750.6 million for the year ended 31 December 2024 to approximately RMB425.3 million for the year ended 31 December 2025.

Gross profit decreased from approximately RMB41.3 million for the year ended 31 December 2024 to approximately RMB16.2 million for the year ended 31 December 2025.

Profit/loss for the year turnaround from a profit of approximately RMB1.9 million for the year ended 31 December 2024 to a loss of approximately RMB36.5 million for the year ended 31 December 2025.

Net assets as at 31 December 2025 amounted to approximately RMB555.8 million, representing an increase of approximately 16.8% from approximately RMB476.0 million as at 31 December 2024.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongshen Jianye Holding Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the year ended 31 December 2025 together with the comparative figures for the preceding year as follows:

FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Revenue	3	425,318	750,556
Cost of revenue	4	<u>(409,163)</u>	<u>(709,215)</u>
Gross profit		16,155	41,341
Administrative expenses	4	(42,413)	(40,030)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets		(9,621)	1,221
Other income, gains/(losses) — net		<u>691</u>	<u>(217)</u>
Operating (loss)/profit		<u>(35,188)</u>	<u>2,315</u>
Finance income		78	720
Finance costs		(2,752)	(2,996)
Finance costs — net	5	<u>(2,674)</u>	<u>(2,276)</u>
(Loss)/profit before income tax		(37,862)	39
Income tax credit	6	<u>1,378</u>	<u>1,905</u>
(Loss)/profit for the year attributable to owners of the Company		<u>(36,484)</u>	<u>1,944</u>
Other comprehensive income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investment in an equity instrument classified as financial asset at fair value through other comprehensive income		<u>630</u>	<u>—</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<u>(35,854)</u>	<u>1,944</u>
(Loss)/earnings per share attributable to owners of the Company for the year (expressed in RMB cents per share)			
— Basic	7	<u>(5.49)</u>	<u>0.38</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2025	2024
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		45,329	48,423
Right-of-use assets		195	337
Intangible assets		4,961	7,056
Financial asset at fair value through other comprehensive income		5,630	5,000
Deferred income tax assets		<u>12,433</u>	<u>10,028</u>
		<u>68,548</u>	<u>70,844</u>
Current assets			
Inventories		190	158
Contract assets	9	990,227	1,016,678
Financial asset at fair value through profit or loss		5,723	—
Trade receivables	9	205,536	240,360
Deposits, other receivables and prepayments		264,961	198,128
Amounts due from related parties		916	443
Tax recoverable		515	—
Restricted bank deposits		33,183	24,864
Cash and cash equivalents		<u>58,620</u>	<u>96,653</u>
		<u>1,559,871</u>	<u>1,577,284</u>
Total assets		<u><u>1,628,419</u></u>	<u><u>1,648,128</u></u>
EQUITY			
Share capital		6,758	4,681
Other reserves		546,427	432,164
Retained earnings		<u>2,647</u>	<u>39,131</u>
Total equity		<u>555,832</u>	<u>475,976</u>

		As at 31 December	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		46	43
Bank borrowings	<i>11</i>	<u>—</u>	<u>23,346</u>
		46	23,389
Current liabilities			
Trade and other payables	<i>10</i>	944,682	1,104,475
Contract liabilities		57,910	11,019
Bank borrowings	<i>11</i>	69,596	33,008
Current income tax liabilities		198	—
Lease liabilities		<u>155</u>	<u>261</u>
		1,072,541	1,148,763
Total liabilities		<u>1,072,587</u>	<u>1,172,152</u>
Total equity and liabilities		<u>1,628,419</u>	<u>1,648,128</u>

NOTES

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 February 2021 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the provision of construction services in the People's Republic of China (the "PRC").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2024.

The consolidated financial statements for the year ended 31 December 2025 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 17 March 2026.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards ("HKFRSs") as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The material accounting policies set out below have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs for the first time for the annual reporting year commencing 1 January 2025.

Amendments to HKAS 21	Lack of Exchangeability
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The adoption of these amended standards disclosed did not have any significant impact on the Group's consolidated financial statements.

(b) New standards and amendments not yet effective for the financial period beginning on 1 January 2025 and not early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature — Dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18 and consequential amendments to other HKFRS Accounting Standards	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 19 and subsequent amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements and consequential amendments to other HKFRSs

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements (“**HKAS 1**”). It carries forward many requirements from HKAS 1 unchanged. HKFRS 18 brings major changes to the consolidated statement of comprehensive income and notes to the consolidated financial statements as follows:

- (a) HKFRS 18 requires an entity:
 - (i) to classify income and expenses into operating, investing and financing categories in the consolidated statement of comprehensive income, plus income taxes and discontinued operations;
 - (ii) to present two new defined subtotals, namely, operating profit or loss and profit or loss before financing and income taxes.
- (b) It requires an entity to disclose management-defined performance measures (“**MPM**”) and reconciliations between MPM and subtotals listed in HKFRS 18 or totals or subtotals required by HKFRSs.
- (c) It sets out requirements to help an entity determine whether information about items should be in the primary financial statements or in the notes and provides principles for determining the level of detail needed for the information.

HKFRS 18 also set out classification requirements for foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments.

In addition, some paragraphs in HKAS 1 have been moved to HKAS 8 Basis of Preparation of Financial Statements and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18 and consequential amendments to other HKFRSs are effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the consolidated financial statements.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-makers has been identified as the executive directors of the Company. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segment based on these reports.

The Directors consider the Group's operation from a business perspective and determine that the Group has one operating segment being the provision of construction services.

All revenue was derived from external customers in Chinese Mainland during the years ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, all of the Group's non-current assets were located in the PRC.

Revenue

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from provision of construction services	<u>425,318</u>	<u>750,556</u>

All of the Group's revenue is recognised over time.

Revenue from major customers

There was one customer who contributed 10% or more of the Group's total revenue for the year ended 31 December 2025. Revenue from this customer amounted to RMB43,592,000 for the year ended 31 December 2025.

No customer contributed over 10% of the total revenue of the Group during the year ended 31 December 2024.

4 EXPENSES BY NATURE

Expenses included in cost of revenue and administrative expenses are analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials and consumables used	215,614	349,231
Employee benefit expenses and labour subcontracting costs	141,507	239,410
Specialised construction subcontracting costs	54,780	78,969
Equipment and machinery usage costs	10,624	54,663
Design and testing service costs	1,704	4,549
Depreciation and amortisation expenses	5,229	5,108
— Depreciation of property, plant and equipment	2,813	2,428
— Depreciation of right-of-use assets	321	585
— Amortisation of intangible assets	2,095	2,095
Listing expenses	—	1,563
Bank charges	501	683
Insurance expenses	563	980
Taxes, surcharge and levies	797	2,767
Professional fees	5,307	3,910
Travelling and entertainment expenses	1,576	2,211
Auditors' remuneration	2,087	1,305
— Audit services	1,156	1,305
— Non-audit services	931	—
Other expenses	11,287	3,896
	<u>451,576</u>	<u>749,245</u>

5 FINANCE COSTS — NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income		
— Interest income from bank deposits	78	720
Finance costs		
— Interest expense on factoring	(783)	(1,469)
— Interest expense on borrowings	(1,958)	(1,508)
— Interest expense on lease liabilities	(11)	(19)
	<u>(2,752)</u>	<u>(2,996)</u>
Finance costs — net	<u>(2,674)</u>	<u>(2,276)</u>

6 INCOME TAX CREDIT

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax expense		
— Hong Kong Profits Tax	198	—
— PRC Corporate Income Tax	—	727
Under/(over) provision in prior years	<u>829</u>	<u>(2,937)</u>
	<u>1,027</u>	<u>(2,210)</u>
Deferred income tax (credit)/expense	<u>(2,405)</u>	<u>305</u>
Income tax credit	<u>(1,378)</u>	<u>(1,905)</u>

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2025	2024
(Loss)/profit attributable to owners of the Company (RMB'000)	(36,484)	1,944
Weighted average number of ordinary shares in issue	<u>664,472,811</u>	<u>511,986,885</u>
Basic (loss)/earnings per share (expressed in RMB cents per share)	<u>(5.49)</u>	<u>0.38</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there was no dilutive potential shares outstanding as at 31 December 2025 and 2024.

8 DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2025 (2024: nil).

9 CONTRACT ASSETS AND TRADE RECEIVABLES

(a) Contract assets

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Unbilled revenue	883,436	949,284
Retention monies	<u>123,277</u>	<u>90,295</u>
	1,006,713	1,039,579
Less: provision for impairment of contract assets	<u>(16,486)</u>	<u>(22,901)</u>
	<u><u>990,227</u></u>	<u><u>1,016,678</u></u>

(b) Trade receivables

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	230,820	249,608
Less: allowance for impairment of trade receivables	<u>(25,284)</u>	<u>(9,248)</u>
Trade receivables — net	<u><u>205,536</u></u>	<u><u>240,360</u></u>

The Group normally allows credit terms to its customers within one month. Ageing analysis of trade receivables, based on invoice date, was as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	96,287	177,332
1 year to 2 years	70,395	43,179
Over 2 years	<u>64,138</u>	<u>29,097</u>
	<u><u>230,820</u></u>	<u><u>249,608</u></u>

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	906,369	1,086,289
Other payables and accruals	<u>38,313</u>	<u>18,186</u>
	<u>944,682</u>	<u>1,104,475</u>

The ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	122,515	284,479
1 year to 2 years	216,608	369,326
Over 2 years	<u>567,246</u>	<u>432,484</u>
	<u>906,369</u>	<u>1,086,289</u>

11 BANK BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current bank borrowings	—	23,346
Current bank borrowings	<u>69,596</u>	<u>33,008</u>
Total bank borrowings	<u>69,596</u>	<u>56,354</u>

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank borrowings:		
— Fixed rates	69,596	30,028
— Variable rates	<u>—</u>	<u>26,326</u>
	<u>69,596</u>	<u>56,354</u>

At 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	69,596	33,008
Between 1 and 2 years	—	2,949
Between 2 and 5 years	—	8,847
Over 5 years	—	11,550
	<u>69,596</u>	<u>56,354</u>

12 COMMITMENTS

Capital commitment outstanding at 31 December 2025 and 2024 not provided for in the consolidated financial statements was as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for:		
Unlisted equity security	—	5,000
	<u>—</u>	<u>5,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a growing private general contracting construction enterprise in the People's Republic of China (the “**PRC**”) and have been granted five first-grade construction contracting qualifications, including (i) the first-grade qualification in building construction general contracting (建築工程施工總承包一級); (ii) the first-grade qualification in municipal and public construction general construction (市政公用工程施工總承包一級); (iii) the first-grade qualification in foundation construction specialised contracting (地基基礎工程專業承包一級); (iv) the first-grade qualification in building electrical and mechanical installation and engineering specialised contracting (建築機電安裝工程專業承包一級); and (v) the first-grade qualification in building renovation and decoration construction specialised contracting (建築裝修裝飾工程專業承包一級). We also attain six other second-grade construction contracting qualifications covering different specialisations such as petrochemical engineering construction, steel structure construction and environmental protection construction. We were the recipient of the award named “Top 500 Enterprises in Shenzhen” (深圳500強企業) from 2020 to 2025.

We provide our customers with professional and comprehensive construction services as a general coordinator or subcontractor, responsible for the overall coordination and management of a construction project, which cover workplan formulation, labour recruitment, leasing of equipment and machinery, procurement of construction raw materials and quality and construction progress control. The Group primarily engages in the provision of construction services comprising (i) construction engineering works; (ii) municipal and public construction works; (iii) foundation engineering works; (iv) specialised contracting works; and (v) photovoltaic engineering projects.

FINANCIAL REVIEW

Revenue

The Group recorded a decrease in revenue by approximately RMB325.3 million or 43.3% from approximately RMB750.6 million for the year ended 31 December 2024 to approximately RMB425.3 million for the year ended 31 December 2025. Such decrease was mainly attributable to the decrease in number of construction projects in 2025 as compared to that in 2024.

The following table sets forth the breakdown of our revenue by project type for the years ended 31 December 2025 and 2024:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Construction projects				
Construction engineering projects	213,057	50.1	417,517	55.6
Municipal and public construction projects	147,415	34.6	269,021	35.9
Foundation engineering projects	2,484	0.6	2,556	0.3
Specialised contracting projects	49,227	11.6	61,462	8.2
Photovoltaic engineering projects	13,135	3.1	—	—
Total	425,318	100.0	750,556	100.0

Construction engineering projects

Construction engineering projects primarily consist of structural and/or engineering works for commercial and residential buildings and community facilities. Revenue generated from construction engineering projects decreased by approximately RMB204.4 million or 49.0% from approximately RMB417.5 million for the year ended 31 December 2024 to approximately RMB213.1 million for the year ended 31 December 2025. Such decrease was mainly attributable to the decrease in revenue recognised from certain projects which were completed or approaching the later stage of development in 2025.

Municipal and public construction projects

Municipal and public construction projects primarily consist of urban and rural public infrastructure construction, including environment improvement works, construction of sewage treatment infrastructure and roadwork. Revenue generated from municipal and public construction projects decreased by approximately RMB121.6 million or 45.2% from approximately RMB269.0 million for the year ended 31 December 2024 to approximately RMB147.4 million for the year ended 31 December 2025. Such decrease was mainly attributable to the decrease in revenue recognised from certain projects which were approaching the later stage of development in 2025 and the lower contract value of new projects secured in 2025.

Foundation engineering projects

Foundation engineering projects primarily consist of earthwork and foundation construction and slope protection work. Revenue generated from foundation engineering projects decreased by approximately RMB0.1 million or 2.8% from approximately RMB2.6 million for the year ended 31 December 2024 to approximately RMB2.5 million for the year ended 31 December 2025.

Specialised contracting projects

Specialised contracting projects primarily consist of building renovation and decoration works services. Revenue generated from specialised contracting projects decreased by approximately RMB12.3 million or 19.9% from approximately RMB61.5 million for the year ended 31 December 2024 to approximately RMB49.2 million for the year ended 31 December 2025. Such decrease was mainly attributable to the decrease in number of revenue generating projects.

Photovoltaic engineering projects

Photovoltaic engineering projects primarily consist of utilising solar photovoltaic technology to convert sunlight into electrical energy. In 2025, the Company began to engage in such projects, representing a strategic expansion into renewable energy infrastructure. During the year ended 31 December 2025, the Company participated in four photovoltaic engineering projects and revenue generated from these projects amounted to approximately RMB13.1 million.

Cost of revenue

The following table sets forth the breakdown of our cost of revenue by nature for the years ended 31 December 2025 and 2024:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Raw material costs	215,614	52.7	349,231	49.3
Labour subcontracting costs	117,067	28.6	215,088	30.3
Specialised construction subcontracting costs	54,780	13.4	78,969	11.1
Equipment and machinery usage costs	10,624	2.6	54,663	7.7
Other project costs	11,078	2.7	11,264	1.6
Total cost of revenue	<u>409,163</u>	<u>100.0</u>	<u>709,215</u>	<u>100.0</u>

Cost of revenue primarily comprised (i) raw material costs, which represented costs of raw materials used primarily in our construction projects; (ii) labour subcontracting costs, which represented fees paid to subcontractors to provide labour services; (iii) specialised construction subcontracting costs, which represented fees paid to subcontractors to provide certain specialised construction services, usually included costs of equipment and raw materials used in their subcontracted work; and (iv) equipment and machinery usage costs, which represented the costs incurred for leasing equipment and machinery for our construction projects. Each of these costs may vary from project to project depending on various factors, including but not limited to, the scope and complexity of works, the method and sequence of construction, the stages of construction and necessary equipment and machinery.

The decrease in cost of revenue of approximately RMB300.1 million or 42.3% for the year ended 31 December 2025 as compared to that for the year ended 31 December 2024 was in line with the decrease in revenue resulting from the reduced number of construction projects for the year ended 31 December 2025.

Gross profit and gross profit margin

The following table sets forth the breakdown of our gross profit and gross profit margin by project type for the years ended 31 December 2025 and 2024:

	Year ended 31 December			
	2025		2024	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Construction projects				
Construction engineering projects	10,772	5.1	20,959	5.0
Municipal and public construction projects	1,718	1.2	15,600	5.8
Foundation engineering projects	155	6.2	157	6.1
Specialised contracting projects	2,782	5.7	4,625	7.5
Photovoltaic engineering projects	728	5.5	—	—
Total	16,155	3.8	41,341	5.5

Gross profit margin of municipal and public construction projects decreased from approximately 5.8% for the year ended 31 December 2024 to approximately 1.2% for the year ended 31 December 2025. Such decrease was primarily attributable to the revenue adjustments on certain projects following final settlement, additional raw material costs incurred on a project and the commencement of certain new projects during the year, which had comparatively lower gross profit margins of approximately 4.5%.

Gross profit margin of construction engineering projects and foundation engineering projects remained relatively stable for the years ended 31 December 2025 and 2024.

Gross profit margin of specialised contracting projects generally depends on or would be affected by various factors such as the nature, complexity and duration of the projects concerned.

Gross profit margin of photovoltaic engineering projects, which commenced during the year, was approximately 5.5% for the year ended 31 December 2025 and was in line with the Group's expectations.

Administrative expenses

Administrative expenses primarily consist of staff costs, depreciation and amortisation and professional fees.

The increase in administrative expenses of approximately RMB2.4 million or 6.0% for the year ended 31 December 2025 was mainly attributable to the professional fees incurred in relation to the major transaction involving the acquisition (the “**Acquisition**”) of the entire equity interest in Huajian Development Limited (“**Huajian**”).

(Impairment losses)/reversal of impairment losses on financial assets and contract assets

The Group applies the simplified approach to provide for expected credit loss prescribed by the accounting standards, which require the use of the lifetime expected loss provision for all contract assets and trade receivables. The Group recognised impairment losses of approximately RMB9.6 million (2024: reversal of impairment losses of RMB1.2 million) on financial assets and contract assets for the year ended 31 December 2025.

Finance costs — net

Finance costs primarily consists of interest expenses on factoring, bank borrowings and lease liabilities. The increase in finance costs for the year ended 31 December 2025 was mainly attributable to the increase in interest expense on bank borrowings and decrease in interest income from bank deposits, partially offset by the decrease in interest expense on factoring.

Income tax credit

Income tax credit primarily consists of corporate income tax and movements in deferred income tax assets. Income tax credit for the year ended 31 December 2025 was mainly attributable to the recognition of deferred income tax assets on impairment losses on financial assets and contract assets, partially offset by the under-provision of PRC corporate income tax in prior years.

(Loss)/profit for the year

As a result of the foregoing, the Group’s (loss)/profit for the year turnaround from a profit of approximately RMB1.9 million for the year ended 31 December 2024 to a loss of approximately RMB36.5 million for the year ended 31 December 2025, which was mainly attributable to the decreases in revenue and gross profit for reasons mentioned in the paragraphs above, and the increase in impairment losses on financial assets and contract assets.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

As at 31 December 2025 and 2024, we had cash and cash equivalents of approximately RMB58.6 million and RMB96.7 million, respectively. Our primary uses of cash were mainly for financing our daily operations and working capital requirements in relation to the execution of our projects, including payment for procurement of raw materials and subcontracting costs.

Bank borrowings

As at 31 December 2025, the Group had current bank borrowings of approximately RMB69.6 million (2024: RMB33.0 million) and no non-current bank borrowings (2024: RMB23.3 million), and were denominated in RMB. Bank borrowings of approximately RMB69.6 million (2024: RMB30.0 million) bear interest at fixed rates and no bank borrowings (2024: RMB26.3 million) bear interest at variable rates. The bank borrowings were primarily used for the Group's working capital.

Gearing ratio

Gearing ratio is calculated as total borrowings (i.e. bank borrowings) divided by the total equity as at the respective reporting dates. The gearing ratio was approximately 12.5% as at 31 December 2025 (2024: 11.8%).

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. bank borrowings, net of cash and cash equivalents) divided by total equity as at the respective reporting dates. The net debt to equity ratio was approximately 2.0% as at 31 December 2025 (2024: N/A).

Treasury management

The Group has a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business. The management of the Group closely reviews trade receivables balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The management of the Group closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

Prepayments to suppliers

The Group's prepayments to suppliers mainly comprise advances to raw material suppliers and labour subcontractors. In line with industry norms and our experience in the construction sector, we maintain a policy of providing advance payments at agreed percentages to our regular labour subcontractors to ensure timely payment to workers, secure labour availability, and support project continuity. As at the date of this announcement, approximately 16% of the prepayment balance as at 31 December 2025 had been utilised subsequently, with the remaining balance expected to be applied in accordance with contracted milestones under close ongoing monitoring and enhanced follow-up for any aged amounts.

The Group considers that most suppliers maintain long-term business relationships with the Group, and the prepayments were made under contracts requiring them to provide goods or services, with no breaches or disputes identified to date. The related construction projects remain ongoing, and the Group actively reviews suppliers' performance. In addition, many suppliers have been established for many years, possess strong capabilities, and present a low risk of default.

Capital expenditures and commitments

The Group did not incur any capital expenditures for the year ended 31 December 2025 (2024: RMB8.4 million).

The Group had no significant capital commitments as at 31 December 2025 (2024: RMB5.0 million).

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that minimal expenditures are denominated in Hong Kong dollars. The Group does not expect to face any significant foreign exchange risk that might have a material impact on the operating results of the Group. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

PLEDGE OF ASSETS

As at 31 December 2025, the Group's land and building with a net carrying amount of approximately RMB42.5 million (2024: RMB44.7 million) were pledged to secure certain interest-bearing bank borrowings.

HUMAN RESOURCES

The Directors considered that the Group have maintained good relationships with its employees, and has not experienced any significant problems with employees or any disruptions to operations due to labour disputes, nor has experienced any difficulties in the recruitment or retention of experienced staff or skilled personnel during the year ended 31 December 2025.

As at 31 December 2025, the Group has 230 employees in total, all of them are located in the PRC. The Group recruit employees from the open market by placing recruitment advertisements and offering competitive remuneration packages. Training courses are provided for our staff to ensure their competence and to keep them abreast of the latest developments and best practices in the industry to enhance their work performance. For the year ended 31 December 2025, total staff costs were approximately RMB24.4 million (2024: RMB24.3 million).

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees in the PRC pursuant to the PRC rules and regulations and the existing policy requirements of the local government.

MATERIAL ACQUISITION AND DISPOSAL

On 6 November 2025, the Company (as purchaser) and Huajian Investment Limited, Huajian Advisory Limited and Huajian Technology Limited (as sellers) entered into a sale and purchase agreement in relation to the Acquisition at a total consideration of HK\$213,574,999.94. Completion of the Acquisition took place on 15 January 2026 and an aggregate of 402,971,698 shares (the “**Shares**”) of the Company at an issue price of HK\$0.53 per Share has been allotted and issued to the respective sellers by the Company for settlement of the consideration. For details, please refer to the announcements of the Company dated 6 November 2025 and 15 January 2026 and the circular of the Company dated 17 December 2025.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group did not have any significant investments.

PROSPECT

According to the “Outline of the 15th Five-Year Plan for National Economic and Social Development”, China will accelerate the modernisation and transformation of traditional industries, including construction, by promoting intelligent, green and integrated development. It will build a modernised infrastructure system while vigorously promoting green buildings, intelligent construction, renewable energy infrastructure, urban renewal and digital transformation of the construction industry, in order to achieve high quality and sustainable growth. Guangdong Province’s “15th Five-Year Plan” also emphasises technological self-reliance, the optimisation and strengthening the real economy, and coordinated regional development, supporting innovation in infrastructure and the construction industry. Driven by continued national and provincial policies, demand for construction services is expected to maintain steady growth. The total output value of Guangdong’s construction industry is projected to sustain stable growth in the coming years, driven by investments in energy, infrastructure, green projects, and urban renewal. In view of the above, the Group will leverage its many years of professional accumulation and expertise, focusing on areas such as green buildings, smart construction, and full-process engineering solutions, to continuously expand its market share and seize more development opportunities.

Following the completion of the Acquisition, the Group expects to integrate Huajian’s engineering consulting and supervision expertise into the Group’s existing service system. This integration is anticipated to strengthen full-chain engineering capabilities, reduce project risks and costs, improve

delivery quality, and enhance the integrated service brand in the market. The Group plans to leverage its nationwide network to expand Huajian's services beyond the Pearl River Delta and to further enhance Huajian's capabilities through the Group's training and resource platforms.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As disclosed in the announcement of the Company dated 10 January 2025, the Company intended to apply net proceeds of approximately HK\$30.0 million from the subscription of Shares under general mandate for potential acquisition in one or multiple construction companies attained with qualifications and licenses related to municipal and public construction works, such as construction design and urban planning, etc., and with a good track record. On 6 November 2025, the Company entered into a sale and purchase agreement to acquire Huajian, an investment holding company whose indirect subsidiary is principally engaged in supervision construction management specialising in engineering construction supervision with multiple qualifications in supervision. For details, please see section headed "Material acquisition or disposal" in this announcement. Payments to professional parties related to the Acquisition were funded from the net proceeds of the aforementioned subscription of new shares (with remaining unutilised net proceeds allocated as previously disclosed, see section headed "Use of proceeds from the subscription of new shares under general mandate" for details).

As at the date of this announcement, apart from the Acquisition, the Group has not entered into any letters of intent or legally binding agreements with respect to such acquisition nor had it identified any definite acquisition targets. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (31 December 2024: nil).

USE OF PROCEEDS

The Shares were listed on the Main Board of the Stock Exchange on 9 January 2024. The Company intends that the net proceeds (after deducting related underwriting fees and listing expenses) of approximately RMB77.3 million be applied according to the manner and percentage allocation as described under the section headed “Future plans and use of proceeds” in the prospectus of the Company dated 28 December 2023 (the “**Prospectus**”). The following table sets forth the status of the use of the net proceeds as at 31 December 2025:

	Net proceeds to be applied in the percentage allocation stated in the Prospectus RMB million	Utilised net proceeds up to 31 December 2025 RMB million	Unutilised net proceeds as at 31 December 2025 RMB million	Expected timeline for utilising the unutilised net proceeds
(1) Funding the capital needs and cash flow of certain projects	35.3	35.3	—	N/A
(2) Acquiring equipment and machinery	31.9	1.5	30.4	By 31 December 2027
(3) Hiring additional manpower	5.4	3.2	2.2	By 31 December 2026
(4) Working capital and other general corporate purposes	<u>4.7</u>	<u>4.7</u>	<u>—</u>	N/A
Total	<u><u>77.3</u></u>	<u><u>44.7</u></u>	<u><u>32.6</u></u>	

As at 31 December 2025, approximately RMB1.5 million of the proceeds allocated for equipment and machinery acquisition had been utilised, against the original full utilisation plan by this date. Due to the challenging conditions in the construction sector, the Group has maintained its strategy to lease equipment and machinery for construction projects and postponed the plan to acquire them outright. This approach provides operational flexibility, lower upfront capital needs and better project alignment. This model is expected to remain primary in the foreseeable future. Given the ongoing leasing approach and reduced need for owned assets, the Group has extended the expected full utilisation timeline for the remaining proceeds to 31 December 2027.

The Board will regularly review business objectives and may adjust plans as market conditions evolve to support sustainable growth. Any material changes in use of proceeds will be announced in accordance with the Listing Rules.

Unutilised proceeds are held in bank accounts with licensed banks in the PRC.

USE OF PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

(1) Subscription completed on 6 February 2025

On 10 January 2025, the Company entered into six separate subscription agreements with six subscribers in respect of the subscription of an aggregate of 102,960,000 subscription shares at the subscription price of HK\$0.50 per share. The subscription was completed on 6 February 2025. For further details, please refer to the announcements of the Company dated 10 January 2025, 20 January 2025 and 6 February 2025. The net proceeds (after deducting all applicable costs and expenses) from the subscription were approximately HK\$51.3 million (equivalent to approximately RMB47.2 million). The following table set forth the status of the use of net proceeds as at 31 December 2025:

	Net proceeds <i>RMB million</i>	Utilised net proceeds up to 31 December 2025 <i>RMB million</i>	Unutilised net proceeds as at 31 December 2025 <i>RMB million</i>	Expected timeline for utilising the unutilised net proceeds
(1) Potential acquisition in construction companies	27.7	2.0	25.7	By 31 December 2027
(2) General working capital	<u>19.5</u>	<u>19.5</u>	<u>—</u>	N/A
Total	<u><u>47.2</u></u>	<u><u>21.5</u></u>	<u><u>25.7</u></u>	

(2) Subscription completed on 17 July 2025

On 2 July 2025, the Company entered into six separate subscription agreements with six subscribers in respect of the subscription of an aggregate of 123,552,000 subscription shares at the subscription price of HK\$0.61 per share. The subscription was completed on 17 July 2025. For further details, please refer to the announcements of the Company dated 2 July 2025, 3 July 2025 and 17 July 2025. The net proceeds (after deducting all applicable costs and expenses) from the subscription were approximately HK\$75.1 million (equivalent to approximately RMB68.5 million). The following table set forth the status of the use of net proceeds as at 31 December 2025:

		Utilised net proceeds up to 31 December 2025	Unutilised net proceeds as at 31 December 2025	Expected timeline for utilising the unutilised net proceeds
	Net proceeds <i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
(1) Capital needs and cash flow for certain projects	48.0	48.0	—	N/A
(2) General working capital	<u>20.5</u>	<u>20.5</u>	<u>—</u>	N/A
Total	<u><u>68.5</u></u>	<u><u>68.5</u></u>	<u><u>—</u></u>	

As at 31 December 2025, approximately RMB2.0 million of the proceeds allocated for potential acquisitions in construction companies had been utilised, against the original full utilisation plan by this date. The Company has not yet identified other suitable acquisition targets that meet the required qualifications, licenses and track record (apart from the Acquisition which utilised proceeds of approximately RMB2.0 million solely for payments to professional parties related to the Acquisition). Therefore, the expected timeline for utilising these proceeds was extended to 31 December 2027, subject to the identification of appropriate targets and market conditions. The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules upon entering into any binding agreements or when there are material developments.

Unutilised proceeds are held in bank accounts with licensed banks in the PRC.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2025.

EVENT AFTER THE BALANCE SHEET DATE

Completion of the Acquisition took place on 15 January 2026 and an aggregate of 402,971,698 Shares has been allotted and issued by the Company for settlement of the consideration. For further details, please refer to the announcements of the Company dated 6 November 2025 and 15 January 2026, and the circular dated 17 December 2025.

Save as disclosed above, there were no significant events which had material effect on the Group subsequent to the end of the reporting period of the Company and up to the date of this announcement.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with the code provisions in the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules during the year ended 31 December 2025 and up to the date of this announcement.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Kingsway Capital Limited as its compliance adviser (the "**Compliance Adviser**"). Except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company.

AUDIT COMMITTEE

The primary duties of the audit committee of the Board are to review and supervise the Group's financial report process and internal control and risk management systems, and to formulate or review policies relating to anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation and to communicate with external auditor on the audit strategy. The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2025 and above annual results.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Company's auditor, Crowe (HK) CPA Limited ("**Crowe**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe in this preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be made available to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

On behalf of the Board
Zhongshen Jianye Holding Limited
Sang Xianfeng
Chairman and Executive Director

Hong Kong, 17 March 2026

As at the date of this announcement, the executive Directors are Mr. Sang Xianfeng (Chairman) and Mr. Xian Yurong; and independent non-executive Directors are Ms. Liu Zhihong, Mr. Zeng Qingli and Mr. Xie Huagang.