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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 for the year ended 31 December 2023 and information currently available to the Board, it is expected to record a profit for the year, all attributable to owners of the Company of no more than RMB17.5 million for the year ended 31 December 2023, representing a decrease of approximately 78.2% compared to the profit for the year, all attributable to owners of the Company of approximately RMB80.2 million recorded for the year ended 31 December 2022. It is expected to record a revenue of approximately RMB108.0 million for the year ended 31 December 2023, representing a decrease of approximately 51.5% compared to the revenue of approximately RMB222.8 million recorded for the year ended 31 December 2022.

The Board considers that the decrease in the amounts of profit for the year, all attributable to owners of the Company and revenue was mainly attributable to: (i) the decrease in both sales volume and unit price of pyrite concentrates, due to the downturn in industries that require pyrite concentrates as a key raw material for their production processes. For example, the market price of products in sulphuric acid related market dropped significantly compared to the previous year; (ii) a significant decrease in the amount of cyanide tailings

provided by the upstream customers, resulting in a decrease in revenue from gold mine hazardous waste treatment services as compared to the previous year; and (iii) the Group commenced the production of the sulfuric acid production line (the “**New Production Line**”) in 2023, therefore, the Group was then able to utilise the pyrite concentrates and add other raw materials to reprocess them to produce sulphuric acid, iron powder and electricity for sale in order to enrich the product portfolio. As such, the Group has reserved ample supply of pyrite concentrate for the New Production Line as pyrite concentrate is the main raw material of the production of the New Production Line. The sales of the products produced by the New Production Line generated in the fourth quarter of 2023 contributed the new income stream, representing the sales of sulphuric acid, iron powder and electricity to the Group, however, this new income stream was not sufficient to compensate for the decline in the revenue generated from sales of pyrite concentrate.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 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 for the year ended 31 December 2023, 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 annual results announcement of the Group for the year ended 31 December 2023 which is expected to be published on or before 28 March 2024 in accordance with the requirements under 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, 18 March 2024

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.