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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

— For the six months ended 30 June 2026, the unaudited revenue of the Group was approximately RMB321.0 million, representing a decrease of approximately 7.4% as compared to approximately RMB346.6 million for the corresponding period in 2025.

— The Group's gross profit decreased from approximately RMB39.1 million for the six months ended 30 June 2025 to approximately RMB32.2 million for the six months ended 30 June 2026, and the gross profit margin decreased from approximately 11.3% for the six months ended 30 June 2025 to approximately 10.0% for the six months ended 30 June 2026.

— The loss attributable to owners of the Company for the six months ended 30 June 2026 was approximately RMB85.8 million, as compared with approximately RMB18.4 million for the six months ended 30 June 2025.

— For the six months ended 30 June 2026, basic loss per share was approximately RMB14.89 cents, as compared with basic loss per share of approximately RMB3.19 cents for the six months ended 30 June 2025.

— The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhongtian Construction (Hunan) Group Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (together referred to as the "**Group**" or "**we**") for the six months ended 30 June 2026 (the "**1H2026**") together with the corresponding comparative figures for the six months ended 30 June 2025 ("**1H2025**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	5	**321,035**	346,554
Cost of sales		**(288,867)**	(307,482)
Gross profit		**32,168**	39,072
Other income and other gains, net	6	**128**	305
Administrative and other expenses		**(24,484)**	(34,484)
Impairment on financial and contract assets, net		**(104,053)**	(24,268)
Finance costs	7	**(1,852)**	(2,157)
Loss before income tax	8	**(98,093)**	(21,532)
Income tax credit	9	**10,593**	1,999
Loss and total comprehensive income for the period		**(87,500)**	(19,533)
Loss and total comprehensive income for the period attributable to:			
Owners of the Company		**(85,756)**	(18,397)
Non-controlling interests		**(1,744)**	(1,136)
Total		**(87,500)**	(19,533)
Loss per share attributable to owners of the Company			
Basic and diluted, expressed in RMB cents per share	10	**(14.89)**	(3.19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**10,806**	12,310
Investment properties		**8,497**	8,644
Deferred tax assets		**31,841**	20,241
Intangible assets		**33**	34
		51,177	41,229
Current assets			
Inventories		**3,175**	362
Trade, bills and other receivables and prepayments	13	**477,111**	384,962
Contract assets		**1,583,549**	1,553,289
Restricted bank deposits		**21,397**	38,945
Cash and cash equivalents		**40,360**	29,505
		2,125,592	2,007,063
Current liabilities			
Trade payables	14	**932,244**	849,552
Bills payables		**48,825**	14,200
Accruals and other payables		**691,246**	627,490
Contract liabilities		**31,272**	26,543
Lease liabilities		**382**	374
Borrowings	15	**123,049**	92,615
Income tax payable		**15,922**	15,846
		1,842,940	1,626,620
Net current assets		**282,652**	380,443
Total assets less current liabilities		**333,829**	421,672

	Notes	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**555**	748
Borrowings	15	**249**	426
		804	1,174
NET ASSETS		**333,025**	420,498
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**5,132**	5,132
Reserves		**323,199**	408,928
		328,331	414,060
Non-controlling interests		**4,694**	6,438
TOTAL EQUITY		**333,025**	420,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 30 March 2023.

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.

In the opinion of the Directors, as at the date of this announcement, the ultimate holding company is ZT(A) Limited, a company incorporated in the British Virgin Islands (the "**BVI**").

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2025 the ("**Annual Report 2025**") which have been prepared in accordance with HKFRS Accounting Standards.

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the Annual Report 2025 except for the adoption of new or amended HKFRS Accounting Standards as mentioned in note 3.

In preparing the unaudited condensed consolidated interim financial information, the significant judgment made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Annual Report 2025.

The unaudited condensed consolidated interim financial information has been prepared under the historical cost basis and presented in Renminbi, ("**RMB**"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

Except as described below, the accounting policies applied are consistent with those of the 2025 financial statements as described therein.

New and amendments to standards and interpretation adopted by the Group

The following amendments are effective for the period beginning 1 January 2026:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11

The amendments listed above did not have any material effect on the reported results or financial position of the Group for both current and prior reporting period.

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 1H2026 and 1H2025.

As at 30 June 2026 and 31 December 2025, 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 1H2026 and 1H2025, is set out below:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**56,166**	N/A*
Customer B	**42,312**	71,798

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

5. REVENUE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from construction contracts		
Civil building construction	**247,760**	204,101
Municipal works construction	**68,307**	103,602
Foundation works	**1,590**	4,199
Prefabricated steel structure construction works	**1,155**	13,808
Other specialised contracting works	**1,790**	20,017
	320,602	345,727
Revenue from provision of construction machinery and equipment	**433**	827
	321,035	346,554

Timing of revenue recognition

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Transferred over time	**321,035**	346,554

Geographical areas of revenue derived from customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hunan	**269,998**	193,324
Hainan	**1,655**	30,721
Guangdong	**4,057**	21,222
Jiangxi	**43,312**	71,798
	319,022	317,065
Others	**2,013**	29,489
	321,035	346,554

6. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**42**	349
Government grants *(Note)*	**—**	8
Gain on disposal of property, plant and equipment	**95**	32
Others	**(9)**	(84)
Total	**128**	305

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest charge on lease liabilities	**23**	36
Interest charge on borrowings	**1,829**	2,121
Total	**1,852**	2,157

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after (crediting)/charging the followings:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories	**110,919**	93,849
Auditors' remuneration	**—**	—
Depreciation of owned property, plant and equipment	**1,161**	1,144
Depreciation of right-of-use assets	**186**	186
Depreciation of investment properties	**147**	148
Amortisation of intangible assets	**1**	2
Gain on disposal of property, plant and equipment	**(95)**	(32)
Research costs	**9,760**	8,986
Short-term leases expenses		
— Office premises	**588**	735
— Machinery and equipment	**27,861**	31,303
Staff costs, including Directors' emoluments		
— Salaries and wages	**6,071**	7,633
— Retirement scheme contributions	**2,610**	3,260

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.

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 1H2026 and 1H2025, 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 1H2026 and 1H2025.

Two subsidiaries of the Company were qualified as small enterprise and are eligible for preferential tax rate of 5% for 1H2026 and 1H2025.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
Current period	**1,006**	1,732
Deferred tax	**(11,599)**	(3,731)
Income tax credit	**(10,593)**	(1,999)

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company, *RMB'000*	**(85,756)**	(18,397)
Weighted average number of shares in issue	**576,000,000**	576,000,000
Basic loss per share, *RMB cents*	**(14.89)**	(3.19)

Note:

The weighted average number of ordinary shares used to calculate the basic losses per share for 1H2026 and 1H2025 represented 576,000,000 ordinary shares of the Company during 1H2026 and 1H2025.

Diluted loss per share presented is the same as the basic losses per share as the Group has no dilutive potential ordinary share outstanding for 1H2026 (2025: Same).

11. DIVIDENDS

No dividends were paid or declared by the Company for 1H2026 and 1H2025.

12. PROPERTY, PLANT AND EQUIPMENT

During 1H2026, the Group acquired property, plant and equipment of approximately RMB3,000 (1H2025: approximately RMB773,000).

In addition, during 1H2026, the Group disposed property, plant and equipment of approximately RMB161,000 (1H2025: approximately RMB27,000).

As at 30 June 2026, certain plant and machinery with carrying amount of approximately RMB2,423,000 (31 December 2025: approximately RMB6,759,000) were pledged as securities for the Group's borrowings (note 15).

13. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Trade receivables		
Related parties	**18,127**	28,803
Third parties	**351,003**	335,968
	369,130	364,771
Bills receivables	**40**	3,666
Impairment provision for trade receivables	**(126,593)**	(84,276)
Impairment provision for bills receivables	**(2)**	(118)
	(126,595)	(84,394)
Trade and bills receivables, net	**242,575**	284,043
Deposits and other receivables	**200,714**	90,821
Prepayments	**85,402**	30,739
Impairment provision for deposits and other receivables	**(51,580)**	(20,641)
Other receivables, prepayments and deposits, net	**234,536**	100,919
	477,111	384,962

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:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**65,237**	73,326
91–180 days	**14,551**	15,038
181–365 days	**36,448**	27,211
1–2 years	**31,347**	51,283
2–3 years	**38,801**	59,287
Over 3 years	**56,153**	54,350
Total	**242,537**	280,495

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not yet past due	**59,090**	72,817
0–90 days	**21,213**	16,189
91–180 days	**23,726**	13,142
181–365 days	**23,789**	36,893
1–2 years	**23,413**	62,808
2–3 years	**45,753**	47,899
Over 3 years	**45,553**	30,747
Total	**242,537**	280,495

Trade receivables are generally due within 10 to 90 days from the date of billing.

As at 30 June 2026, trade and bills receivables arising from provision of construction services of approximately RMB13,132,000 were pledged as securities for the Group's borrowings (31 December 2025: Nil).

14. TRADE PAYABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
Related parties	**4,378**	13,766
Third parties	**927,866**	835,786
	932,244	849,552

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 reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**119,246**	25,510
91–180 days	**53,271**	70,238
181–365 days	**101,512**	79,712
1–2 years	**95,594**	493,605
Over 2 years	**562,621**	180,487
Total	**932,244**	849,552

15. BORROWINGS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Current		
Bank borrowings, secured/guaranteed	**67,416**	41,550
Bank borrowings, unsecured	**55,260**	50,672
Other borrowings, secured	**373**	393
	123,049	92,615
Non-current		
Other borrowings, secured	**249**	426
	249	426
	123,298	93,041

Notes:

1. The Group's bank loans of approximately RMB67,416,000 as at 30 June 2026 (31 December 2025: approximately RMB41,550,000), were secured by the Group's assets with net carrying values as follows:

	2026 RMB'000 (Unaudited)	2025 RMB'000 (Audited)
Secured by:		
Intangible assets and investment properties	**48,276**	28,500
Trade receivables	**9,990**	—
Corporate guarantee and Group's properties	**9,150**	13,050
	67,416	41,550

2. As at 30 June 2026, bank loans with principal amount of approximately RMB55,260,000 (31 December 2025: approximately RMB50,672,000), were unsecured.

Bank borrowings were repayable as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**122,676**	92,222

Other borrowings were repayable as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**373**	393
In the 2nd year	**249**	426
Total	**622**	819

The borrowings were secured by the following assets:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment *(note 12)*	**2,423**	6,759
Investment properties	**8,497**	7,815
Intangible assets	**33**	34
Trade receivables *(note 13)*	**13,132**	—

As at 30 June 2026, the Group could not fulfil certain financial covenants as set out in the loan facility agreements by the banks on the bank borrowings in the total amount of approximately RMB94,075,000, which were classified as current liabilities of the Group. Subsequent to the end of the reporting period, the Group had obtained waivers from the banks for the breach of the financial covenants (the "**Waivers**"). In the opinion of the Directors, based on the Waivers obtained, the Group is no longer in breach of any covenants under the Group's loan facility agreements.

As at 30 June 2026, the Group has defaulted the repayment of bank borrowing of approximately RMB4,971,000, which were classified under current liabilities. The negotiations with lender had been conducted and the lender has agreed to waive its right to demand immediate payment.

As at 30 June 2026, the Group has no aggregate available unutilised banking facilities (31 December 2025: approximately RMB1,300,000).

17. SHARE CAPITAL

	Number of ordinary shares	Amount	Amount
		HK$'000	*RMB'000*
Authorised ordinary shares of HK$0.01 each			
At 1 January 2025, 31 December 2025 (audited) and 30 June 2026 (unaudited)	5,000,000,000	50,000	45,000
Issued and fully paid ordinary shares of HK$0.01 each			
At 1 January 2025, 31 December 2025 (audited) and 30 June 2026 (unaudited)	576,000,000	5,760	5,132

Note:

The Company was incorporated in the Cayman Islands on 27 March 2020 as an exempted company with limited liability, with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and issued 101,100 shares of HK$0.01 each.

18. RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions with related companies during the reporting periods:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Rental expenses paid/accrued to a related company	**208**	208
Purchase of materials from related companies	**4,108**	3,561
Construction services income earned from related companies	**934**	13,245
Consultation services fee paid to related company	**48**	—

The terms of the related party transactions carried out during the reporting periods were mutually agreed by the Group and the related companies.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

The Group is a general contracting construction group in Hunan Province with over 45 years of operating history and is principally engaged in 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 include building renovation and decoration construction specialised contracting.

During 1H2026, the Group continued to operate in a challenging market environment. The construction industry in the PRC remained affected by the prolonged adjustment of the property market, cautious investment sentiment and intensified market competition. These factors continued to affect the pace of new project awards, project execution and collection cycles across the construction sector.

For 1H2026, the Group recorded revenue of approximately RMB321.0 million, representing a decrease of approximately 7.4% as compared with approximately RMB346.6 million for 1H2025. The decrease was mainly attributable to the decline in revenue from municipal works construction, foundation works, prefabricated steel structure construction works and other specialised contracting works. Such decrease was partially offset by the growth in revenue from civil building construction, which remained the Group's principal revenue contributor during the period.

Revenue from civil building construction increased by approximately 21.4% from approximately RMB204.1 million in 1H2025 to approximately RMB247.8 million in 1H2026, reflecting the Group's continued focus on its core construction business and relatively stable demand from certain civil building projects. However, revenue from municipal works construction decreased by approximately 34.1% from approximately RMB103.6 million in 1H2025 to approximately RMB68.3 million in 1H2026. Revenue from prefabricated steel structure construction works and other specialised contracting works also decreased significantly, reflecting fewer new projects and the Group's more cautious approach in project selection amid the uncertain market environment.

Gross profit margin decreased from approximately 11.3% in 1H2025 to approximately 10.0% in 1H2026. The decrease was mainly due to changes in project mix and continued pricing pressure under the competitive market environment. The Group continued to implement cost control measures and enhance project management efficiency; however, the decrease in revenue and gross profit margin, together with the substantial increase in impairment losses on financial and contract assets, resulted in a significant increase in net loss for the period.

The Group recorded loss attributable to owners of the Company of approximately RMB85.8 million in 1H2026, as compared with approximately RMB18.4 million in 1H2025. The increase in loss was mainly attributable to the substantial increase in impairment losses on financial and contract assets, which increased from approximately RMB24.3 million in 1H2025 to approximately RMB104.1 million in 1H2026. Such increase reflected the Group's continuous assessment of credit risks and recoverability of receivables and contract assets amid the challenging market conditions and lengthening collection cycles in the construction industry.

Future Outlook

Looking ahead, the Group expects the construction industry in the PRC to remain challenging in the near term. The ongoing adjustment of the property sector, cautious public and private sector spending, pressure on project margins and prolonged settlement cycles are expected to continue to affect construction enterprises. The Group will therefore continue to adopt a prudent business strategy, focusing on project quality, cash flow management and risk control.

In this environment, the Group will:

- **Prioritise core and resilient business segments**: Continue to focus on civil building construction and selected municipal works projects with better execution visibility and acceptable risk profiles.

- **Strengthen project selection and credit risk control**: Adopt more stringent assessment procedures for new projects, with particular focus on customer creditworthiness, payment terms and cash flow visibility.

- **Enhance receivables and contract assets management**: Strengthen collection efforts, closely monitor overdue balances and actively communicate with customers to accelerate project settlement and certification.

- **Maintain cost discipline**: Continue to control administrative expenses, optimise resource allocation and improve project execution efficiency.

- **Preserve liquidity and financing flexibility**: Maintain constructive relationships with banks and other financial institutions, manage borrowings prudently and seek to maintain sufficient liquidity for business operations.

- **Explore selective growth opportunities**: Assess opportunities in areas supported by government policies, including urban renewal, infrastructure maintenance, green construction and other specialised construction services, while maintaining prudent risk management standards.

Although the external environment remains challenging, the Group believes that its long operating history, established market presence in Hunan Province and experience in construction project management will continue to support its business resilience. The Group will remain focused on stabilising operations, improving cash flows and strengthening its financial position in order to weather the current market downturn and prepare for future recovery opportunities.

FINANCIAL REVIEW

Revenue

For 1H2026, the Group recorded revenue of approximately RMB321.0 million, representing a decrease of approximately 7.4% as compared with approximately RMB346.6 million for 1H2025. The decrease was mainly due to the reduction in revenue from municipal works construction, foundation works, prefabricated steel structure construction works and other specialised contracting works, partially offset by the increase in revenue from civil building construction.

Construction contracts

Revenue from construction contracts amounted to approximately RMB320.6 million in 1H2026, as compared with approximately RMB345.7 million in 1H2025. The breakdown is as follows:

- **Civil building construction**: Revenue increased by approximately 21.4% from approximately RMB204.1 million in 1H2025 to approximately RMB247.8 million in 1H2026. The increase was mainly attributable to the progress of certain civil building construction projects during the period.

- **Municipal works construction**: Revenue decreased by approximately 34.1% from approximately RMB103.6 million in 1H2025 to approximately RMB68.3 million in 1H2026, mainly due to the decrease in revenue recognised from municipal works projects during the period.

- **Foundation works**: Revenue decreased by approximately 62.1% from approximately RMB4.2 million in 1H2025 to approximately RMB1.6 million in 1H2026, mainly due to fewer foundation works projects undertaken during the period.

- **Prefabricated steel structure construction works**: Revenue decreased by approximately 91.6% from approximately RMB13.8 million in 1H2025 to approximately RMB1.2 million in 1H2026, mainly due to fewer new projects awarded and lower revenue contribution from such projects.

- **Other specialised contracting works**: Revenue decreased by approximately 91.1% from approximately RMB20.0 million in 1H2025 to approximately RMB1.8 million in 1H2026, mainly due to weaker demand for renovation, decoration and other specialised contracting works.

Overall, civil building construction remained the Group's largest revenue contributor and recorded growth during 1H2026, while other construction service categories declined amid the challenging market conditions and the Group's prudent project selection strategy.

Provision of construction machinery and equipment

Revenue from provision of construction machinery and equipment decreased from approximately RMB0.8 million in 1H2025 to approximately RMB0.4 million in 1H2026, representing a decrease of approximately 47.6%. The decrease was mainly due to lower demand for machinery and equipment services during the period.

Cost of sales

The Group's cost of sales for 1H2026 was approximately RMB288.9 million, representing a decrease of approximately 6.1% as compared with approximately RMB307.5 million for 1H2025. The decrease was generally in line with the decrease in revenue during the period. However, the rate of decrease in cost of sales was lower than the rate of decrease in revenue, resulting in a lower gross profit margin.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB39.1 million in 1H2025 to approximately RMB32.2 million in 1H2026, representing a decrease of approximately 17.7%. Gross profit margin decreased from approximately 11.3% in 1H2025 to approximately 10.0% in 1H2026. The decrease was mainly attributable to changes in project mix and pricing pressure under the competitive market environment.

Other income and other gains, net

Other income and other gains, net decreased from approximately RMB0.3 million in 1H2025 to approximately RMB0.1 million in 1H2026. The decrease was mainly due to the decrease in interest income on bank deposits and the absence of government grants during 1H2026.

Administrative and other expenses

Administrative and other expenses decreased from approximately RMB34.5 million in 1H2025 to approximately RMB24.5 million in 1H2026, representing a decrease of approximately 29.0%. The decrease was mainly attributable to the Group's continued cost control measures and reduction in staff costs and other administrative expenses.

Impairment on financial and contract assets, net

Net impairment losses on financial and contract assets increased significantly from approximately RMB24.3 million in 1H2025 to approximately RMB104.1 million in 1H2026. The increase was mainly attributable to the Group's prudent assessment of the recoverability of trade receivables, other receivables and contract assets under the challenging market environment and prolonged collection cycles.

Finance costs

Finance costs decreased from approximately RMB2.2 million in 1H2025 to approximately RMB1.9 million in 1H2026, representing a decrease of approximately 14.1%. The decrease was mainly due to lower interest charge on borrowings and lease liabilities during the period.

Income tax credit

The Group recorded income tax credit of approximately RMB10.6 million in 1H2026, as compared with approximately RMB2.0 million in 1H2025. The increase was mainly attributable to the increase in deferred tax credit recognised during the period.

Net loss

The loss attributable to owners of the Company increased from approximately RMB18.4 million in 1H2025 to approximately RMB85.8 million in 1H2026. The increase in loss was mainly attributable to the substantial increase in impairment losses on financial and contract assets and the decrease in gross profit, partially offset by the decrease in administrative and other expenses, finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's sources of funds are a combination of internally generated funds, bank and other borrowings, and equity fund raising activities. As at 30 June 2026, the capital structure of the Company comprised mainly issued share capital and reserves. During 1H2026, the Group held no treasury shares and did not sell any treasury shares.

As at 30 June 2026, the Group had net current assets of approximately RMB282.7 million, as compared with approximately RMB380.4 million as at 31 December 2025. The Group's current ratio decreased from approximately 1.23 as at 31 December 2025 to approximately 1.15 as at 30 June 2026. The decrease was mainly due to the increase in current liabilities, including trade payables, bills payables, accruals and other payables and borrowings, which outweighed the increase in current assets.

As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately RMB40.4 million, representing an increase of approximately 36.8% as compared with approximately RMB29.5 million as at 31 December 2025. As at 30 June 2026, the Group's total interest-bearing borrowings amounted to approximately RMB123.3 million, as compared with approximately RMB93.0 million as at 31 December 2025, representing an increase of approximately 32.5%. Of this total, approximately RMB123.0 million were classified as current liabilities and approximately RMB0.3 million as non-current liabilities. The increase in borrowings was mainly due to new borrowings raised during the period to support the Group's working capital needs.

The Group's gearing ratio, calculated as total interest-bearing debt divided by total equity, increased from approximately 22.4% as at 31 December 2025 to approximately 37.3% as at 30 June 2026. The increase was mainly due to the increase in total borrowings and the decrease in total equity as a result of the loss recorded during the period.

As at 30 June 2026, certain property, plant and equipment, investment properties, intangible assets and trade receivables were pledged to secure the Group's borrowings.

As at 30 June 2026, the Group could not fulfil certain financial covenants as set out in the loan facility agreements by the banks on bank borrowings in the total amount of approximately RMB94.1 million, which were classified as current liabilities of the Group. Subsequent to the end of the reporting period, the Group had obtained waivers from the banks for the breach of the financial covenants. In the opinion of the Directors, based on the waivers obtained, the Group is no longer in breach of any covenants under the Group's loan facility agreements.

As at 30 June 2026, the Group had defaulted on the repayment of bank borrowing of approximately RMB5.0 million, which were classified under current liabilities. Negotiations with the lender had been conducted and the lender had agreed to waive its right to demand immediate payment.

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 requirements from time to time. The Group will continue to strengthen receivables collection, manage contract assets and payables carefully, and maintain constructive relationships with banks and financial institutions to preserve liquidity and financing flexibility.

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 requirements from time to time.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had approximately RMB14.5 million (31 December 2025: approximately RMB14.5 million) of capital commitments in respect of the acquisition of property, plant and equipment.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed 286 employees in the PRC (30 June 2025: 335 employees). The total staff costs incurred by the Group for 1H2026 was approximately RMB8.7 million compared to approximately RMB10.9 million for 1H2025. Our Group's employees may be remunerated by way of fixed salary, hourly wage or on a 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-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.

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.

From the Listing Date and up to 30 June 2026, no share option has been granted by the Company. 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 8.33% and 8.33% of the issued share capital of the Company at the beginning and at the end of 1H2026, respectively, out of which the number of share options available for grant under the service provider sublimit is 4,800,000 shares options to subscribe for the shares, representing 0.83% and 0.83% of the issued share capital of the Company at the beginning and at the end of 1H2026, respectively.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during 1H2026 and there was no outstanding option as at 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 20 March 2023 (the "**Prospectus**") and the announcement dated 7 June 2024 in relation to placing of new shares under General Mandate (the "**Placing Announcement**"), the Group does not have other future plans for material investments and capital assets as at 30 June 2026. For details, please refer to the paragraphs headed "Use of Proceeds from the Global Offering" and "The Placing and Use of Proceeds" 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 30 June 2026, the Group had no material contingent liability as at 30 June 2026.

FOREIGN EXCHANGE RISK

The assets, liabilities and transactions of the Group are principally denominated in RMB. As at 30 June 2026, the Group has 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 have been hedged by currency borrowing and other hedging instruments. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

GEARING RATIO

As at 30 June 2026, the gearing ratio, which is calculated as total interest-bearing debt divided by total equity, is approximately 37.3% (31 December 2025: approximately 22.4%).

PLEDGE OF ASSETS

As at 30 June 2026, assets pledged to secure the borrowings of the Group are disclosed in note 15 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

For 1H2026, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities (including treasury shares).

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 "**Shares**"). 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 has applied and will apply 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, details of utilisation of the proceeds are set out below. The balance of the net proceeds from the Global Offering brought forward at the beginning of 1H2026 was approximately RMB10.7 million.

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

Purpose	Intended use of proceeds *RMB' million*	Utilised amount as at 31 December 2025 *RMB' million*	Net proceeds utilised during 1H2026 *RMB' million*	Utilised amount as at 30 June 2026 *RMB' million*	Unutilised amount as at 30 June 2026 *RMB' million*	Estimated timeline for utilising the unutilised net proceeds
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	4.6	—	4.6	10.7	Before December 2026
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
Total	76.6	65.9	—	65.9	10.7	

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not hold any significant investments, or have any material acquisitions or disposal of subsidiaries, associates or joint ventures during 1H2026.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for 1H2026 (1H2025: Nil).

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 INTERIM FINANCIAL RESULTS BY AUDIT COMMITTEE

The unaudited consolidated interim financial information of the Group for 1H2026 and the accounting information given in this announcement has not been reviewed by the external auditor of the Company but has been reviewed by the Audit Committee, which agreed with the accounting treatment adopted by the Company, and was of the opinion that the preparation of such accounting information complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

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. During 1H2026, our Group has adopted and complied with the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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, no less than the requirements under the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during 1H2026.

SIGNIFICANT EVENT AFTER 1H2026

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 30 June 2026.

INTERIM REPORT

The interim report for 1H2026 containing all information required by Appendix D2 of the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ztcon.com in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

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

Hong Kong, 28 August 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. Chen Weiwu, Mr. Min Shixiong as executive Directors; and Dr. Liu Jianlong, Ms. Deng Jianhua and Mr. Lau Kwok Fai Patrick as independent non-executive Directors.

In this announcement, the English names of PRC nationals, entities, departments, facilities, certificates, titles, etc. marked "" are translations of their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*