



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

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

Stock Code : 2545

Interim Report  
2024



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Haoqiong (*Chairman*)

Mr. Peng Shengqian

Ms. Xie Xiaolan

Mr. Liu Dingli

Mr. Liu Dingyi

Mr. Zhou Zhiqiang

### Independent Non-executive Directors

Mr. Yu Shiyong

Mr. Li Yinguo

Mr. Zhu Yugang

## AUDIT COMMITTEE

Mr. Yu Shiyong (*Chairman*)

Mr. Li Yinguo

Mr. Zhu Yugang

## NOMINATION COMMITTEE

Mr. Zhu Yugang (*Chairman*)

Mr. Yu Shiyong

Mr. Liu Dingli

## REMUNERATION COMMITTEE

Mr. Li Yinguo (*Chairman*)

Mr. Peng Shengqian

Mr. Yu Shiyong

## JOINT COMPANY SECRETARIES

Mr. Liu Dingyi

Ms. Wong Wai Yee, Ella

## AUTHORIZED REPRESENTATIVES FOR THE PURPOSE OF THE LISTING RULES

Mr. Liu Dingyi

Ms. Wong Wai Yee, Ella

## AUDITOR

KPMG

Certified Public Accountants

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

8th Floor, Prince's Building

10 Chater Road, Central, Hong Kong

## LEGAL ADVISER (AS TO HONG KONG LAW)

Li & Partners

22nd Floor

World-Wide House

19 Des Voeux Road Central

Hong Kong

# Corporate Information (Continued)

## COMPLIANCE ADVISER

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

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F  
Manulife Place  
348 Kwun Tong Road  
Kowloon, Hong Kong

## PRINCIPAL BANKS

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR

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

## WEBSITE OF THE COMPANY

[www.gantongjt.com](http://www.gantongjt.com)

## STOCK CODE

2545

# Management Discussion and Analysis

## COMPANY OVERVIEW

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

## TELECOMMUNICATIONS INFRASTRUCTURE SERVICES

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

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

## DIGITALISATION SOLUTION SERVICES

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

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



## Management Discussion and Analysis (Continued)

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

### OUTLOOK

Looking ahead, the board (the “**Board**”) of directors (the “**Directors**”) of the Company plans to accelerate the Group’s Telecommunications Infrastructure Services layout nationwide, and continue to expand the Group’s Telecommunications Infrastructure Services outside Jiangxi Province. As at 30 June 2024, the Group has successfully developed projects in Xinjiang Uygur Autonomous Region. At the same time, the Group is also actively seeking strategic partnerships in digitalisation solution business as well as investment opportunities in mergers and acquisitions. Meanwhile, the Group will enhance its liquidity position and financial capabilities in securing new large-scale Digitalisation Solution Services projects and strengthen its research and development capabilities to enhance its provision of Digitalisation Solution Services.

The Board considers that the Listing has impacted the perception of customers towards the Group and believes that the Listing is a form of complementary advertising which will further enhance the corporate profile, assist in reinforcing the brand awareness and market reputation, enhance the credibility with the public and potential business partners and offer the Company a broader shareholder base which will provide liquidity in the trading of the shares of the Company (the “**Shares**”).

There was no change in the intended use of net proceeds as previously disclosed in the prospectus (the “**Prospectus**”) of the Company in relation to global offering of the Shares (the “**Global Offering**”) dated 21 June 2024, and the expected timeline for the use of net proceeds will be subject to the business development of the Company. Please refer to “Use of Proceeds from the Global Offering” in this report for details.

# Management Discussion and Analysis (Continued)

## FINANCIAL OVERVIEW

### Revenue

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

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
<b>Revenue from Telecommunications</b>				
<b>Infrastructure Services</b>	<b>215,799</b>	<b>90.9</b>	205,409	84.4
— Infrastructure Construction Services	<b>195,125</b>	<b>82.2</b>	189,105	77.7
— Infrastructure Maintenance Services	<b>20,674</b>	<b>8.7</b>	16,304	6.7
<b>Revenue from Digitalisation</b>				
<b>Solution Services</b>	<b>21,484</b>	<b>9.1</b>	37,879	15.6
— Integrated Solution Services	<b>272</b>	<b>0.1</b>	11,547	4.7
— System Maintenance Services	<b>251</b>	<b>0.1</b>	381	0.2
— Software Solution Services	<b>20,961</b>	<b>8.9</b>	25,951	10.7
<b>Revenue</b>	<b>237,283</b>	<b>100.0</b>	243,288	100.0

The Group's revenue decreased by 2.5% from RMB243.3 million for the six months ended 30 June 2023 to RMB237.3 million for the six months ended 30 June 2024, mainly due to a decrease of 43.3% in revenue from Digital Solution Services.

The Group's revenue from Telecommunications Infrastructure Services increased by 5.1% from RMB205.4 million for the six months ended 30 June 2023 to RMB215.8 million for the six months ended 30 June 2024, mainly due to a moderate increase in work orders placed by clients for Infrastructure Construction Services and an increase of RMB3.2 million in the revenue from power generation and the revenue from sporadic repair and maintenance under the revenue from Infrastructure Maintenance Services.

The Group's revenue from Digitalisation Solution Services decreased from RMB37.9 million for the six months ended 30 June 2023 to RMB21.5 million for the six months ended 30 June 2024, mainly due to the decrease in the projects of Integrated Solution Services and Software Solution Services.

# Management Discussion and Analysis (Continued)

## Cost of sales

The Group's cost of sales slightly increased by 1.3% from RMB183.7 million for the six months ended 30 June 2023 to RMB186.0 million for the six months ended 30 June 2024, which is comparable.

## Gross profit and gross profit margin

The Group's gross profit decreased by 13.9% from RMB59.6 million for the six months ended 30 June 2023 to RMB51.3 million for the six months ended 30 June 2024, mainly due to a drop in revenue from Digitalisation Solution Services that typically contribute higher gross profit.

The Group's gross profit margin decreased from 24.5% for the six months ended 30 June 2023 to 21.6% for the six months ended 30 June 2024. This is mainly due to the decrease in proportion of the contribution in gross profit of Digitalisation Solution Services from 50.3% for the six months ended 30 June 2023 to 41.1% for the six months ended 30 June 2024.

The Group's gross profit margin of Telecommunications Infrastructure Services slightly decreased from 14.4% for the six months ended 30 June 2023 to 14.0% for the six months ended 30 June 2024, which is comparable.

The Group's gross profit margin of Digitalisation Solution Services increased from 79.2% for the six months ended 30 June 2023 to 98.1% for the six months ended 30 June 2024, mainly due to the increase in proportion of the contribution in revenue of Software Solution Services with higher gross profit margins increased from 68.5% for the six months ended 30 June 2023 to 97.6% for the six months ended 30 June 2024.

## Other net income

The Group's other net income decreased from RMB2.9 million for the six months ended 30 June 2023 to RMB2.4 million for the six months ended 30 June 2024, mainly due to a decrease in interest income from contracts containing a financing component and net foreign exchange gain.



# Management Discussion and Analysis (Continued)

## Selling expenses

The Group's selling expenses decreased from RMB1.8 million for the six months ended 30 June 2023 to RMB1.3 million for the six months ended 30 June 2024, primarily due to a decrease in tender-related fee.

## Administrative expenses

The Group's administrative expenses decreased by 15.6% from RMB24.3 million for the six months ended 30 June 2023 to RMB20.5 million for the six months ended 30 June 2024, mainly due to: (1) a decrease of RMB1 million in the provision for credit impairment losses; (2) a decrease of RMB1.1 million in entertainment expenses as a result of controlling these expenses; (3) a decrease of RMB1.2 million in tax later payment charges due to no unpaid taxes due as of 30 June 2024.

## Research and development expenses

The Group's research and development expenses remained stable from RMB6.0 million for the six months ended 30 June 2023 to RMB5.9 million for the six months ended 30 June 2024.

## Finance costs

The Group's finance costs decreased by 14.3% from RMB9.0 million for the six months ended 30 June 2023 to RMB7.7 million for the six months ended 30 June 2024, due to a decrease in bank interest expense as a result of lower average balances on bank borrowings and lower interest rates on borrowings in the first half of 2024.

## Income tax expense

The Group's income tax credit increased from RMB0.3 million for the six months ended 30 June 2023 to RMB0.4 million for the six months ended 30 June 2024.

## Net profit for the period

As a result of the foregoing, the Group's net profit decreased by 14.8% from RMB21.8 million for the six months ended 30 June 2023 to RMB18.6 million for the six months ended 30 June 2024.

# Management Discussion and Analysis (Continued)

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow from Operating Activities

For the six months ended 30 June 2024, the Group's net cash used in operating activities was RMB43.8 million and was primarily attributable to its profit before tax of RMB18.2 million as adjusted for the following items: (i) non-cash and non-operating items, mainly including interest expenses of approximately RMB7.7 million, depreciation charges of approximately RMB1.2 million and impairment losses recognised of approximately RMB8.1 million; and (ii) net cash outflows from changes in working capital primarily resulted from increase in contract assets of approximately RMB68.1 million and an increase in inventories of approximately RMB16.9 million.

### Cash and Bank Balances and Borrowings

The majority of the Group's cash and cash equivalents are denominated in RMB, which amounted to approximately RMB6.6 million as at 30 June 2024, representing a decrease of approximately 91.9% from RMB81.5 million as at 31 December 2023. Such decrease was mainly due to the settlement of amounts due to shareholders of approximately RMB139.8 million and the net cash used in operating activities of approximately RMB43.8 million, which was partially offset by the capital injection from shareholders of RMB127.7 million. As at 30 June 2024, the Group's bank loans decreased from RMB347.5 million as at 31 December 2023 to RMB339.4 million as at 30 June 2024. As at 30 June 2024, the Group's bank loans comprised of: (i) RMB149 million (31 December 2023: RMB127 million) bearing interest at 4.25% per annum (31 December 2023: 4.25% per annum) and repayable within one year; (ii) RMB110 million (31 December 2023: RMB140 million) bearing interest at rates ranging from 3.95% to 4.05% per annum (31 December 2023: ranging from 3.95% to 4.15%) and repayable within one year; (iii) RMB30 million (31 December 2023: RMB30 million) bearing interest at 3.85% per annum (31 December 2023: 4.15% per annum) and repayable within one year; and (iv) RMB50 million (31 December 2023: RMB50 million) bearing interest at 5.24% per annum (31 December 2023: 5.24% per annum) and repayable within one year.

### Gearing ratio

As at 30 June 2024, the gearing ratio (total borrowings divided by total equity) of the Group was 1.2 times (31 December 2023: 2.7 times). The decrease in gearing ratio was mainly due to the reserve of the Group of RMB127.7 million contributed by the controlling shareholder at the beginning of 2024.

# Management Discussion and Analysis (Continued)

## Capital structure

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

## Treasury policies

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

## Foreign exchange risk

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

## Capital commitments

The Group had no capital commitments for the six months ended 30 June 2024.

## Contingent liabilities and pledge of assets

As at 30 June 2024, the Group had no contingent liabilities.

As at 30 June 2024, the carrying value of the Group's property, plant and equipment, investment properties, trade receivables and contract assets, and bank deposits pledged for bank borrowings and bank facilities was approximately RMB902.0 million. Please see note 18 to the Unaudited Interim Financial Statements.

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

During the six months ended 30 June 2024, the Group did not make any significant investments and there were no other material acquisitions and disposal of subsidiaries, associates or joint ventures by the Group.

## Future plans for material investments

The Group intends to utilise part of the net proceeds raised from the Listing to acquire or invest in other companies specialising in the provision of digitalisation solution services as part of our strategies to expand our business scale and market share. As at the date of this report, the Group did not have any other future plans for material investments or acquisition of capital assets.



# Management Discussion and Analysis (Continued)

## Use of proceeds from the Global Offering

The Shares were listed on the Stock Exchange on the Listing Date and the net proceeds (after deducting related underwriting commissions and listing expenses) were received after 30 June 2024. Hence, the implementation plans as stated in the section headed “Future Plans and Use of Proceeds” in the Prospectus had not yet commenced during the six months ended 30 June 2024. The Company intends to apply net proceeds in the manner as described under the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## Employee and remuneration policy

As at 30 June 2024, the Group had 229 (30 June 2023: 252) employees. Total staff costs (including directors' remuneration) for the six months ended 30 June 2024 amounted to RMB13.0 million (2023: RMB13.8 million). The Group recruits personnel from open market, mainly based on the a range of factors, including but not limited to their working experience, technical knowledge and educational background. To facilitate the recruitment of employees, the Group strives to offer competitive salaries and benefits to its employees and has policies in place to ensure that the salaries and bonuses of its employees are reviewed periodically and are competitive and in line with their performances. In respect of employee training, the Group provides its new and existing employees with relevant job training from time to time which covers health and safety and operational procedures. Where there are new industry regulations or the Group adopts or amends its policies and operating guidelines which its employees are required to adhere to, it may also provide supplemental training to its employees.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company declares that good corporate governance is essential for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code to govern its corporate governance practices.

As the Shares were not listed on the Stock Exchange as at 30 June 2024, the Corporate Governance Code did not apply to the Company during the six months ended 30 June 2024.

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Shares were listed on the Stock Exchange on the Listing Date. Upon specific enquiry, all Directors confirmed that they have complied with the required standards of dealing as set out in the Model Code from the Listing Date to the date of this report.

## CHANGE OF DIRECTORS' INFORMATION PURSUANT TO THE LISTING RULES

During the six months ended 30 June 2024, there were no changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

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

## Corporate Governance and Other Information (Continued)

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

The Shares had not been listed on the Stock Exchange as at 30 June 2024. As at the date of this report, the interests and short positions of Directors or chief executives of the Company in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required to be (I) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (II) entered in the register kept by the Company pursuant to section 352 of the SFO, or (III) notified to the Company and the Stock Exchange under the Model Code, were as follows:

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

*Notes:*

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

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



# Corporate Governance and Other Information (Continued)

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

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

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

Notes:

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

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

## SHARE OPTION SCHEME

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

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

## Corporate Governance and Other Information (Continued)

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

As the Share Option Scheme became effective from the Listing Date, no share options were granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2024. Accordingly, as at the date of this report, the total number of shares available for grant under the Scheme Mandate Limit and the Service Provider Sublimit are 64,000,000 shares and 6,400,000 shares, respectively, representing 10% and 1% of the total number of issued shares of the Company.

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

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of significant events occurring after 30 June 2024 are set out in the note 22 to the Unaudited Interim Financial Statements.

Save as disclosed above, there are no other significant events that may affect the Group after 30 June 2024 and up to the date of this report.

### SUFFICIENCY OF PUBLIC FLOAT

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

Based on the information publicly available to the Company and the knowledge of the Directors, from the Listing Date and up to the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

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

The Shares were listed on the Stock Exchange on the Listing Date and the Over-allotment Option was not exercised on 27 July 2024. From the Listing Date to the date of this report, neither the Company nor its subsidiaries have purchased, redeemed or sold any of its listed securities.

# Corporate Governance and Other Information (Continued)

## INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

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

The Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2024 and this report have been reviewed by the Audit Committee. The Audit Committee is of the view that such unaudited results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.



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

		For the six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>237,283</b>	243,288
Cost of sales		<b>(185,951)</b>	(183,650)
<b>Gross profit</b>		<b>51,332</b>	59,638
Other net income	5	<b>2,381</b>	2,937
Selling expenses		<b>(1,324)</b>	(1,807)
Administrative expenses		<b>(20,540)</b>	(24,325)
Research and development expenses		<b>(5,932)</b>	(5,966)
<b>Profit from operations</b>		<b>25,917</b>	30,477
Finance costs	6(a)	<b>(7,683)</b>	(8,967)
<b>Profit before taxation</b>	6	<b>18,234</b>	21,510
Income tax	7	<b>356</b>	298
<b>Profit and total comprehensive income for the period</b>		<b>18,590</b>	21,808
<b>Attributable to</b>			
Equity shareholders of the Company		<b>18,590</b>	21,729
Non-controlling interests		<b>–</b>	79
		<b>18,590</b>	21,808
<b>Earnings per share</b>			
Basic and diluted (RMB)	8	<b>0.04</b>	0.05

# Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	33,812	34,003
Investment property	10	18,577	18,841
Investments in associates		7,424	7,424
Trade receivables	13	27,135	27,136
Deferred tax assets		26,910	6,513
		<b>113,858</b>	93,917
<b>Current assets</b>			
Inventories and other contract costs	11	28,120	11,240
Contract assets	12(a)	793,632	726,829
Trade and other receivables	13	241,325	244,601
Other financial assets		34	34
Pledged bank deposits	14	3,184	3,193
Cash and cash equivalents	15	6,618	81,540
		<b>1,072,913</b>	1,067,437
<b>Total assets</b>		<b>1,186,771</b>	1,161,354
<b>Current liabilities</b>			
Trade and other payables	16	553,263	677,514
Contract liabilities	12(b)	2,629	4,795
Lease liabilities	17	140	145
Bank borrowings	18	339,402	347,458
Current taxation		14,941	1,258
		<b>910,375</b>	1,031,170
<b>Net current assets</b>		<b>162,538</b>	36,267
<b>Total assets less current liabilities</b>		<b>276,396</b>	130,184

# Interim Condensed Consolidated Statement of Financial Position (Continued)

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	17	61	129
Deferred income		1,805	1,833
		1,866	1,962
<b>Total liabilities</b>		<b>912,241</b>	<b>1,033,132</b>
<b>NET ASSETS</b>		<b>274,530</b>	<b>128,222</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		83	83
Share premium		12,112	12,112
Reserves	19(a)	262,335	116,027
<b>Total equity attributable to equity shareholders of the Company</b>		<b>274,530</b>	<b>128,222</b>
<b>TOTAL EQUITY</b>		<b>274,530</b>	<b>128,222</b>



# Interim Condensed Consolidated Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Accumulated losses/ Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
<b>Balance as at 1 January 2023</b>	82	12,119	76,108	9,170	87,777	185,256	2,018	187,274
<b>Changes in equity as of 31 December 2023</b>								
Profit and total comprehensive income for the year	-	-	-	-	68,592	68,592	79	68,671
Appropriation to PRC statutory reserves	-	-	-	6,933	(6,933)	-	-	-
Arising from reorganisation	1	(7)	(76,108)	-	(49,512)	(125,626)	(2,097)	(127,723)
<b>Balance as at 31 December 2023 (audited)</b>	83	12,112	-	16,103	99,924	128,222	-	128,222
<b>Balance as at 1 January 2024</b>	83	12,112	-	16,103	99,924	128,222	-	128,222
<b>Changes in equity as of 30 June 2024</b>								
Profit and total comprehensive income for the period	-	-	-	-	18,590	18,590	-	18,590
Arising from reorganisation (Note 19(a))	-	-	127,718	-	-	127,718	-	127,718
<b>Balance as at 30 June 2024 (unaudited)</b>	83	12,112	127,718	16,103	118,514	274,530	-	274,530

# Interim Condensed Consolidated Statement of Cash Flows

		For the six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Operating activities</b>			
Cash (used in)/generated from operations		(39,698)	36,544
Income tax paid		(4,078)	(5,070)
<b>Net cash (used in)/generated from operating activities</b>		<b>(43,776)</b>	<b>31,474</b>
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(764)	(890)
Payment for purchase of equity interest in subsidiaries		(139,840)	–
Proceeds from disposal of property, plant and equipment		70	–
Interest received		10	69
<b>Net cash used in investing activities</b>		<b>(140,524)</b>	<b>(821)</b>
<b>Financing activities</b>			
Capital element of lease rentals paid		(73)	(102)
Interest element of lease rentals paid		(6)	(8)
Proceeds from bank borrowings		201,000	259,000
Repayment of bank borrowings		(209,000)	(294,000)
Decrease/(increase) in pledged bank deposit	14	9	(46)
Interest paid		(7,733)	(8,671)
Capital injection from shareholders		127,718	–
Payment of listing expenses		(2,378)	(613)
<b>Net cash generated from/(used in) financing activities</b>		<b>109,537</b>	<b>(44,440)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(74,763)</b>	<b>(13,787)</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>81,540</b>	<b>68,646</b>
<b>Effect of foreign exchange</b>		<b>(159)</b>	<b>–</b>
<b>Cash and cash equivalents as at 30 June</b>	15	<b>6,618</b>	<b>54,859</b>

# Notes to the Unaudited Interim Financial Statements

## 1. GENERAL INFORMATION

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

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

## 2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 28 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes which do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2023 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in its report dated 21 June 2024.



# Notes to the Unaudited Interim Financial Statements (Continued)

## 3. ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (*"2020 amendments"*)

Amendments to HKAS 1, Presentation of financial statements: Non-current liabilities with covenants (*"2022 amendments"*)

Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback

Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of these amended HKFRSs will have a material impact on the Group's interim financial statements.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 4. REVENUE

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

### Disaggregation of revenue

Revenue from contracts with customers within the scope of HKFRS15	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Disaggregated by major products or service lines:</b>		
<b>Revenue from telecommunications infrastructure services</b>		
– infrastructure construction services	195,125	189,105
– infrastructure maintenance services	20,674	16,304
<b>Revenue from digitalisation solution services</b>		
– integrated solution services	272	11,547
– system maintenance services	251	381
– software solution services	20,961	25,951
<b>Total</b>	<b>237,283</b>	<b>243,288</b>
<b>Disaggregated by timing of revenue recognition</b>		
– Over time	202,018	208,613
– Point in time	35,265	34,675
<b>Total</b>	<b>237,283</b>	<b>243,288</b>

# Notes to the Unaudited Interim Financial Statements (Continued)

## 5. OTHER NET INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income (Note (i))	380	691
Bank deposit interest income	10	69
Government grants (Note (ii))	1,489	1,376
Rentals income from investment properties less direct outgoings	320	321
Gain on disposal of property, plant and equipment and other financial assets	15	1
Net foreign exchange gain	159	404
Others	8	75
<b>Total</b>	<b>2,381</b>	<b>2,937</b>

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

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



# Notes to the Unaudited Interim Financial Statements (Continued)

## 6. PROFIT BEFORE TAXATION

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>(a) Finance costs</b>		
Interest on bank borrowings	7,678	8,952
Interest on contract contains a financing component	–	7
Interest on lease liabilities	5	8
	<b>7,683</b>	<b>8,967</b>
<b>(b) Staff costs</b>		
Salaries, discretionary bonus and allowance	12,066	12,469
Contributions to defined contribution retirement plan	929	1,288
	<b>12,995</b>	<b>13,757</b>
<b>(c) Other items</b>		
Depreciation		
– property, plant and equipment	766	752
– investment property	264	263
– right-of-use assets	136	157
Impairment losses/(reversal)		
– trade receivables	6,608	10,299
– contract assets	1,337	(759)
– other receivables	204	(371)
Short-term and low-value lease charges	335	29
Research and development costs (excluding staff cost)	143	236
Labour cost (note (i))	173,985	164,578
Cost of inventories (note (ii))	264	5,847
Listing expense	6,447	5,740

Notes:

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

# Notes to the Unaudited Interim Financial Statements (Continued)

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

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Current tax</b>		
Provision for the year	20,041	(19,242)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(20,397)	18,944
	(356)	(298)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the Reporting Period.
- (iii) The subsidiaries of the Group established in the PRC is subject to PRC Corporate Income Tax at the statutory rate of 25%.
- (iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("HNTe") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Zhonggan Communication was qualified as an HNTe since 2015, Jiangxi Gelapu Technology Company Limited was qualified as an HNTe since 2020, and these qualifications had remained valid throughout the Reporting Period.
- (v) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses during the Reporting Period.
- (vi) According to the PRC Corporate Income Tax Law and its implementation regulations, Jiangxi Gelapu Software Company Limited was qualified as a "Double-soft Enterprise" in 2023, which entitles the qualified companies to enjoy full exemption from corporate income tax for the first two years from the profit-making year and a 50% reduction on corporate for the next subsequent three years.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 8. EARNINGS PER SHARE

### (a) Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately RMB18,590,000 (six months ended 30 June 2023: approximately RMB21,808,000) and the weighted average of 480,000,000 shares (2023: 475,995,000 shares) after adjusting for capitalisation issue as disclosed in “SIGNIFICANT EVENT AFTER THE END OF THE REPORTING PERIOD” in issue during the interim period.

### (b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.

## 9. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net book value as at 1 January	34,003	21,845
Additions	766	1,186
Disposals (net book value)	(55)	–
Depreciation charge for the period	(903)	(909)
Net book value as at 30 June	33,812	22,122

Notes:

- (i) All property, plant and equipment owned by the Group are located in the PRC.
- (ii) As at 30 June 2024, property, plant and equipment with a carrying amount of RMB19,362,000 is pledged to secure the Group's bank borrowings (note 18).



# Notes to the Unaudited Interim Financial Statements (Continued)

## 10. INVESTMENT PROPERTY

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net book value as at 1 January	18,841	19,367
Amortisation charge for the period	(264)	(263)
Net book value as at 30 June	18,577	19,104

## 11. INVENTORIES AND OTHER CONTRACT COSTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Inventories (note i)		
– Hardware	678	520
– Software	–	265
	678	785
Other contract costs (note ii)	27,442	10,455
	28,120	11,240

### Notes:

#### (i) Inventories

All of the inventories are expected to be recovered within one year.

#### (ii) Other contract costs

Contract costs capitalised as at 30 June 2024 relate to the suppliers costs incurred in fulfilling construction contracts with customers. Contract costs are recognised as part of cost of sales in the statement of profit or loss and other comprehensive income in the period in which revenue is recognised. The amount of capitalised costs recognised in profit or loss as of 30 June 2024 was RMB27,442,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Reporting Period.

All of the other capitalised contract costs are expected to be recovered within one year.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 12. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Contract assets</b>		
Arising from performance under the provision of telecommunications infrastructure services		
– third parties	796,791	728,392
Less: loss allowance	(3,310)	(1,957)
	793,481	726,435
Arising from performance under the provision of digitalisation solution services		
– third parties	173	431
Less: loss allowance	(22)	(37)
	151	394
	793,632	726,829

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

### (b) Contract liabilities

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Contract liabilities</b>		
Billings in advance of performance	2,629	4,795

As at 30 June 2024, billings in advance of performance are expected to be recognised within one year.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables		
– current	237,393	247,109
– non-current	28,504	28,504
	265,897	275,613
Other receivables	9,150	9,872
Less: loss allowance	(35,076)	(28,264)
Trade and other receivables, net of loss allowance	239,971	257,221
Amounts due from related parties	109	109
Current tax prepayment	–	2,280
Prepayment for labour and services	15,927	2,006
Prepayment for listing expense	6,913	4,822
Deferred VAT refund	5,540	5,299
	268,460	271,737

### Notes:

- (i) Apart from the non-current trade receivables as stated above, all of the other trade and other receivables are expected to be recovered or recognised as expense within one year.
- (ii) Other receivables represented tender bonds and performance bonds which will be released to the Group upon the award and the completion of the relevant projects, as the case may be.
- (iii) As at 30 June 2024, prepayment for labour mainly represents the advance payment for projects to procure labour and equipment.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 13. TRADE AND OTHER RECEIVABLES (Continued)

### Ageing analysis

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade receivables, based on the transaction date or invoice date and net of loss allowance, are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 6 months	124,281	120,668
More than 6 months but within 12 months	88,018	88,135
More than 12 months but within 18 months	36,210	39,978
More than 18 months but within 24 months	7,253	13,570
More than 24 months	10,135	13,262
Trade and bills receivables	265,897	275,613
Less: loss allowance	(32,226)	(25,618)
	233,671	249,995

## 14. PLEDGED BANK DEPOSITS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Pledged for bank borrowings	1,103	1,110
Pledged for bank facilities	2,071	2,073
Pledged for letter of guarantee	10	10
	3,184	3,193

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



# Notes to the Unaudited Interim Financial Statements (Continued)

## 15. CASH AND CASH EQUIVALENTS

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at bank and on hand	6,618	81,540
	6,618	81,540

As at 30 June 2024, cash that is placed with banks in the Mainland China amounted to RMB6,617,000.00. Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 16. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– third parties	440,783	438,053
Accrued payroll	3,903	4,049
Amounts due to shareholders	5,853	144,861
Amounts due to associates	7,350	7,350
Other tax payables	84,287	76,186
Other payables and accruals	11,087	7,014
	553,263	677,514

Notes:

- (i) The above trade and other payables are expected to be settled within one year or are repayable on demand.
- (ii) Other tax payables primarily comprised VAT payables.
- (iii) The movements in amounts due to shareholders were mainly due to the payment of approximately RMB139,837,000 in March and April 2024 for the transfer of shareholders' equity.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 16. TRADE AND OTHER PAYABLES (Continued)

As at 31 December 2023 and 30 June 2024, the ageing analysis of trade payables (which are included in trade and other payables), based on the transaction date, is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Within 1 year	<b>339,229</b>	327,691
Over 1 year but within 2 years	<b>53,329</b>	68,215
Over 2 years but within 3 years	<b>19,660</b>	20,938
Over 3 years	<b>28,565</b>	21,209
	<b>440,783</b>	438,053

## 17. LEASE LIABILITIES

As at 30 June 2024, the lease liabilities were repayable as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Within 1 year or on demand	<b>140</b>	145
After 1 year but within 2 years	<b>61</b>	129
	<b>201</b>	274

# Notes to the Unaudited Interim Financial Statements (Continued)

## 18. SHORT-TERM BORROWINGS

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year or on demand	339,402	347,458

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Unsecured bank borrowings	50,000	50,074
Secured bank borrowings	289,402	297,384
	339,402	347,458

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Property, plant and equipment	19,362	19,827
Investment property	18,577	18,841
Trade receivables and contract assets	860,875	624,886
Bank deposits pledged for bank borrowings	1,103	1,110
Bank deposits pledged for bank facilities	2,071	2,073
	901,988	666,737

# Notes to the Unaudited Interim Financial Statements (Continued)

## 19. CAPITAL, RESERVES AND DIVIDENDS

### (a) Nature and purpose of reserves

#### *Statutory reserve*

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

#### *Other reserve*

As of 30 June 2024, other reserve of the Group of approximately RMB127,718,000 was contributed by the related shareholders at the beginning of 2024.

### (b) Dividends

No dividends were paid, declared or proposed for the six months ended 30 June 2024 and 2023. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 20. CAPITAL COMMITMENTS

As of 31 December 2023 and 30 June 2024, the Group had no capital commitments.

## 21. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	1,775	1,799
Contributions to defined contribution retirement plan	33	49
	1,808	1,848



# Notes to the Unaudited Interim Financial Statements (Continued)

## 21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Material transactions with related parties

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

Non-recurring transactions, non-trade related:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Repayment from/advance from related parties</b>		
Mr. Liu Haoqiong	132,718	19,500
Mr. Liu Dingli	–	118
Ms. Yeung Hoi Ka	2,000	–
Mr. Wang Hao	–	20
Ms. Chai Wenxin	10	28
Jian Qingyoupu Information Technology Limited	–	2,450
Jiangxi Wanpuxing Information Technology Limited	–	4,900
	<b>134,728</b>	<b>27,016</b>
<b>Repayment to/advance to related parties</b>		
Mr. Liu Haoqiong	72,714	12,000
Mr. Liu Dingli	9,789	118
Ms. Tao Xiulan	36,645	–
Mr. Liu Dingyi	13,365	–
Ms. Yeung Hoi Ka	1,377	–
Mr. Wang Hao	–	20
Ms. Chai Wenxin	10	28
Octuple Hills Limited	–	1
You Po Investment	5,899	–
Ying Hua Investment	3,589	–
Shu Zhi Shen Kong	1,842	–
Rui Da Xin Tao	789	–
	<b>146,019</b>	<b>12,167</b>

The increase in non-recurring transactions related to related parties as of 30 June 2024 was mainly due to (i) Jiangxi Zhongge Communication Co., Ltd. receiving the investment money of approximately RMB127,718,000 from Liu Haoqiong for the payment of the equity transfer; (ii) Jiangxi Zhongge Communication Co., Ltd. paid approximately RMB139,837,000 for the equity transfer.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (c) Balances with related parties

#### (i) Amounts due from related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-trade related		
Other receivables		
Ms. Tao Hailan	28	28
GT & Yangtze Limited	68	68
Huat Huat Limited	6	6
Octuple Hills Limited	7	7
	109	109

# Notes to the Unaudited Interim Financial Statements (Continued)

## 21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (c) Balances with related parties (Continued)

#### (ii) Amounts due to related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-trade related		
Other payables		
Mr. Liu Haoqiong	3,829	71,542
Mr. Liu Dingli	24	9,813
Ms. Tao Xiulan	–	36,645
Mr. Liu Dingyi	–	13,365
Ms. Yeung Hoi Ka	2,000	1,377
You Po Investment	–	5,899
Ying Hua Investment	–	3,589
Shu Zhi Shen Kong	–	1,842
Rui Da Xin Tao	–	789
Jian Qingyoupu Information Technology Limited	2,450	2,450
Jiangxi Wanpuxing Information Technology Limited	4,900	4,900
	<b>13,203</b>	<b>152,211</b>

As of 30 June 2024, the movements of amounts due to related parties were mainly due to the payment of RMB139,837,000 made by Jiangxi Zhongge Communication Co., Ltd. for the transfer of shareholders' equity.

# Notes to the Unaudited Interim Financial Statements (Continued)

## 22. SUBSEQUENT EVENTS

In connection with the listing of the shares of the Company on the Stock Exchange, 160,000,000 shares were issued at a price of HK\$1.25 per ordinary share (including share premium). The new ordinary shares (before any exercise of the over-allotment option) with a nominal value of HK\$0.1 each were issued for a total cash consideration of HK\$200,000,000, before deducting underwriting fees, commissions and related expenses. 478,988,749 shares were issued by the Company by way of capitalisation. The dealings in the Company's shares on the Stock Exchange commenced on 3 July 2024.