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**ZONQING Environmental Limited**  
**中庆环境股份有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1855)**

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of ZONQING Environmental Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**1H2025**”), together with the comparative figures for the six months ended 30 June 2024 (the “**1H2024**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 — unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
<b>Revenue</b>	3	<b>761,932</b>	775,648
Cost of sales		<u>(610,937)</u>	<u>(600,287)</u>
<b>Gross profit</b>		<b>150,995</b>	175,361
Other net income		<b>3,751</b>	7,155
Selling expenses		<b>(14,651)</b>	(12,458)
Administrative expenses		<b>(37,433)</b>	(38,017)
Impairment losses on trade and other receivables and contract assets		<u><b>(28,773)</b></u>	<u>(60,005)</u>
<b>Profit from operations</b>		<b>73,889</b>	72,036
Finance costs	4(a)	<b>(31,688)</b>	(24,960)
Share of (losses)/profits of associates		<b>(1,817)</b>	363
Share of profits/(losses) of a joint venture		<u><b>99</b></u>	<u>(298)</u>
<b>Profit before taxation</b>	4	<b>40,483</b>	47,141
Income tax	5	<u><b>(4,151)</b></u>	<u>(3,729)</u>
<b>Profit for the period</b>		<u><b>36,332</b></u>	<u>43,412</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>29,333</b>	34,259
Non-controlling interests		<u><b>6,999</b></u>	<u>9,153</u>
<b>Profit for the period</b>		<u><b>36,332</b></u>	<u>43,412</u>
<b>Earnings per share (RMB cents)</b>			
Basic and diluted	6	<u><b>4</b></u>	<u>4</u>

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

*For the six months ended 30 June 2025 — unaudited  
(Expressed in RMB)*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>36,332</b>	<b>43,412</b>
<b>Other comprehensive income for the period</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve	(33)	66
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas companies of the Group	(707)	438
<b>Other comprehensive income for the period</b>	<b>(740)</b>	<b>504</b>
<b>Total comprehensive income for the period</b>	<b>35,592</b>	<b>43,916</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	28,593	34,763
Non-controlling interests	6,999	9,153
<b>Total comprehensive income for the period</b>	<b>35,592</b>	<b>43,916</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 — unaudited

(Expressed in RMB)

		At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		37,828	37,264
Intangible assets		13,101	17,040
Right-of-use assets		15,980	12,740
Interest in associates		74,321	76,138
Interest in a joint venture		166,481	166,382
Other equity investments		68,312	68,351
Deferred tax assets		110,617	105,214
Non-current portion of trade receivables	8	545	545
		<u>487,185</u>	<u>483,674</u>
<b>Current assets</b>			
Inventories and other contract costs		46,462	41,258
Contract assets	7(a)	1,149,451	1,132,150
Trade and bills receivables	8	2,282,587	2,301,133
Prepayments, deposits and other receivables		473,775	286,935
Restricted bank deposits		27,500	15,600
Cash and cash equivalents		47,159	122,779
		<u>4,026,934</u>	<u>3,899,855</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2025 — unaudited

(Expressed in RMB)

		At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
	Note		
<b>Current liabilities</b>			
Trade and bills payables	9	1,285,561	1,578,145
Accrued expenses and other payables		380,688	353,986
Contract liabilities	7(b)	1,105,062	726,695
Bank and other loans		889,480	882,813
Lease liabilities		2,847	2,746
Income tax payable		23,447	34,111
		<u>3,687,085</u>	<u>3,578,496</u>
<b>Net current assets</b>		<u>339,849</u>	<u>321,359</u>
<b>Total assets less current liabilities</b>		<u>827,034</u>	<u>805,033</u>
<b>Non-current liabilities</b>			
Bank and other loans		—	1,848
Lease liabilities		4,239	4,340
Deferred tax liabilities		1,915	1,930
Long-term payables		—	1,723
		<u>6,154</u>	<u>9,841</u>
<b>NET ASSETS</b>		<u>820,880</u>	<u>795,192</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2025 — unaudited

(Expressed in RMB)

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>CAPITAL AND RESERVES</b>		
Share capital	230	230
Reserves	<u>700,502</u>	<u>668,744</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>700,732</b>	<b>668,974</b>
<b>Non-controlling interests</b>	<b><u>120,148</u></b>	<b><u>126,218</u></b>
<b>TOTAL EQUITY</b>	<b><u><u>820,880</u></u></b>	<b><u><u>795,192</u></u></b>

## NOTES

*(Expressed in RMB unless otherwise indicated)*

### 1 BASIS OF PREPARATION

The interim financial information set out below is derived from the unaudited interim financial report, which 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 International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 21 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial information in conformity with IAS 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.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2024 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 2024 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2025.

## **2 CHANGES IN ACCOUNTING POLICIES**

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial information for the current accounting period. The amendments do not have a material impact on this interim financial information as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **3 REVENUE AND SEGMENT REPORTING**

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- City renewal services: this segment includes construction engineering services in various fields such as landscaping and municipal projects;
- City operation and maintenance services: this segment includes: (1) provision of maintenance services to landscaping, ecological restoration and municipal projects and public infrastructures; (2) provision of environmental hygiene services including cleaning and hygiene services to public infrastructures;
- Town planning design services: this segment includes investigation, survey, design and consultancy for construction projects; and
- Cultural tourism: this segment includes tickets fees, transportation fees and other services for scenic spots.

As revenue from cultural tourism was generated in 2024, it is expected that cultural tourism will help generate stable cashflows, and the growth in revenue of cultural tourism will be a good opportunity for the Group to diversify its business matrix and revenue streams to improve the financial performance and profitability of the Group. The Group's most senior executive management considered the adoption of new segment is appropriate.



**(a) Disaggregation of revenue**

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major products or service lines is as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Disaggregated by major products or service lines		
– Revenue from city renewal services	<b>580,505</b>	613,016
– Revenue from city operation and maintenance services	<b>121,635</b>	115,586
– Revenue from town planning design services	<b>42,841</b>	39,015
– Revenue from cultural tourism	<b>16,951</b>	8,031
	<b><u>761,932</u></b>	<b><u>775,648</u></b>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b)(i).

**(b) Segment reporting**

**(i) Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit.

The Group's other operating income and expenses, such as other net income, selling expenses, administrative expenses and impairment losses on trade and other receivables and contract assets are not measured under individual segments. The Group's most senior executive management monitor the Group's assets and liabilities as a whole, accordingly, no segment assets and liabilities is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

	Six months ended 30 June 2025				Total RMB'000
	City renewal services RMB'000	City operation and maintenance services RMB'000	Town planning design services RMB'000	Cultural tourism RMB'000	
Disaggregated by timing of revenue recognition					
Point in time	-	-	2,806	16,951	19,757
Over time	<u>580,505</u>	<u>121,635</u>	<u>40,035</u>	<u>-</u>	<u>742,175</u>
Revenue from external customers and reportable segment revenue	<u>580,505</u>	<u>121,635</u>	<u>42,841</u>	<u>16,951</u>	<u>761,932</u>
Reportable segment gross profit	<u>117,940</u>	<u>21,476</u>	<u>6,217</u>	<u>5,362</u>	<u>150,995</u>
	Six months ended 30 June 2024				Total RMB'000
	City renewal services RMB'000	City operation and maintenance services RMB'000	Town planning design services RMB'000	Cultural tourism RMB'000	
Disaggregated by timing of revenue recognition					
Point in time	-	-	164	8,031	8,195
Over time	<u>613,016</u>	<u>115,586</u>	<u>38,851</u>	<u>-</u>	<u>767,453</u>
Revenue from external customers and reportable segment revenue	<u>613,016</u>	<u>115,586</u>	<u>39,015</u>	<u>8,031</u>	<u>775,648</u>
Reportable segment gross profit	<u>143,449</u>	<u>21,934</u>	<u>3,867</u>	<u>6,111</u>	<u>175,361</u>

(ii) *Reconciliation of reportable segment revenue and profit or loss*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue ( <i>Note 3(b)(i)</i> )	<b>761,932</b>	775,648
<b>Profit</b>		
Total reportable segment gross profit	<b>150,995</b>	175,361
Other net income	<b>3,751</b>	7,155
Selling expenses	<b>(14,651)</b>	(12,458)
Administrative expenses	<b>(37,433)</b>	(38,017)
Impairment losses on trade and other receivables and contract assets	<b>(28,773)</b>	(60,005)
Finance costs	<b>(31,688)</b>	(24,960)
Share of (losses)/profits of associates	<b>(1,817)</b>	363
Share of profits/(losses) of a joint venture	<b>99</b>	(298)
Consolidated profit before taxation	<b>40,483</b>	47,141

(iii) *Geographic information*

The Group's revenue is generated from the city renewal services, city operation and maintenance services, town planning design services and cultural tourism in the People's Republic of China ("PRC"). The Group does not have material assets or operations outside the PRC, therefore, no segment analysis based on geographical locations of the customers and assets is presented.

## 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other loans and loans from related parties	31,578	24,847
Interest on lease liabilities	110	113
	<u>31,688</u>	<u>24,960</u>

### (b) Other items

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	4,429	4,773
Depreciation of right-of-use assets	2,308	2,687
Amortisation of intangible assets	901	381
Leases charges relating to short-term leases and leases of low-value assets	7,021	8,131
Research and development costs	52,264	36,677
Cost of inventories	176,987	242,873

## 5 INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current tax</b>		
Provision for the period	9,575	14,102
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(5,424)	(10,373)
	<u>4,151</u>	<u>3,729</u>

The Company and subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%). No provision for Hong Kong Profits Tax has been made as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the subsidiaries of the Group incorporated in the Cayman Islands and the British Virgin Islands, are not subject to any income tax.

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate at 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

Four subsidiaries of the Group established in the PRC have obtained approval from the tax bureau to be taxed as enterprises with advanced and new technologies, and therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: PRC Corporate Income Tax rate of 15%). In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries entitle additional tax deductible allowance amounted to 100% of qualified research and development costs for the six months ended 30 June 2025 (six months ended 30 June 2024: 100%).

## **6 EARNINGS PER SHARE**

### **(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profits attributable to equity shareholders of the Company of RMB29,333,000 (six months ended 30 June 2024: RMB34,259,000), and 825,000,000 ordinary shares in issue during the interim period (six months ended 30 June 2024: 825,000,000 ordinary shares (restated)).

With effect from 1 August 2024, The Company subdivides each of the existing issued and unissued shares of nominal value of HKD0.001 each in the share capital of the Company into three subdivided shares of nominal value of HKD0.0003 each. After this subdivision, the authorised ordinary shares and issued and fully paid ordinary shares of the Company were divided into 30,000,000,000 shares and 825,000,000 shares, respectively. The number of ordinary shares outstanding before the share subdivision completed on 1 August 2024 was adjusted for the proportionate increase in the number of ordinary shares outstanding without a corresponding change in resources, as if the share subdivision had occurred at the beginning of the earliest period presented.

### **(b) Diluted earnings per share**

There were no dilutive potential shares outstanding during the six months ended 30 June 2025 and 2024. Hence, the diluted earnings per share is the same as basic earnings per share.

## 7 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Contract assets</b>		
– due from ZIHG and its subsidiaries, joint ventures and associates	44,769	47,712
– due from a joint venture	42,510	42,561
– due from an associate	45,788	39,828
– due from a company managed by a key management personnel of ZIHG	102	165
– due from third parties	1,195,481	1,168,054
	<b>1,328,650</b>	1,298,320
Less: loss allowance	(179,199)	(166,170)
	<b>1,149,451</b>	1,132,150
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in “Trade receivables”	<b>2,259,378</b>	2,277,707

The Group’s construction, maintenance and design contracts include payment schedules which require stage payments over the design, maintenance and construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets that could be billed and settled within one year according to terms of the contracts with customers are classified as current assets. Otherwise, the contract assets are classified as non-current assets.

Notwithstanding the terms of the contracts with customers, the directors consider that all of the amounts are expected to be billed within one year as of the end of the reporting period, except for the amounts of RMB509,304,000 (31 December 2024: RMB471,056,000), which are expected to be billed after more than one year.

**(b) Contract liabilities**

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Contract liabilities</b>		
– due to ZIHG and its subsidiaries, joint ventures and associates	14,596	16,020
– due to a joint venture	13,761	13,878
– due to a company managed by a key management personnel of ZIHG	745	1,514
– due to third parties	1,075,960	695,283
	<u>1,105,062</u>	<u>726,695</u>

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

All of the contract liabilities are expected to be recognised as revenue within one year, according to the contract terms and working progress estimation.

## 8 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables		
– due from ZIHG and its subsidiaries, joint ventures and associates	200,488	204,112
– due from a joint venture	23,166	23,166
– due from an associate	35,901	37,901
– due from a company managed by a key management personnel of ZIHG	10,597	11,100
– due from third parties	2,437,137	2,433,812
	<u>2,707,289</u>	<u>2,710,091</u>
Bills receivable	–	–
	<u>2,707,289</u>	<u>2,710,091</u>
Less: loss allowance	<u>(424,157)</u>	<u>(408,413)</u>
	<u><u>2,283,132</u></u>	<u><u>2,301,678</u></u>
<b>Reconciliation to the consolidated statement of financial position:</b>		
Non-current	545	545
Current	<u>2,282,587</u>	<u>2,301,133</u>
	<u><u>2,283,132</u></u>	<u><u>2,301,678</u></u>

All of the current trade receivables, net of loss allowance, are expected to be recovered within one year.



## Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within 1 year	995,621	1,014,258
1 to 2 years	646,937	719,257
2 to 3 years	334,395	203,285
3 to 4 years	147,891	229,910
4 to 5 years	55,292	47,957
Over 5 years	102,996	87,011
	<u>2,283,132</u>	<u>2,301,678</u>

The Group generally requires customers to settle progress billings in accordance with contracted terms.

## 9 TRADE AND BILLS PAYABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Trade payables		
– due to ZIHG and its subsidiaries, joint ventures and associates	50,139	22,843
– due to companies managed by key management personnel of ZIHG	32,869	49,570
– due to third parties	1,183,053	1,496,232
Bills payables	19,500	9,500
	<u>1,285,561</u>	<u>1,578,145</u>

## Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	297,827	721,926
1 to 3 years	858,080	713,244
Over 3 years	129,654	142,975
	<u>1,285,561</u>	<u>1,578,145</u>

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

## 10 DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors of the Company do not recommend the payment of a dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: HKD Nil).

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

No final dividend in respect of the previous financial year has been approved during the six months ended 30 June 2025. During the six months ended 30 June 2024, a final dividend of RMB0.071 (equivalent to HKD0.078) per share in respect of the year ended 31 December 2023 was declared. The aggregate amount of the final dividend declared during the six months ended 30 June 2024 amounted to RMB19,747,000 (equivalent to HKD21,450,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

In 1H2025, the Group continued to consolidate and expand its city renewal services, city operation and maintenance services, town planning design services and cultural tourism. In 1H2025, the Group continued to push forward with its nationwide development strategy by driving development in outbound markets, continuously strengthening its qualifications, enhancing its bidding capacity and targeting potential markets with active participation in tenders. In 1H2025, the Group submitted a total of 427 tenders and achieved a successful tender rate of approximately 18.97%, with the contract value of newly awarded projects amounting to approximately RMB715.26 million. Compared with the same period last year, the total number of tender submissions increased as a result of more active participation. Nevertheless, the successful tender rate decreased due to heightened focus on project quality and elevated screening standards, reflecting the bidding strategy of the Group with increased prudence and quality.

During 1H2025, the Group won tenders for projects including:

- (i) the main contracting for the “One Plant, One Policy” Quality and Efficiency Enhancement Project for the five major wastewater treatment systems of Changchun – 2025 Municipal-level Project, Second Batch (with a successful bid price of approximately RMB353.12 million); and
- (ii) the PPP project operation and maintenance (one bidding section) of Changchun New Area New Urbanisation Construction Project (Phase I) (with a successful bid price of approximately RMB75.08 million).

In 1H2025, the Group’s subsidiaries received various accolades and achieved technological accomplishments in their respective professional fields. Jinghe Design Group Limited\* (境和設計集團有限公司) (“**Jinghe Design Group**”) was awarded the 14th International Space Design Award – Idea-Tops Award: Global Best Design Award for Ecological Landscape Design (第十四屆國際空間設計大獎–艾特獎：生態景觀設計•全球最佳設計大獎) for the Ningxi Park Upgrading and Renovation Project in Changchun New Area; Zonbong Ecology Environmental Construction Limited\* (中邦生態環境有限公司) (“**Zonbong Ecology Environmental**”) was honoured as an “Excellent Construction Enterprise in Jilin Province 2024” (2024年度吉林省優秀施工企業) by the Jilin Provincial Construction Association, and its projects, namely Xihu Regional Ecological Environment Treatment Project (Phase II) (main contracting) and the landscaping works of the Xiong’an Business Service Centre Project, were honoured as “2024 Jilin Provincial Municipal Gold Cup Exemplary Projects” (2024年吉林省市政金杯示範工程) by the Jilin Provincial Municipal Engineering Association; and Changchun Chengjianweihe Group Co., Ltd.\* (長春市城建維護集團股份有限公司) (“**Changchun Chengjianweihe**”) was honoured as an “Excellent Construction Enterprise in Jilin Province 2024” (2024年度吉林省優秀施工企業) by the Jilin Provincial Construction Association. In terms of technological innovation, in the first half of the year, the Group obtained seven invention patents, 15 utility model patents, and three software copyrights, effectively promoting the commercialisation of core technological achievements and

enhancing project execution efficiency and quality, thereby establishing technical barriers that underpin the Group's continued expansion into high-end markets.

## **RISK MANAGEMENT**

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assisted the Board in evaluating material risk exposure to the Group's business such as investment risk, interest rate risk and liquidity risk, participates in formulating appropriate risk management and internal control measures and to ensure their implementation in daily operational management. There was no material deficiency in the Group's internal control over financial reporting during 1H2025.

## **PROSPECTS**

From January to June 2025, the Group was under the influence of various factors including the macroeconomic environment, local fiscal conditions and intensified industry competition. At the same time, the Group placed a particular focus on high-quality projects with secured funding and adopted a more prudent approach to bidding decisions, resulting in a decrease in both the number and contract value of newly signed contracts.

In 1H2025, the global geopolitical situation remained complex, while domestic economic recovery in the PRC faced challenges such as insufficient demand and fiscal tightening. Nevertheless, the economy of the country demonstrated strong resilience with continued macro policy support. According to the National Bureau of Statistics, the PRC's GDP reached RMB66.05 trillion from January to June 2025, representing a period-over-period growth of 5.3%; infrastructure investment grew by 4.6% period-over-period, with key focus on urban renewal and renovation of old residential communities. Against a backdrop of overall economic pressure, infrastructure investment continued to play a pivotal role as the "stabiliser" of the economy.

At the national level, a series of supportive policies have been introduced, including the acceleration of the issuance of special-purpose bonds and ultra-long-term special sovereign bonds, the continued advancement of "Urban Renewal Actions", the systematic renovation of urban villages and dilapidated housing, and the optimisation of urban ecological infrastructure construction. These measures provided immense development opportunities and policy assurance for the Group's business.

Looking ahead to the second half of 2025, uncertainties will remain in the international landscape. Domestically, the progress of projects in the industry will be subject to certain constraints by adjustments to the fiscal environment and pace of investment. That said, the national policy direction of "promoting debt resolution through development" has become increasingly clear. With the optimisation of local debt structures and the gradual implementation of special-purpose bonds, the Group expects to recover some of its long-term trade receivables, which will significantly alleviate its financial pressure and facilitate the allocation of resources to the development of high-quality projects.

In addition, in May 2025, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the *Opinions on Continuously Promoting Urban Renewal Actions* (《關於持續推進城市更新行動的意見》), which expressly promoted renovation works in old urban communities, obsolete industrial areas and urban ecological systems. This will provide strong support for the Group's strategic plan in the field of urban renewal. Looking forward, the Group will leverage its professional expertise, accumulate technological capabilities and regional experience and continue to focus on the three major areas of “urban ecology + infrastructure + cultural tourism” to enhance its integrated project delivery capabilities.

The Group will continue to uphold its core value of “people-oriented and endeavour-oriented” and fulfil its corporate mission of “Greening China for a Collective Future”, and to comprehensively enhance its core competitiveness and sustainability through accelerating business innovations, optimising operational efficiency and strengthening technology enablement.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue of the Group decreased slightly by approximately 1.8% or approximately RMB13.7 million from approximately RMB775.6 million for 1H2024 to approximately RMB761.9 million for 1H2025. The slight decrease in revenue during 1H2025 was mainly due to the decrease in the number and contract value of major contracts newly awarded during 1H2025 as market demand softened under fluctuations in the macroeconomic environment and intensified industry competition.

### ***City renewal services***

The Group recorded a decrease in revenue from the city renewal services segment, from approximately RMB613.0 million for 1H2024 to approximately RMB580.5 million for 1H2025, representing a decrease of approximately 5.3% or approximately RMB32.5 million, which was mainly due to the decrease in the number and contract value of major contracts newly awarded and the decline in average revenue recognised from contracts during 1H2025.

### ***City operation and maintenance services***

The Group recorded an increase in revenue from the city operation and maintenance services segment, from approximately RMB115.6 million for 1H2024 to approximately RMB121.6 million for 1H2025, representing a increase of approximately 5.2% or approximately RMB6.0 million. Such increase in segment revenue was primarily attributable to the increase in the number of city operation and maintenance projects undertaken by the Group as a result of national policy guidance and industry development trends.

### ***Town planning design services***

The Group recorded an increase in revenue from the town planning design services segment, from approximately RMB39.0 million for 1H2024 to approximately RMB42.8 million for 1H2025, representing an increase of approximately 9.8% or approximately RMB3.8 million, which was mainly attributable to the steady delivery of projects on hand according to their respective schedules in 1H2025.

### ***Cultural tourism***

The Group recorded an increase in revenue from the cultural tourism segment from approximately RMB8.0 million for 1H2024 to approximately RMB17.0 million for 1H2025, representing an increase of approximately 112.5% or approximately RMB9.0 million which was mainly attributable to the Group's increased efforts in customer acquisition and enhancing customer experience through online marketing, membership system operations, and data-driven decision-making.

### **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately 13.9% or approximately RMB24.4 million from approximately RMB175.4 million for 1H2024 to approximately RMB151.0 million for 1H2025. The decrease in the Group's gross profit was mainly due to the combined effects of softened market demand, intensified industry competition and reduced operating income.

### **Other net income**

The Group's other net income decreased by approximately 47.2% or approximately RMB3.4 million from approximately RMB7.2 million for 1H2024 to approximately RMB3.8 million for 1H2025. The decrease was mainly attributable to the decrease in interest income.

### **Selling expenses**

The Group's selling expenses primarily comprised expenses incurred in relation to sales support and marketing activities of the Group.

The selling expenses increased by approximately 17.6% or approximately RMB2.2 million from approximately RMB12.5 million for 1H2024 to approximately RMB14.7 million for 1H2025. The increase was mainly attributable to the increased resources allocation to marketing and channel development by the Company for expanding the market share of the Group and developing into new business areas such as cultural tourism.

## **Administrative expenses**

The Group's administrative expenses primarily comprised expenses incurred in relation to the general operation of the Group.

The administrative expenses remained relatively stable at approximately RMB38.0 million and approximately RMB37.4 million for 1H2024 and 1H2025 respectively.

## **Impairment losses under the expected credit loss (“ECL”) model**

The impairment losses on trade and other receivables and contract assets under the ECL model for 1H2025 was approximately RMB28.8 million (1H2024: approximately RMB60.0 million). The decrease was mainly due to the accelerated payment collection from major customers of the Group as their financial position improved, and the optimisation of the Group's accounts receivable collection management mechanism and requirement for higher proportion of contract prepayments, which lowered the credit risk faced by the Group.

## **Finance costs**

The Group's finance costs mainly represented interest expenses on bank and other loans, and increased by approximately 26.8% or approximately RMB6.7 million from approximately RMB25.0 million for 1H2024 to approximately RMB31.7 million for 1H2025, which was mainly due to the increase in average balance of bank and other loans as the Group secured additional funding to support the construction of core projects and supplement operating cash flow.

## **Share of (losses)/profits of associates**

The Group's share of profits of associates represented profits/(losses) shared from two associates, namely Changchun Xianbang Municipal and Landscape Limited\* (長春現邦市政園林有限責任公司) (“**Changchun Xianbang**”) and Tianjin Nangang Municipal Garden Engineering Limited\* (天津南港市政園林工程有限公司) (“**Tianjin Nangang**”).

Changchun Xianbang was established in Changchun, the PRC, in 2017 as a project company responsible for financing, developing, operating and maintaining a PPP project of Landscape and Greening Enhancement and Maintenance and Municipal Infrastructure Management and Maintenance for the Economic Development Zone (經開區綠化景觀提升維護及市政設施管理維護PPP項目) (“**EDZ Project**”), which commenced in 2017. The Group has been holding 50.0% equity interest in Changchun Xianbang since its establishment and it was accounted as associate of the Group given that the Group did not have the power to control its financial and operating policies.



The Group has also acquired 20% interest in Tianjin Nangang on 17 February 2022 at a consideration of approximately RMB4.72 million from an independent third party, which represents an investment in an associate of the Group. Tianjin Nangang is a comprehensive platform company based in Nangang Industrial Park (the “**Park**”) and integrating quality resources from various parties, Tianjin Nangang is positioned as a quality service provider in the Park. It is committed to provide public utility services to the Park Management Committee and consulting, construction, operations, and maintenance services to enterprises in the Park.

During 1H2025, results of associates attributable to the Group decreased by RMB2.2 million from share of profits of approximately RMB0.4 million for 1H2024 to share of loss of approximately RMB1.8 million for 1H2025.

### **Share of profits/(losses) of a joint venture**

The Group’s share of profits of a joint venture represents profits shared from a jointly controlled project company, namely Ulanhot Tianjiao Tianjun Tourism Development Limited (烏蘭浩特市天驕天駿旅遊開發有限公司) (“**Tianjun Tourism**”), which was registered in Inner Mongolia, the PRC, as a project company responsible for financing, developing, operating and maintaining a PPP project, the Shenjunshan Ecological Restoration and Landscaping Project (神駿山生態修復及景觀項目) (“**Shenjunshan Project**”), which commenced in 2017. The Group has been holding 75.0% equity interest in Tianjun Tourism since its incorporation and it was accounted as an joint venture of the Group given that the power to control its financial and operating policies was jointly held by the Group and another shareholder.

During 1H2025, profits of a joint venture attributable to the Group increased by approximately 133.3% or approximately RMB0.4 million from share of losses of approximately RMB0.3 million for 1H2024 to share of profit of approximately RMB0.1 million for 1H2025. The fluctuation was mainly due to the decrease in ECL of the joint venture.

### **Income tax**

The Group’s income tax increased by approximately RMB0.5 million from approximately RMB3.7 million for 1H2024 to approximately RMB4.2 million for 1H2025, which was mainly due to a reduction in deferred profit tax credits as a result of lower credit loss of the Group for 1H2025 compared with 1H2024.

### **Net current assets**

The Group’s net current assets increased by approximately 5.7% or approximately RMB18.4 million from approximately RMB321.4 million as at 31 December 2024 to approximately RMB339.8 million as at 30 June 2025, primarily attributable to the profit for the period.



## **Liquidity and financial resources**

As at 30 June 2025, the cash and cash equivalents of the Group amounted to approximately RMB47.2 million (31 December 2024: approximately RMB122.8 million). As at 30 June 2025, the Group had borrowings of approximately RMB889.5 million (31 December 2024: approximately RMB884.6 million), which are denominated in Reminbi. Based on the scheduled repayment terms set out in the loan agreements, approximately RMB889.5 million (31 December 2024: approximately RMB882.8 million) of the borrowings are payable within one year. Some of the borrowings were secured and guaranteed by controlling shareholders, trade receivables and contract assets and bank deposits of the Group, related parties or third-party guarantee companies.

As at 30 June 2025, there had been no breach of loan covenants relating to bank and other loans of the Group.

## **Gearing ratio**

The gearing ratio (calculated by bank and other loans divided by total equity) decreased from 1.11 times as at 31 December 2024 to 1.08 times as at 30 June 2025, the decreased was primarily due to the increased equity value as a result of the retained earnings for 1H2025.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures in 1H2025.

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 June 2025, except for the associates and the joint venture of the Group as mentioned in this announcement, the Group did not hold any significant investments.

For discussion of the performance of the Group's associates and joint venture, please refer to the paragraphs headed "Share of (losses)/profits of associates" and "Share of profits/(losses) of a joint venture" in this announcement above.

## **CONTINGENT LIABILITIES**

As at 30 June 2025, the Group has issued a guarantee in respect of a bank loan of Tianjun Tourism, a joint venture of the Group. In May 2019, Tianjun Tourism signed a long-term bank loan contract with the principal amounting to RMB410,000,000, among which RMB310,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2025, the balance of the bank loan is RMB270,000,000 (31 December 2024: RMB285,000,000). The fair value of the financial guarantee provided by the Group was initially estimated as RMB28,015,000 and was recognised as "accrued expenses and other payables – financial guarantees issued". While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in a joint venture and recognised as part of the cost of investment in a joint venture during the year ended 31 December 2019.

The amounts of financial guarantee issued in “accrued expenses and other payables” will be amortised in profit or loss as “other net income” over the guarantee period. As at 30 June 2025, the unamortised balance of financial guarantee issued by the Group included in “accrued expenses and other payables” amounted to RMB22,775,000 (31 December 2024: RMB24,000,000).

As at 30 June 2025, the Group has issued a guarantee in respect of a bank loan of Changchun Xianbang, an associate of the Group. In November 2019, Changchun Xianbang signed a long-term bank loan contract with the principal amounting to RMB300,000,000, among which RMB330,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2025, the balance of the bank loan is RMB106,500,000 (31 December 2024: RMB116,500,000). The fair value of the financial guarantee provided by the Group was initially estimated RMB12,685,000 and RMB2,692,000 was recognised as “accrued expenses and other payables – financial guarantees issued”. While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in an associate and recognised as part of the cost of investment in an associate during the year ended 31 December 2019 and 2020. The amounts of financial guarantee issued in “accrued expenses and other payables” will be amortised in profit or loss as “other net income” over the guarantee period. As at 30 June 2025, the unamortised balance of financial guarantee issued by the Group included in “accrued expenses and other payables” amounted to RMB9,513,000 (31 December 2024: RMB10,600,000).

## **FINANCIAL GUARANTEES ISSUED**

The Group’s financial guarantees issued amounted to approximately RMB32.3 million and approximately RMB34.6 million as at 30 June 2025 and 31 December 2024, respectively. The financial guarantees issued as at 30 June 2025 represented the guarantees provided by the Group for the borrowings of Changchun Xianbang and Tianjun Tourism, for the purpose of supporting the financing for their projects, and were initially recognised with reference to fees charged in an arm’s length transaction for similar services and are amortised in profit or loss over the term of the guarantees subsequent to initial recognition. Such financial guarantees issued by the Group are expected to be released upon the maturity and full repayment of the bank loans borrowed by Changchun Xianbang and Tianjun Tourism in 2029 and 2033, respectively.

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

The Group does not have any concrete plans for material investments or capital assets as at the date of this announcement.

## **OTHER INFORMATION**

### **Dividend**

The Directors do not recommend the payment of an interim dividend for 1H2025 (1H2024: nil).

### **Employees and remuneration policies**

As at 30 June 2025, the Group had 806 employees. The Group's Remuneration Management Policy and Fringe Benefits System has been formulated to establish a systematic remuneration system, enabling the employees to have full vision and understanding of the Group's human resources management function, human resources management policies and system, composition and accounting of remuneration and fringe benefits etc., so as to ensure and enhance the transparency and fairness. The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's remuneration policy and structure of the Directors, senior management and employees of the Group. The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Yin Jun, Mr. Lee Kwok Tung Louis and Mr. Gao Xiangnong, and Mr. Yin Jun is the chairman of the Remuneration Committee.

### **Purchase, sale and redemption of listed securities**

During 1H2025, there are no treasury Shares held by the Company.

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during 1H2025.

### **Securities transactions by the Directors**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms in accordance to the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout 1H2025.

### **Events after the reporting period**

No significant events have taken place subsequent since 30 June 2025 and up to the date of this announcement.

### **Corporate governance practices**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the code provisions as set out in Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company will continue to review and enhance its corporate governance to ensure compliance with the CG Code.

### **Review by audit committee**

The audit committee of the Company (“**Audit Committee**”) comprises three independent non-executive Directors, namely, Mr. Lee Kwok Tung Louis (Chairman), Mr. Gao Xiangnong and Mr. Yin Jun. The unaudited interim results of the Group for the six months ended 30 June 2025 and the interim financial report have been reviewed by the Audit Committee.

### **Publication of interim results announcement and interim report**

This interim results announcement is published on the website of the Company at [www.zonqing.net](http://www.zonqing.net) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to the shareholders of the Company upon their request and will be available on the above websites in due course.

By order of the Board  
**ZONQING Environmental Limited**  
**Sun Juqing**  
*Chairman and non-executive Director*

Hong Kong, 21 August 2025

*As at the date of this announcement, the Board of the Company comprises Mr. Liu Haitao (vice-chairman) and Ms. Wang Yan as executive Directors, Mr. Sun Juqing (chairman), Ms. Lyu Hongyan and Mr. Shao Zhanguang as non-executive Directors, and Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis as independent non-executive Directors.*

*\* For identification purpose only*

*In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*