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## **Zhongtian Construction (Hunan) Group Limited**

**中天建設（湖南）集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2433)**

### **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (“**Board**”) of directors (the “**Directors**”) of Zhongtian Construction (Hunan) Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 (“**FY2025**”) together with the comparative audited figures for the previous year ended 31 December 2024 (“**FY2024**”) as follows:

#### **FINANCIAL HIGHLIGHT**

- For FY2025, our revenue generated from construction contracts decreased by approximately RMB344.5 million or 37.0% from approximately RMB930.8 million in FY2024 to approximately RMB586.3 million in FY2025.
- For FY2025, our overall gross profit margin increased from approximately 7.6% for FY2024 to approximately 9.9% for FY2025.
- Our net loss was approximately RMB77.7 million in FY2025 as compared to a net loss of approximately RMB26.4 million in FY2024.

**CONSOLIDATED STATEMENT  
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	5	<b>586,346</b>	930,801
Cost of sales		<u>(528,098)</u>	<u>(859,820)</u>
<b>Gross profit</b>		<b>58,248</b>	70,981
Other income and other gains, net	6	<b>1,049</b>	15,125
Administrative and other expenses		<b>(63,785)</b>	(73,990)
Impairment on financial and contract assets, net		<b>(74,007)</b>	(37,611)
Finance costs	7	<u>(3,931)</u>	<u>(5,321)</u>
<b>Loss before income tax</b>	8	<b>(82,426)</b>	(30,816)
Income tax credit	9	<u>4,729</u>	<u>4,375</u>
<b>Loss and total comprehensive income for the year</b>		<u><b>(77,697)</b></u>	<u>(26,441)</u>
<b>Loss and total comprehensive income for the year attributable to</b>			
Owners of the Company		<b>(75,493)</b>	(25,389)
Non-controlling interests		<u>(2,204)</u>	<u>(1,052)</u>
		<u><b>(77,697)</b></u>	<u>(26,441)</u>
<b>Loss per share attributable to owners of the Company</b>			
Basic and diluted (expressed in RMB cents per share)	11	<u><b>(13.11)</b></u>	<u>(4.69)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2025	2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		12,310	14,739
Investment properties		8,644	8,940
Deferred tax assets		20,241	12,523
Intangible assets		34	38
		<u>41,229</u>	<u>36,240</u>
<b>Current assets</b>			
Inventories		362	978
Trade, bills and other receivables and prepayments	12	384,962	528,494
Contract assets		1,553,289	1,599,809
Restricted bank deposits		38,945	41,570
Cash and cash equivalents		29,505	32,543
		<u>2,007,063</u>	<u>2,203,394</u>
<b>Current liabilities</b>			
Trade payables	13	849,552	985,306
Bills payables	14	14,200	8,500
Accruals and other payables		627,490	612,284
Contract liabilities		26,543	5,355
Lease liabilities		374	357
Borrowings		92,615	110,261
Income tax payable		15,846	15,987
		<u>1,626,620</u>	<u>1,738,050</u>
<b>Net current assets</b>		<u>380,443</u>	<u>465,344</u>
<b>Total assets less current liabilities</b>		<u>421,672</u>	<u>501,584</u>

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	748	1,121
Borrowings	426	2,800
	<u>1,174</u>	<u>3,921</u>
<b>NET ASSETS</b>	<b><u>420,498</u></b>	<b><u>497,663</u></b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	5,132	5,132
Reserves	408,928	485,150
	<u>414,060</u>	<u>490,282</u>
<b>Non-controlling interests</b>	<b>6,438</b>	<b>7,381</b>
<b>TOTAL EQUITY</b>	<b><u>420,498</u></b>	<b><u>497,663</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

## 1. GENERAL INFORMATION

Zhongtian Construction (Hunan) Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 27 March 2020. The Company’s registered office is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is located in the People’s Republic of China (the “**PRC**”).

The Company, an investment holding company, and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in the provision of construction services in the PRC.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements have been prepared on the historical cost basis and the consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

The HKICPA has issued a number of new and amendments to HKFRSs which are relevant to the Group and became effective during the reporting period. For the purpose of preparing and presenting the consolidated financial statements for the reporting period, the Group has adopted all new and amendments to HKFRSs that are effective during the reporting period and has applied them consistently throughout the reporting period.

During the year ended 31 December 2025, the Group has incurred a net loss of approximately RMB77,697,000. As at that date, the Group’s current borrowings amounted to approximately RMB92,615,000, while its cash and cash equivalents amounted to approximately RMB29,505,000. Included in the current bank borrowings as at 31 December 2025, the Group was in breach of certain financial covenants relating to certain borrowings with an aggregate amount of RMB73,500,000 (the “**Breach of Financial Covenants**”). These events or conditions may cast significant doubt on the Group’s ability to continue as a going concern.

Nevertheless, the consolidated financial statements have been prepared on the going concern basis because the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and performance of the Group and they are of the opinion that the Group has sufficient working capital to finance its operations to the Group will meet its financial obligations as and when they fall due in the foreseeable future. The Directors have reviewed the Group’s cash flow forecast prepared by management covering a period of twelve months from the end of the reporting period prepared by the management (the “**Forecast Period**”) (collectively the “**Cash Flow Forecast**”), and taking into account the following:

- (i) The Group has been proactively negotiating with banks to extend the repayment terms of its existing bank loans and to obtain favourable terms upon the renewal of banking facilities and arrangement of new borrowings, in order to secure sufficient funds to meet the Group’s working capital and financing requirements in the foreseeable future. In addition, the Group has been proactively negotiating with banks on obtaining waivers (the “**Waiver**”) from the banks in relation to the Breach of Financial Covenants. Subsequent to the reporting date, the Waivers were obtained from the banks for the Breach of Financial Covenants. Subsequent to the reporting date, in February 2026, the Group successfully renewed bank loans of approximately RMB16,064,000, of which RMB15,000,000 relates to the renewal of the abovementioned breached borrowings;
- (ii) As at the date of approval of these consolidated financial statements, the Group had unutilised bank and credit facilities amounting to approximately RMB1,300,000;
- (iii) Management has been endeavoring to improve the Group’s operating results and cash flows by implementing and maintaining various cost control measures; and
- (iv) The Group has been closely monitoring its working capital requirement. Subsequent to the reporting date and up to the date of this announcement, the Group has successfully collected not less than approximately RMB174,000,000 from debtors in respect of trade receivables and contract assets.

Based on the Cash Flow Forecast, and in the absence of any adverse unforeseen circumstances, the Directors has a reasonable expectation that, after taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due during the Forecast Period, thereby enabling the Group to continue as a going concern. Notwithstanding the foregoing, there are inherent uncertainties associated with the outcomes of the above plans and measures, which may include (i) whether the banks will renew or extend the repayment terms of the Group’s borrowings and credit facilities, (ii) whether the bank will refrain from withdrawing credit facilities in the event that the Group is unable to comply with certain financial covenants, (iii) whether economic conditions during the Forecast Period will remain stable and not deteriorate significantly so as to adversely affect the Group’s ability to implement its cost control measures, and (iv) the Group’s ability to collect settlements from customers in the anticipated amounts and within the expected timeframe.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 3. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

#### **(a) Adoption of amendments to HKFRSs effective 1 January 2025**

The Group has adopted the following amendments to HKFRSs for the current year's consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

#### **(b) New and amendments to HKFRSs that have been issued but are not yet effective**

The following new and amendments to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKAS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>1</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>

HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendment to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

So far, the Group considers that the impact of these new and amended standards on the Group's results of operations and financial position will not be material.

#### **4. SEGMENT INFORMATION**

##### **(a) Operating segment information**

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance.

Management has determined the operating segments based on the reports reviewed by chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of construction services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during FY2025.

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

**(b) Information about major customers**

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for the reporting period, is set out below:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	<u><b>89,007</b></u>	<u>N/A*</u>

\* Transactions did not exceed 10% of the Group's revenue.

**5. REVENUE**

Revenue represents income from construction contracts and provision of construction machinery and equipment for construction projects.

	<b>Year ended 31 December</b>	
	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue from construction contracts</b>		
Civil building construction	<b>342,574</b>	529,287
Municipal works construction	<b>135,933</b>	282,795
Prefabricated steel structure construction works	<b>50,373</b>	35,198
Other specialised contracting works	<b>54,183</b>	80,409
	<u><b>583,063</b></u>	<u>927,689</u>
<b>Revenue from provision of construction machinery and equipment</b>	<u><b>3,283</b></u>	<u>3,112</u>
	<u><b>586,346</b></u>	<u>930,801</u>
Timing of revenue recognition:		
	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Transferred over time	<u><b>586,346</b></u>	<u>930,801</u>

## 6. OTHER INCOME AND OTHER GAINS, NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	1,029	140
Government grants ( <i>note</i> )	294	13,697
Loss on disposal of property, plant and equipment	(274)	(32)
Loss on written off property, plant and equipment	—	(1,262)
Loss on disposal of a subsidiary	—	(638)
Others	—	3,220
	<u>1,049</u>	<u>15,125</u>

*Note:*

These represented grants to incentivise the development of the Group, of which the entitlement was unconditional and one-off in nature.

## 7. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest charge on lease liabilities	58	74
Interest charge on borrowings	3,873	5,247
	<u>3,931</u>	<u>5,321</u>

## 8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the followings:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories	<b>195,664</b>	323,266
Auditors' remuneration	<b>1,018</b>	1,300
Depreciation of owned property, plant and equipment	<b>2,502</b>	3,329
Depreciation of right-of-use assets	<b>372</b>	341
Depreciation of investment properties	<b>296</b>	197
Amortisation of intangible assets	<b>4</b>	3
Research costs	<b>17,747</b>	28,904
Short-term leases expenses		
— Office premises	<b>1,216</b>	533
— Machinery and equipment	<b>58,240</b>	60,242
Staff costs (including directors' emoluments):		
— Salaries and wages	<b>13,468</b>	18,119
— Retirement scheme contributions	<b>5,800</b>	5,787

## 9. INCOME TAX CREDIT

Provision for the PRC Enterprise Income Tax (“EIT”) for the reporting period was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>PRC Enterprise Income Tax</b>		
Current year	<b>2,989</b>	1,327
Deferred tax	<b>(7,718)</b>	(5,702)
	<b>(4,729)</b>	(4,375)

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of the Group is 25% for the years ended 31 December 2025 and 2024, except for the following subsidiaries:

- A subsidiary of the Company has been certified as new high technology enterprise in the PRC and enjoyed a preferential enterprise income tax rate of 15% for the years ended 31 December 2025 and 2024.
- Two subsidiaries of the Company were qualified as small enterprise and were eligible for preferential enterprise tax rate of 5% for the years ended 31 December 2025 and 2024.

## 10. DIVIDENDS

No dividends were paid or declared by the Company for both FY2025 and FY2024.

## 11. LOSS PER SHARE

The calculation of the basic and diluted losses per ordinary share is based on the following data:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Loss for the year attributable to owners of the Company ( <i>RMB'000</i> )	<b>(75,493)</b>	(25,389)
Weighted average number of shares in issue ( <i>note</i> )	<u><b>576,000,000</b></u>	<u>541,858,000</u>
Basic losses per share ( <i>RMB cents</i> )	<u><b>(13.11)</b></u>	<u>(4.69)</u>

*Note:*

The weighted average number of ordinary shares used to calculate the basis losses per share for the year ended 31 December 2025 represented 576,000,000 ordinary shares of the Company during the year ended 31 December 2025.

The weighted average number of ordinary shares used in calculating the basic losses per share for the year ended 31 December 2024 represented 480,000,000 ordinary shares of the Company as at 1 January 2024 and weighted average number of 51,672,000 ordinary shares of the Company issued during the year, which have been adjusted to reflect the bonus element from the placing of new shares of the Company which was completed on 18 June 2024.

Diluted losses per share presented is the same as the basic losses per share as the Group has no dilutive potential ordinary share outstanding during the year (2024: Same).

## 12. TRADE, BILLS AND OTHER RECEIVABLES, AND PREPAYMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
— Related parties	28,803	40,097
— Third parties	335,968	408,375
	<u>364,771</u>	<u>448,472</u>
Bills receivables	3,666	725
Impairment provision for		
— Trade receivables	(84,276)	(35,175)
— Bills receivables	(118)	(49)
	<u>(84,394)</u>	<u>(35,224)</u>
Trade and bills receivables, net	284,043	413,973
Deposits and other receivables	90,821	107,735
Prepayments	30,739	26,780
Impairment provision for deposits and other receivables	(20,641)	(19,994)
	<u>100,919</u>	<u>114,521</u>
Other receivables, prepayments and deposits, net	<u>384,962</u>	<u>528,494</u>

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of each reporting period:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–90 days	<b>73,326</b>	144,887
91–180 days	<b>15,038</b>	11,999
181–365 days	<b>27,211</b>	64,941
1–2 years	<b>51,283</b>	107,476
2–3 years	<b>59,287</b>	53,407
Over 3 years	<b>54,350</b>	30,587
	<b><u>280,495</u></b>	<u>413,297</u>

As at 31 December 2025, no trade and bills receivables arising from provision of construction services were pledged as securities for the Group's borrowings (2024: approximately RMB33,750,000).

### **13. TRADE PAYABLES**

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
— Third parties	<b>835,786</b>	945,415
— Related parties	<b>13,766</b>	39,891
	<b><u>849,552</u></b>	<u>985,306</u>

A credit period of up to 3 months from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of each of the reporting period is as follows:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0–90 days	<b>25,510</b>	226,489
91–180 days	<b>70,238</b>	35,362
181–365 days	<b>79,712</b>	262,185
1–2 years	<b>493,605</b>	353,674
Over 2 years	<b>180,487</b>	107,596
	<hr/> <b>849,552</b> <hr/>	<hr/> 985,306 <hr/>

#### **14. BILLS PAYABLES**

As at 31 December 2025, the Group's bill payables were secured by the Group's bank deposits of approximately RMB4,260,000 (2024: approximately RMB2,550,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

We are a general contracting construction group in Hunan Province with over 45 years of operating history. In the year ended 31 December 2025 (“FY2025”), we derived all of our revenue from our customers located in the PRC.

Currently, we primarily focus on the provision of construction services comprising (i) civil building construction services, provision of construction contracting mainly as general contractor for residential, industrial and commercial construction projects; (ii) municipal works construction services, which mainly consist of construction of urban roads, education institutions, sports stadiums and water supply works; (iii) foundation works services which include foundation construction as well as earthwork construction; (iv) prefabricated steel structure construction services; and (v) other specialised contracting works which includes building renovation and decoration construction specialised contracting. We provide comprehensive construction services to customers throughout the construction process from project procurement, management, construction to supervision and to a lesser extent, we also engage in the provision of construction machinery and equipment service.

For FY2025, the Group’s revenue amounted to approximately RMB586.3 million, representing a decrease of approximately RMB344.5 million or 37.0% from approximately RMB930.8 million in the year ended 31 December 2024 (“FY2024”). We recorded a decrease in our gross profit from approximately RMB71.0 million in FY2024 to approximately RMB58.2 million in FY2025, representing a year-on-year decline of approximately 18.0%. For FY2025, our gross profit margin was approximately 9.9%.

## FINANCIAL REVIEW

### Revenue

For FY2025, our revenue from construction contracts decreased by approximately RMB344.5 million or 37.0%, from approximately RMB930.8 million in FY2024 to approximately RMB586.3 million in FY2025. The decline was primarily due to a reduction in revenue of various major construction segments, resulting from the challenging market conditions.

- **Civil Building Construction:** Revenue from civil building construction declined by approximately RMB186.7 million or 35.3%, from approximately RMB529.3 million in FY2024 to approximately RMB342.6 million in FY2025.

- **Municipal Works Construction:** Revenue from municipal works construction decreased by approximately RMB146.9 million or 51.9%, from approximately RMB282.8 million in FY2024 to approximately RMB135.9 million in FY2025.
- **Prefabricated Steel Structure Construction Works:** Revenue from prefabricated steel structure construction increased by approximately RMB15.2 million or 43.2%, from approximately RMB35.2 million in FY2024 to approximately RMB50.4 million in FY2025.
- **Other Specialised Contracting Works:** Revenue from other specialised contracting works decreased by approximately RMB26.3 million or 32.7%, from approximately RMB80.4 million in FY2024 to approximately RMB54.1 million in FY2025.
- **Provision of Construction Machinery and Equipment:** Revenue from this sub-segment increased slightly from approximately RMB3.1 million in FY2024 to approximately RMB3.3 million in FY2025.

### **Cost of Sales**

Our cost of sales decreased from approximately RMB859.8 million in FY2024 to approximately RMB528.1 million in FY2025, in line with the decline in revenue.

### **Gross Profit and Gross Profit Margin**

Our gross profit declined by approximately RMB12.8 million or 18.0%, from approximately RMB71.0 million in FY2024 to approximately RMB58.2 million in FY2025. However, our gross profit margin increased from approximately 7.6% in FY2024 to approximately 9.9% in FY2025.

### **Administrative and Other Expenses**

Our administrative expenses and other expenses decreased from approximately RMB74.0 million in FY2024 to approximately RMB63.8 million in FY2025, reflecting cost-cutting and control measures implemented in response to lower revenue.

### **Impairment on Financial and Contract Assets, Net**

Impairment losses increased significantly from approximately RMB37.6 million in FY2024 to approximately RMB74.0 million in FY2025, reflecting higher expected credit losses due to prolonged settlement from customers and increased financial stress in the construction sector.

## **Finance Costs**

Finance costs decreased from approximately RMB5.3 million in FY2024 to approximately RMB3.9 million in FY2025, primarily due to the decrease in the Group's borrowings.

## **Income Tax Credit**

We recorded an income tax credit of approximately RMB4.7 million in FY2025, compared to an income tax credit of approximately RMB4.4 million in FY2024, primarily due to the movements in deferred tax assets during FY2025.

## **Loss and Total Comprehensive Income for the Year**

We reported a net loss of approximately RMB77.7 million in FY2025, compared to a net loss of approximately RMB26.4 million in FY2024. The increased loss was primarily due to the significant decline in revenue and gross profit, coupled with substantial impairment losses on financial and contract assets.

## **Analysis of Key Items of Financial Position**

### ***Trade, Bills, and Other Receivables and Prepayments***

Our trade, bills, and other receivables and prepayments decreased from approximately RMB528.5 million as at 31 December 2024 to approximately RMB385.0 million as at 31 December 2025, primarily due to the overall decline in the Group's revenue during the year, coupled with a substantial increase in impairment provisions recognized for aging receivables.

## **LIQUIDITY, FINANCIAL RESOURCES, AND CAPITAL STRUCTURE**

As at 31 December 2025, the Group had net current assets of approximately RMB380.4 million, compared to approximately RMB465.3 million as at 31 December 2024. The decrease in net current assets was primarily due to a decrease in trade, bills and other receivables and prepayments.

The current ratio (calculated as current assets divided by current liabilities) decreased slightly from approximately 1.27 as at 31 December 2024 to approximately 1.23 as at 31 December 2025, indicating a marginal decline in short-term liquidity position.

Our cash and cash equivalents decreased from approximately RMB32.5 million as at 31 December 2024 to approximately RMB29.5 million as at 31 December 2025, primarily due to cash outflows related to regular working capital requirements for its operation.

Total interest-bearing borrowings (including lease liabilities) decreased from approximately RMB114.5 million as at 31 December 2024 to approximately RMB94.2 million as at 31 December 2025. As at 31 December 2025, the Group's total bank and other borrowings (including lease liabilities) amounted to approximately RMB94.2 million, comprising:

- approximately RMB93.0 million repayable within one year; and
- approximately RMB1.2 million repayable within two to five years.

The Group's bank borrowings carried interest rates ranging from 3.3% to 18% per annum, and all borrowings were denominated in Renminbi.

Our gearing ratio, calculated as total interest-bearing debt divided by total equity, improved slightly to 22.2% as at 31 December 2025, compared to 23.0% as at 31 December 2024. The stability in gearing ratio reflects the Group's prudent financial management despite the challenging market conditions.

The Group continues to adopt a prudent treasury policy, closely monitoring cash flow and ensuring sufficient liquidity to meet operational and financial obligations.

There was no change in the capital structure of the Group during FY2025. As at 31 December 2025, the number of its issued ordinary shares was 576,000,000 of HK\$0.01 each. During FY2025, the Group did not hold or sell any treasury shares.

## **FUNDING AND TREASURY POLICY**

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirement from time to time.

## **CAPITAL COMMITMENTS**

As at 31 December 2025, the Group had approximately RMB14.5 million (31 December 2024: approximately RMB14.5 million) of capital commitments in respect of the acquisition of property, plant and equipment.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2025, the Group employed 327 employees in the PRC (31 December 2024: 345 employees). The total staff costs incurred by the Group for FY2025 was approximately RMB19.3 million compared to approximately RMB23.9 million for FY2024. Our Group's employees may be remunerated by way of fixed salary, hourly wage or on project-by-project basis, depending on their job nature. Our Group utilises an appraisal system for our employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. Our employees are also entitled to a number of fringe benefits and welfare, including transportation allowance, health care allowance and paid leave. Our Group provides trainings to our employees, which includes induction training which is held by our human resources department, on-the-board training, and sometimes education opportunities depending on the job function of the employees. Our Group will hold seminars and events occasionally for our employees, in order for them to catch up with market trends.

### **Retirement Scheme Contributions**

As stipulated by the relevant regulations of the PRC, the Group participates in a central pension scheme operated by the local municipal government (the “**Scheme**”), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

The retirement benefit scheme contributions made by the Group amounted to approximately RMB5,800,000 during FY2025 (2024: approximately RMB5,787,000). Save as the aforesaid, the Group did not participate in any other pension schemes during FY2025 and FY2024. For FY2025 and FY2024, no forfeited contributions may be used by the Group to reduce the existing level of contributions.

### **SHARE OPTION SCHEME**

The share option scheme (the “**Share Option Scheme**”) was conditionally adopted by written resolutions of the Company's shareholders passed on 10 March 2023. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in the report of the Directors in the annual report of the Company for the year ended 31 December 2025.

As at the Listing Date and 31 December 2025, no Share option has been granted by the Company and the outstanding number of Share options available for grant under the Share Option Scheme is 48,000,000 Share options to subscribe for the Shares, representing 10% of the issued share capital of the Company, out of which the outstanding number of Share options available for grant under the Service Provider Sublimit (as defined in the Share Option Scheme) is 4,800,000 Shares options to subscribe for the Shares, representing 1% of the issued share capital of the Company.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or vested or cancelled or has lapsed during FY2025 and there was no outstanding option as at 31 December 2025.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, the Group does not have other future plans for material investments and capital assets as at 31 December 2025. For details, please refer to the paragraphs headed “Use of Proceeds from the Global Offering” in this announcement.

## **CONTINGENT LIABILITIES**

Other than a number of lawsuits and claims arising from the normal course of business were lodged against our Group which remained outstanding as at 31 December 2025, the Group had no material contingent liability as at 31 December 2025.

## **PLEDGE OF ASSETS**

As at 31 December 2025, the Group had pledged certain assets as securities for its borrowings. The details of the pledged assets are as follows:

- No trade and bills receivables were pledged as security for the Group’s borrowings (31 December 2024: approximately RMB33.8 million).
- Restricted bank deposits of approximately RMB4.3 million (31 December 2024: approximately RMB2.6 million) were pledged for securing bills payables.
- Certain plant and machinery with a carrying amount of approximately RMB6.8 million (31 December 2024: approximately RMB5.0 million) were pledged as collateral for bank borrowings.
- Investment properties with a carrying amount of approximately RMB7.8 million (31 December 2024: approximately RMB6.9 million) were pledged for financing purposes.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company has been listed on the Stock Exchange since the Listing Date following the completion of the global offering (the “**Global Offering**”) of 120,000,000 new ordinary shares of the Company. The amount of net proceeds from the Global Offering amounted to approximately RMB76.6 million (equivalent to approximately HK\$84.1 million), after deduction of the underwriting commission and other expenses. The Company applied the proceeds from the Global Offering in accordance with the purposes as set out in the section headed “Future Plans and Use of Proceeds — Use of Proceeds” in the Prospectus which is also set out below. The balance of the net proceeds from the Global Offering brought forward at the beginning of FY2025 was approximately RMB11.5 million. During FY2025, net proceeds of approximately RMB0.8 million were used.

The following table sets out the breakdown of the use of net proceeds from the Global Offering:

Purpose	Intended	Utilised	Net	Utilised	Unutilised	Estimated timeline for utilising the unutilised net proceeds
	use of proceeds	amount as at 31 December 2024	proceeds utilised during FY2025	amount as at 31 December 2025	amount as at 31 December 2025	
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million	
To fund our upfront expenditure of three projects on hand	38.3	38.3	—	38.3	—	N/A
To acquire and/or replace our construction machinery and equipment	15.3	3.8	0.8	4.6	10.7	End of December 2026 <sup>(Note 1)</sup>
To fund the establishment and operation of our know-how centre	15.3	15.3	—	15.3	—	N/A
Working capital and general corporate purposes	7.7	7.7	—	7.7	—	N/A
<b>Total</b>	<b>76.6</b>	<b>65.1</b>	<b>0.8</b>	<b>65.9</b>	<b>10.7</b>	

*Note 1:* The use of proceeds for acquiring and/or replacing our construction machinery and equipment is expected to be further extended, which is mainly because of the postponement of the need to order the construction machinery and equipment due to the changes in schedules and timelines of some projects.

## **SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions or disposal of subsidiaries, associates or joint ventures during FY2025.

## **FOREIGN EXCHANGE RISK**

The assets, liabilities and transactions of the Group are principally denominated in Renminbi. As at 31 December 2025, the Group did not entered into any foreign exchange contracts to hedge against the fluctuation in exchange rates and the Group did not have any foreign currency investments which had been hedged by currency borrowing and other hedging instruments. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders.

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Since the Listing Date and up to 31 December 2025, the Group has adopted the Corporate Governance Code (“**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance and complied with all the applicable code provisions of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company’s securities for relevant employees (as defined in the Listing Rules).

As the Company was listed on the Stock Exchange since the Listing Date, related rules under the Listing Rules concerning the Model Code that Directors shall observe applied to the Company since the Listing Date.

Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code since the Listing Date.

## **AUDIT COMMITTEE**

The Company has established the audit committee (“**Audit Committee**”) on 10 March 2023 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee, comprising the three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick (Chairperson), Dr. Liu Jianlong and Ms. Deng Jianhua.

## **REVIEW OF FINANCIAL RESULTS BY AUDIT COMMITTEE**

The Group’s consolidated financial statements for FY2025 have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosure has been made.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for FY2025 as set out in this preliminary announcement have been agreed by the Group’s auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **PURCHASE, SALES OR REDEMPTION OF OUR SHARES**

There has been no purchase, sale or redemption of the Company’s shares or any treasury shares by the Company or any of its subsidiaries during the year.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained a sufficient amount of public float for its shares as required under the Listing Rules during FY2025 and up to the date of this announcement.

## **COMPETING INTERESTS**

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for FY2025 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **DIVIDENDS**

The Board proposed not to declare any final dividend for the year ended 31 December 2025 (2024: nil).

## **SIGNIFICANT EVENT AFTER REPORTING PERIOD**

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors subsequent to 31 December 2025.

## **ANNUAL GENERAL MEETING (“AGM”) AND CLOSURE OF REGISTER OF MEMBERS**

The AGM is scheduled to be held on 26 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 23 June 2026 to 26 June 2026 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 22 June 2026.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ztcon.com](http://www.ztcon.com). The annual report of the Company for the year ended 31 December 2025 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the websites of both the Stock Exchange and the Company in due course.

By order of the Board  
**Zhongtian Construction (Hunan) Group Limited**  
**Mr. Yang Zhongjie**  
*Chairman and Executive Director*

Hong Kong, 31 March 2026

*As at the date of this announcement, the Board comprises Mr. Yang Zhongjie as Chairman of the Board and executive Director; Mr. Liu Xiaohong, Mr. Min Shixiong and Mr. Chen Weiwu as executive Directors; and Dr. Liu Jianlong, Ms. Deng Jianhua and Mr. Lau Kwok Fai Patrick as independent non-executive Directors.*