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## **HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED**

**鴻承環保科技有限公司**

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

**(Stock Code: 2265)**

### **PROFIT WARNING**

This announcement is made by HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review on the unaudited consolidated management accounts of the Group and information currently available to the Board, it is expected to record a profit for the period, all attributable to owners of the Company of approximately RMB10.5 million for the six months ended 30 June 2023, representing a decrease of approximately 76.6% compared to the profit for the period, all attributable to owners of the Company of approximately RMB44.9 million recorded for the corresponding period in 2022. It is expected to record a revenue of approximately RMB49.2 million for the six months ended 30 June 2023, representing a decrease of approximately 57.1% compared to the revenue of approximately RMB114.6 million recorded for the corresponding period in 2022.

The Board considers that the decrease in the amounts of profit for the period, all attributable to owners of the Company and revenue is mainly attributable to: (i) the Group intends to commence production of the sulfuric acid production line in the third quarter of 2023 in order to enrich the product portfolio and expend current business of the Group. As such, the Group has reserved ample supply of pyrite concentrate for the commencement of production of the sulfuric acid production line as pyrite concentrate is the main raw material for sulfuric acid production; (ii) a decrease in both the sales volume and unit price

of pyrite concentrate due to the downturn in the manufacturing industry which requires pyrite concentrate as a main raw material in manufacturing process; and (iii) a reduction in the quantity of cyanide tailings provided by upstream customers, resulting in a decline in revenue of gold mine hazardous waste treatment services compared to the same period last year.

As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2023, the information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group, which have not been confirmed, reviewed or audited by the Company's auditors and may be subject to adjustment. Detailed financial information of the Group will be disclosed in the interim results announcement of the Group for the six months ended 30 June 2023 which is expected to be published by 31 August 2023 in accordance with the Listing Rules.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board

**HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED**

**Liu Zeming**

*Chairman and Executive Director*

Shandong province, the PRC, 14 August 2023

*As at the date of this announcement, the Board comprises Mr. Liu Zeming, Mr. Zhan Yirong and Mr. Sheng Haiyan as the executive Directors; and Mr. Zhang Shijun, Ms. Liu Ye and Mr. Lau Chung Wai as the independent non-executive Directors.*