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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Directors**") of HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**") together with the comparative figures for the six months ended 30 June 2024.

RESULTS HIGHLIGHTS

For the six months ended 30 June 2025, the Group's total revenue was approximately RMB133.6 million, representing an increase by approximately 27.1% as compared to total revenue of approximately RMB105.1 million for the six months ended 30 June 2024.

For the six months ended 30 June 2025, the Group's gross profit was approximately RMB79.1 million, representing an increase by approximately 52.4% as compared to gross profit of approximately RMB51.9 million for the six months ended 30 June 2024. The overall gross profit margin increased from approximately 49.4% for the six months ended 30 June 2024 to approximately 59.2% for the six months ended 30 June 2025.

For the six months ended 30 June 2025, the Group's profit for the period attributable to owners of the Company was approximately RMB36.4 million, representing an increase by approximately 78.4% as compared to the profit for the period attributable to owners of the Company of approximately RMB20.4 million for the six months ended 30 June 2024.

For the six months ended 30 June 2025, basic earnings per share attributable to the owners of the Company were approximately RMB0.036.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**133,605**	105,104
Cost of sales		**(54,545)**	(53,227)
Gross profit		**79,060**	51,877
Other income	*4*	**1,090**	2,259
Other gains/(losses) — net	*5*	**(6)**	(435)
(Provision)/reversal of impairment on financial assets		**(5)**	263
Selling expenses		**(1,555)**	(1,556)
Administrative expenses		**(33,508)**	(23,086)
Operating profit	*6*	**45,076**	29,322
Finance income	*7*	**22**	62
Finance costs	*7*	**(2,301)**	(3,520)
Finance costs — net	*7*	**(2,279)**	(3,458)
Profit before income tax		**42,797**	25,864
Income tax expenses	*8*	**(6,809)**	(5,418)
Profit for the period		**35,988**	20,446
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**(410)**	(1,586)
Total comprehensive income for the period		**35,578**	18,860

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**36,403**	20,446
Non-controlling interests		**(415)**	–
		35,988	20,446
Total comprehensive income for the period, attributable to:			
Owners of the Company		**35,993**	18,860
Non-controlling interests		**(415)**	–
		35,578	18,860
Earnings per share for the period attributable to owners of the Company			
Basic and diluted (expressed in RMB per share)	*9*	**0.036**	0.020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	**As at 30 June 2025** *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	*11*	**74,735**	76,020
Property, plant and equipment	*12*	**553,895**	488,831
Investment properties		**114,241**	116,433
Intangible assets		**25**	28
Prepayment for non-current assets		**49,149**	44,032
Deferred income tax assets		**4,953**	4,150
		796,998	729,494
Current assets			
Inventories	*13*	**15,619**	21,558
Trade receivables	*14*	**22,158**	24,208
Other receivables and prepayments	*15*	**44,792**	75,033
Financial assets measured at fair value through other comprehensive income		**6,897**	5,687
Cash and cash equivalents		**51,185**	65,213
		140,651	191,699
Total assets		**937,649**	921,193
EQUITY			
Equity attributable to owners of the Company			
Share capital		**8,208**	8,208
Share premium		**517,965**	517,965
Other reserves		**(299,838)**	(299,428)
Retained earnings		**340,551**	304,148
		566,886	530,893
Non-controlling interests		**11,595**	12,010
Total equity		**578,481**	542,903

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**38,805**	33,800
Deferred income tax liabilities		**6,225**	6,167
Lease liabilities	*11*	**209**	413
Other long-term payables		**–**	265
Other liabilities	*18*	**85,414**	89,183
		130,653	129,828
Current liabilities			
Trade payables	*16*	**5,853**	3,991
Other payables and accruals	*17*	**56,892**	75,312
Borrowings		**91,970**	104,847
Current income tax liabilities		**20,963**	20,438
Contract liabilities	*3*	**25,375**	16,422
Lease liabilities	*11*	**404**	394
Other liabilities	*18*	**27,058**	27,058
		228,515	248,462
Total liabilities		**359,168**	378,290
Total equity and liabilities		**937,649**	921,193

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 January 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1–1111, Cayman Islands.

The Company is an investment holding company. The Group is engaged in (i) the provision of gold mine hazardous waste treatment services and sales of pyrite concentrate, and (ii) the sales of products from the reprocessing of pyrite concentrate (including sulphuric acid, iron powder and electricity) in Laizhou city, Shandong province of the People's Republic of China (the "**PRC**"). The Group's headquarter is in Laizhou, Shandong province of the PRC.

The ultimate controlling party of the Company is Mr. Liu Zeming.

The shares of the Company have been listed (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 12 November 2021 (the "**Listing Date**") by way of its initial public offering.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

The interim condensed consolidated financial information has not been audited or reviewed by our auditor, and have been approved for issue by the Board on 29 August 2025.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2024 and the corresponding interim financial period, unless otherwise stated.

2.1 Basis of preparation

The condensed consolidated interim financial statements of the Group has been prepared in accordance with IAS 34 Interim Financial Reporting issued by International Accounting Standards Board ("**IASB**").

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, which are carried at fair value.

The preparation of the condensed consolidated financial statements in conformity with International Financial Reporting Standards ("**IFRSs**") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.1.1 Going concern

As at 30 June 2025, the Group had net current liability of RMB87,864,000. The Group's cash and bank balances amounted to RMB51,185,000 and total amount of borrowings was RMB130,775,000, including RMB91,970,000 current borrowings and RMB38,805,000 non-current borrowings as at 30 June 2025. The Group meets its day-to-day working capital requirements mainly through its operating cash flows and bank borrowings. In preparing the interim condensed consolidated financial statements, the directors of the Company have considered the Group's net cash inflows from operating activities and the available financing from bank borrowings under the existing revolving loan agreements and available bank credit quotas. Having considered the above, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from period end date of these interim condensed consolidated financial statements. The directors, therefore, are of the opinion that it is appropriate to adopt the going concern basis in preparing its interim condensed consolidated financial statements.

2.1.2 New standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

New standards and amendments		**Effective for annual financial periods beginning on or after**
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

The executive directors of the Board and the chief financial controller have been identified as the Group's chief operating decision-maker (the "**CODM**").

The Group is principally engaged in (i) the provision of gold mine hazardous waste treatment services and sales of pyrite concentrate and (ii) the sales of products from the reprocessing of pyrite concentrate (including sulphuric acid, iron powder and electricity) in Laizhou city, Shandong province of the PRC. The process of the treatment services and production of pyrite concentrate are in one integral process, and the production of sulphuric acid, iron powder and electricity is another integrated process, therefore the CODM assesses the performance of the Group now from these two segments: (i) hazardous waste treatment and recycling; and (ii) reprocessing of pyrite concentrate and others. Unallocated cost mainly includes administrative expenses incurred by the Company and inter-mediate holding companies of the Group. Management of the Group assesses the performance of operating segments based on segment profit or loss.

Assets grouped under unallocated category comprise cash and bank balances and other receivables held by the Company and intermediate holding companies of the Group.

Liabilities grouped under unallocated category comprise other payables and accruals of the Company and intermediate holding companies of the Group.

Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets and intangible assets.

The Group's principal market, where majority of revenue and operating profit and all operations and non-current assets, are in Laizhou city of Shandong province of the PRC. Accordingly, no geographical segment information is presented.

The segment information as follows:

	Hazardous waste treatment and recycling *RMB'000*	Reprocessing of pyritic concentrate and others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2025				
Segment revenue	**71,798**	**61,807**	**–**	**133,605**
Segment profit/(loss)	**25,630**	**21,154**	**(1,708)**	**45,076**
Finance costs — net	**(2,267)**	**(12)**	**–**	**(2,279)**
Profit before income tax				**42,797**
Income tax expense				**(6,809)**
Profit for the period				**35,988**
Depreciation and amortisation	**8,566**	**9,229**	**–**	**17,795**
Additions to non-current assets	**24,655**	**55,327**	**–**	**79,982**
As at 30 June 2025				
Total assets	**484,687**	**450,810**	**2,152**	**937,649**
Total liabilities	**247,818**	**109,417**	**1,933**	**359,168**

	Hazardous waste treatment and recycling *RMB'000*	Reprocessing of pyritic concentrate and others *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2024				
Segment revenue	58,795	46,309	–	105,104
Segment profit/(loss)	19,820	10,805	(1,303)	29,322
Finance costs — net	(2,156)	(1,250)	(52)	(3,458)
Profit before income tax				25,864
Income tax expense				(5,418)
Profit for the period				20,446
Depreciation and amortisation	8,162	8,507	–	16,669
Additions to non-current assets	18,735	27,434	–	46,169
As at 30 June 2024				
Total assets	381,175	380,836	2,028	764,039
Total liabilities	190,126	73,724	10,139	273,989

(b) **Revenue during the six months ended 30 June 2025 and 2024**

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contract with customers within the scope of IFRS 15		
Revenue from provision of gold mine hazardous waste treatment services	**16,446**	19,150
Revenue from sales of pyritic concentrate	**50,573**	34,866
Revenue from sales of products from the reprocessing of pyritic concentrate (including sulphuric acid, iron powder and electricity)	**61,807**	46,309
	128,826	100,325
Other Revenue		
Rental income	**4,779**	4,779
	133,605	105,104

The analysis of revenue from contract with customers within the Scope of IFRS 15 recognised over time and at a point in time as required by IFRS 15 is set out below:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Recognised over time		
Revenue from provision of gold mine hazardous waste treatment services	**16,446**	19,150
Recognised at a point in time		
Revenue from sales of pyritic concentrate	**50,573**	34,866
Revenue from sales of products from the reprocessing of pyritic concentrate (including sulphuric acid, iron powder and electricity)	**61,807**	46,309
	128,826	100,325

(c) Contract liabilities

The Group recognised the following contract liabilities:

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Contract liabilities related to provision of gold mine hazardous waste treatment services	**–**	84
Contract liabilities related to sales of pyrite concentrate	**21,045**	12,151
Contract liabilities related to sales of products from the reprocessing of pyrite concentrate (including sulphuric acid, iron powder and electricity)	**4,330**	4,187
	25,375	16,422

The following table shows how much of the revenue recognised during the six months ended 30 June 2025 and 2024 relates to carried-forward contract liabilities:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period		
— Provision of gold mine hazardous waste treatment services	**84**	–
— Sales of pyritic concentrate	**7,261**	489
— Sales of products from the reprocessing of pyritic concentrate (including sulphuric acid, iron powder and electricity)	**3,852**	6,174
	11,197	6,663

(d) Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from contracts with customers:

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Expected to be recognised within one year		
Provision of gold mine hazardous waste treatment services	**–**	84
Sales of pyrite concentrate	**21,045**	12,151
Sales of products from the reprocessing of pyrite concentrate (including sulphuric acid, iron powder and electricity)	**4,330**	4,187
	25,375	16,422

(e) Information about major customers

Revenue from individual customers which individually accounted for 10% or more of the Group's total revenue during the six months ended 30 June 2025 and 2024 is set out below:

	Six months ended 30 June	
	2025 *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
Customer A	**N/A**[(i)]	17,708
Customer B	**14,115**	N/A[(i)]

(i) Contributed less than 10% of the Group's total revenue for the relevant periods.

4 OTHER INCOME

	Six months ended 30 June	
	2025 *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
Government grants	**498**	1,555
Agency service income	**590**	703
Personal income tax refund	**2**	1
	1,090	2,259

The Group's subsidiaries acted effectively as agents for trading of various of materials, including gold concentrates; silver concentrates; gold loaded charcoal; and stones. The subsidiaries bought those materials from the supplier and sold to the customers. The Group recognizes income from these transactions on net basis. The Directors confirm that the agency service income was one-off transaction and the Group is not actively pursuing business opportunities in such agency business.

5 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net losses on disposal of property, plant and equipment and other assets	**(6)**	(430)
Others	**–**	(5)
	(6)	(435)

6 OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Raw materials and consumables used	**23,428**	13,382
Employee benefit expenses including directors' emoluments	**19,656**	14,268
Depreciation and amortisation of		
— Right-of-use assets	**950**	1,127
— Property, plant and equipment	**14,648**	13,342
— Investment properties	**2,193**	2,193
— Intangible assets	**4**	7
Taxes and levies	**4,425**	3,604
Transportation expenses	**2,505**	3,121
Electricity and water expenses	**6,777**	6,729
Consultation fee	**4,886**	2,215
Repair and maintenance fee	**827**	646
Donations	**64**	15

7 FINANCE COSTS — NET

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
— Interest income derived from bank balances	**(22)**	(62)
Finance costs		
— Interest expenses on bank borrowings	**1,497**	1,030
— Interest expenses relating to warehouse lease arrangements	**1,208**	1,159
— Interest expenses on lease liabilities	**15**	24
— Interest expenses on borrowings under finance lease arrangement	**896**	1,350
— Others	**11**	(43)
	3,627	3,520
Less: borrowing costs capitalised in property, plant and equipment	**(1,326)**	–
	2,301	3,520
Finance costs — net	**2,279**	3,458

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC income tax		
— Current income tax expense	**7,554**	4,402
— Deferred income tax expense	**(745)**	1,016
	6,809	5,418

9 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the periods.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**36,403**	20,446
Weighted average number of ordinary shares in issue	**1,000,000,000**	1,000,000,000
Basic earnings per share *(RMB)*	**0.036**	0.020

(b) Diluted

During the six months ended 30 June 2025 and 2024, the diluted earnings per share presented is the same as the basic earnings per share as there were no instruments outstanding that could have a dilutive effect on the Company's ordinary shares.

10 DIVIDEND

No interim dividend was declared for the six months ended 30 June 2025 and 2024.

11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	As at 30 June 2025	As at 31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Right-of-use assets		
Land use rights	**74,144**	75,231
Lease of building	**591**	789
	74,735	76,020
Lease liabilities		
Leased building		
— Current	**(404)**	(394)
— Non-current	**(209)**	(413)
	(613)	(807)

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machineries *RMB'000*	Furniture fixtures and equipment *RMB'000*	Vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
As at 1 January 2025 (Unaudited)						
Cost	**203,585**	**163,015**	**11,338**	**8,032**	**180,106**	**566,076**
Accumulated depreciation	**(35,498)**	**(34,651)**	**(4,277)**	**(2,819)**	**–**	**(77,245)**
Net book amount	**168,087**	**128,364**	**7,061**	**5,213**	**180,106**	**488,831**
Six months ended 30 June 2025 (Unaudited)						
Opening net book amount	**168,087**	**128,364**	**7,061**	**5,213**	**180,106**	**488,831**
Additions	**1,088**	**1,636**	**697**	**3,703**	**72,858**	**79,982**
Disposals	**–**	**(167)**	**–**	**(103)**	**–**	**(270)**
Depreciation	**(5,302)**	**(7,796)**	**(712)**	**(838)**	**–**	**(14,648)**
Closing net book amount	**163,873**	**122,037**	**7,046**	**7,975**	**252,964**	**553,895**
As at 30 June 2025 (Unaudited)						
Cost	**204,672**	**164,053**	**12,036**	**11,475**	**252,963**	**645,199**
Accumulated depreciation	**(40,800)**	**(41,910)**	**(5,096)**	**(3,498)**	**–**	**(91,304)**
Net book amount	**163,872**	**122,143**	**6,940**	**7,977**	**252,963**	**553,895**
As at 1 January 2024 (Unaudited)						
Cost	**202,490**	**162,678**	**8,734**	**7,869**	**54,521**	**436,292**
Accumulated depreciation	**(25,252)**	**(20,346)**	**(3,569)**	**(2,265)**	**–**	**(51,432)**
Net book amount	**177,238**	**142,332**	**5,165**	**5,604**	**54,521**	**384,860**
Six months ended 30 June 2024 (Unaudited)						
Opening net book amount	177,238	142,332	5,165	5,604	54,521	384,860
Additions	2,161	1,244	449	447	40,685	44,986
Disposals	–	(479)	–	(384)	–	(863)
Depreciation	(4,362)	(7,881)	(627)	(478)	–	(13,348)
Closing net book amount	175,037	135,216	4,987	5,189	95,206	415,635
As at 30 June 2024 (Unaudited)						
Cost	204,651	162,522	9,183	7,805	95,206	479,367
Accumulated depreciation	(29,614)	(27,306)	(4,196)	(2,616)	–	(63,732)
Net book amount	175,037	135,216	4,987	5,189	95,206	415,635

13 INVENTORIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Raw materials	**7,042**	1,644
Work-in-progress	**175**	187
Finished goods	**8,402**	19,727
Total	**15,619**	21,558

14 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables		
— related to provision of gold mine hazardous waste treatment services	**22,088**	23,356
— related to sales of sulfuric acid and electricity	**137**	914
	22,225	24,270
Less: provision for impairment	**(67)**	(62)
	22,158	24,208

(i) Ageing analysis of the trade receivables

The credit terms grant to customers are generally from 30 to 60 days.

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
1–90 days	**6,867**	8,394
91–180 days	**6,898**	11,258
181–270 days	**8,460**	4,618
	22,225	24,270

(ii) Impairment of the trade receivables

The Group applies the simplified approach to provide for expected credit loss which was a lifetime expected loss allowance for all trade receivables and retention receivables as prescribed by IFRS 9.

The movements in provision for impairment of trade receivables were as follows:

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
As at 1 January	**62**	417
Loss allowance recognised in profit or loss during the period/year	**5**	(355)
As at period/year end	**67**	62

15 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Prepayments for purchase of raw materials, transportation cost and other expenses	**29,960**	28,287
Value-added tax receivables	**4,758**	22,348
Deposits with financial institutions under finance lease arrangements	**2,570**	3,570
Deposits for bidding and performance	**2,000**	2,600
Amount due from a related party	**20**	12
Other receivables in relation to trading of mineral materials	**–**	14,770
Others	**5,484**	3,446
	44,792	75,033

16 TRADE PAYABLES

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Trade and bill payables		
— related to transportation costs	**4,037**	1,220
— related to raw materials	**1,816**	2,771
	5,853	3,991

The ageing analysis of trade payables based on the invoice date is as follows:

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
1–30 days	**2,794**	1,794
31–60 days	**1,184**	658
61–90 days	**382**	178
91–180 days	**844**	967
Over 180 days	**649**	394
	5,853	3,991

17 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Payables for purchase of property, plant and equipment	**22,040**	31,451
Other payables to third parties	**5,657**	14,828
Other taxes payable	**14,593**	16,606
Employee benefits payables	**7,119**	5,632
Amount due to related parties	**4,645**	2,458
Others	**2,838**	4,337
Total	**56,892**	75,312

18 OTHER LIABILITIES

	As at 30 June 2025 *RMB'000* **(Unaudited)**	As at 31 December 2024 *RMB'000* (Audited)
Deferred income — asset related government grants (a)		
— Non-current portion	**3,300**	3,498
Warehouse lease arrangements (b)		
(i) Advances from lessee		
— Current portion	**9,558**	9,558
— Non-current portion	**22,804**	27,583
Sub-total	**32,362**	37,141
(ii) Payables to LZ Assets		
Non-current		
— First warehouse	**26,790**	26,245
— Second warehouse	**32,520**	31,857
Sub-total	**59,310**	58,102
Advances to gold-bearing roasted cyanide tailings	**17,500**	17,500
Total	**112,472**	116,241
Presented on the statement of financial position as:		
Other liabilities — current portion	**27,058**	27,058
Other liabilities — non-current portion	**85,414**	89,183
	112,472	116,241

(a) Deferred income — asset related government grants

These mainly represent asset related government grants received from certain municipal government of the PRC as an encouragement for the Group's construction of production sulphuric acid and iron powder.

(b) Warehouse lease arrangements

In October 2018 and December 2018, Shandong Hongcheng Mining (Group) Co., Ltd. (山東鴻承礦業（集團）有限公司) ("**HC Mining**"), a subsidiary of the Group entered into two gold mine hazardous waste storage warehouse lease agreements with Laizhou City State-owned Assets Management Company Limited (萊州市國有資產經營有限公司) ("**LZ Assets**"), a state-owned enterprise, for the storage of cyanide tailings hazardous waste. Pursuant to the lease agreements, LZ Assets advanced RMB72 million in the fourth quarter of 2018 and RMB88 million in the first half year of 2019, totalling RMB160 million, to HC Mining for leases of two warehouses at an annual rental of RMB3.6 million from 1 November 2018 for the first warehouse, and RMB4.4 million from 1 January 2019 for the second warehouse, totalling RMB8 million per annum (inclusive of value added tax on rental income), for a twenty years term.

Pursuant to the lease agreements, (i) the minimum term of the lease period shall be five years from the respective lease commencement dates, unless the cyanide tailings hazardous waste in the warehouses is put for tender for detoxing treatment during the five year term, and in the event that HC Mining won the tender, the lease term would terminate and the future treatment fee would then be deducted from the remaining amount of the advanced payments made by LZ Assets, after deduction of rental income up to the date of termination; (ii) from the sixth year, either LZ Assets or HC Mining has the right to terminate the lease arrangement by paying an amount equivalent to one year rental, being RMB8 million, as compensation to the other party, and HC Mining will be required to repay the remaining balance of the advances to LZ Assets within three years, being 20% for the first year, 30% for the second year and full repayment in the third year, from the receipt of the notice of termination of the lease agreements.

At inception of the lease arrangement in 2018, the Group considers there is a likelihood that LZ Assets would exercise the right to terminate the lease agreements upon the expiry of the five years committed lease term by December 2023, by then the Group would have an obligation to pay back LZ Assets the remaining balances of the advanced payments from LZ Assets, being in total RMB112 million, representing the total advances of RMB160 million less five years' rental income of RMB40 million and compensation of RMB8 million. Accordingly, on initial recognition of the two warehouse lease arrangements in October and December 2018, the Group recorded "Other liabilities — payables to LZ Assets" of RMB84.2 million, being the present value by discounting the obligations to pay back LZ Assets by December 2023 of RMB112 million by instalments as mentioned above. The discount rate applied in deriving the present value of the amounts payable to LZ Assets was the market rate available to the Group for similar financial instruments, which is 4.65%.

In November 2023, the lease agreements were modified to extend the committed and non-cancellable lease term for another five years after the expiry of the first five-year lease term in October and December 2023, with other terms of the original agreements remain unchanged. The Group accounted for the leases as a five year lease contract at inception of the lease in 2018, and extended it to another five years based on the modified contract terms. According to the revised lease term, the Group applied the same accounting treatment as the first five years lease term. The discount rate applied in deriving the present value of the amounts payable to LZ Assets was the market rate available to the Group for similar financial instruments, which is 4.2%. The Group recognised rental income of RMB4,779,000 for the six months ended 30 June 2025 (30 June 2024: RMB4,779,000), and the resultant payable to LZ Assets amounted to RMB59,310,000 as at 30 June 2025 (31 December 2024: RMB58,102,000).

Interest expenses from other liabilities — payables to LZ Assets are recognised using the aforementioned discount rate. The amount of interest expenses relating to the two warehouse lease arrangements during the six months ended 30 June 2025 and 2024 were RMB1,208,000 and RMB1,159,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Consolidate the leading position in the industry based on our own strengths

The Group, based in Shandong province, the PRC, has been focusing on gold mine hazardous waste treatment and resource recovery, and comprehensive utilisation of gold mine hazardous wastes. We collect cyanide tailings, which are a kind of gold mine hazardous waste resulting from smelting of gold, from our upstream customers, which are mainly comprised of gold smelting companies under gold mining companies with mine operations in Shandong province and in particular, in Yantai city. We, leveraging on our experience and expertise, detoxify the cyanide tailings and recover therefrom resources with economic value such as pyrite concentrates. In addition, aiming to expand its profit margin and enhance its capability for comprehensive utilisation, the Group reprocesses pyrite concentrates and adds other raw materials to produce sulphuric acid, iron powder and electricity for sale to downstream customers, which are mainly comprised of chemical manufacturing companies and trading companies of chemicals in the PRC, in order to attain the comprehensive utilisation of gold mine hazardous wastes.

The Group is the only company in Laizhou city, Shandong province that has been granted a hazardous waste business licence by Yantai Ecological Environment Bureau.

In 2025, the global economy continued to face significant pressure under the influence of multiple structural factors. On the one hand, persistently high interest rates suppressed economic activity, geopolitical risks further exacerbated market uncertainties, and challenges from climate change had a profound impact on global supply chains and resource allocation. On the other hand, while global inflation has generally eased, it remained above the desired level, exerting long-term pressure on consumption and investment activities.

In the hazardous waste treatment industry, market competition remained fierce, and the industry development faced severe challenges. Commodity prices saw increased volatility, and contracting global demand and supply shocks weighed on both the upstream and downstream companies to varying degrees.

Despite external challenges, the Group, by virtue of its sound business strategies and close collaboration among its various departments, achieved growth in both revenue and net profit during the Reporting Period.

The Group's revenue and profit attributable to owners of the Company for the six months ended 30 June 2025 amounted to approximately RMB133.6 million and approximately RMB36.4 million, respectively, representing a year-on-year increase of approximately 27.1% and approximately 78.4%, respectively.

Its gross profit increased from approximately RMB51.9 million for the six months ended 30 June 2024 to approximately RMB79.1 million for the six months ended 30 June 2025. Meanwhile, the overall gross profit margin grew from approximately 49.4% for the six months ended 30 June 2024 to approximately 59.2% for the six months ended 30 June 2025.

OUTLOOK

Integrating into national development and promoting green transition and upgrading

With the in-depth implementation of the Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035 (《第十四個五年規劃和2035年遠景目標綱要》) and the further strengthening of the national green development strategy, the Group will uphold the spirit of pragmatism and seize the opportunities of the times to actively integrate into the national development, and comprehensively promote green transition and upgrading. To achieve this goal, the Group will focus on the following strategic directions:

Boosting innovation and extending value chain

The Group is fully aware that technological innovation is the core force driving industry breakthroughs. In the future, we will continually step up our R&D investment, focus on overcoming difficulties and optimising technologies for the comprehensive utilisation of hazardous waste resources, and promote the rapid conversion of research outcomes into industrial applications. In addition to consolidating its existing advantages in treatment of cyanide tailings and recovery of pyrite concentrates, the Group has made phased progress in the R&D and production line construction for new products such as sulfamic acid and magnesium fertilizers. These projects make full use of its self-produced sulphuric acid and its by-product steam as core raw materials, which not only further extends the value chain but also significantly improves resource utilisation efficiency and energy recycling efficiency.

With the gradual implementation and large-scale production of these new projects, our product portfolio will become more diversified, which will cover more downstream chemical and various other sectors. This will enhance the resilience and stability of our profitability against fluctuations. The Group will continually explore synergistic development models across multiple domains and product categories, promote both horizontal expansion and vertical integration, and gradually build a new pattern across the entire industrial chain, covering resource collection, treatment, reprocessing, and product sales, with a view to further consolidating and strengthening its leading position in the industry.

Strengthening cooperation to build technological highland

In boosting innovation, the Group will deepen its cooperation with scientific research institutions, industry leaders, and local governments, and actively establish platforms for technical exchange and the commercialisation of research outcomes, aiming to promote the deep industry-academia-research integration. Through cross-sector collaboration and open cooperation, we will continuously draw on advanced experience and cutting-edge technologies to increase the efficiency of hazardous waste resource utilisation and improve product quality, in a bid to maintain our technological leadership and market advantages in a fiercely competitive market.

Integrating ESG strategy, navigating circular economy, and fostering high-quality sustainable development

The Group will deeply integrate ESG (environmental, social and corporate governance) into its corporate strategies and daily operations, and actively promote the integration of ESG governance into its corporate governance system, committed to building a model for high-quality sustainable development. Due to the growing global demand for resource recycling and the continuous implementation of the national "dual carbon" goal, the circular economy is facing unprecedented development opportunities. As a key participant in the industry, the Group will grasp the historic opportunities to accelerate technological innovation, business expansion, and green transition under the core principle of sustainable development, thereby ensuring steady progress and achieving long-term development in the new era.

In particular, the project for recovering valuable elements from high-silicon cyanide tailings will mark the further implementation of its principles of "harmlessness, reduction, and resource utilisation" in the field of hazardous waste resource utilisation, which will set a new benchmark for the industry. As such projects proceed, the Group will achieve greater synergy in environmental, social, and economic benefits.

Looking ahead, we will continuously uphold the philosophy of sustainable development, unswervingly drive the implementation of our ESG strategy, and refine our green production and operation models, committed to contributing to the sound development of the industry, the achievement of the national "dual carbon" goal, and the creation of long-term value for our shareholders.

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June			
	2025		2024	
	RMB'000	*%*	*RMB'000*	*%*
Gold mine hazardous waste treatment services	**16,446**	**12.3**	19,150	18.2
Sales of pyrite concentrate	**50,573**	**37.9**	34,866	33.2
Hazardous waste storage rental services	**4,779**	**3.6**	4,779	4.5
Sales of products from the reprocessing of pyrite concentrate (including sulphuric acid, iron powder and electricity)	**61,807**	**46.2**	46,309	44.1
	133,605	**100.0**	105,104	100.0

The Group principally collects cyanide tailings, which is a kind of gold mine hazardous waste, from the Group's upstream customers and applied our technical know-how to (i) detoxify those wastes to meet the required safety standards; (ii) recover and recycle therefrom resources with economic value for sale, such as pyrite concentrate; and (iii) reuse the pyrite concentrate produced by the Group through addition of other raw materials to produce products (including sulphuric acid, iron powder and electricity) for sale. Therefore, revenue of the Group is mainly derived from (i) gold mine hazardous waste treatment services; (ii) sales of pyrite concentrate; and (iii) sale of products derived from the reprocessing of pyrite concentrate.

For the six months ended 30 June 2025, revenue from our gold mine hazardous waste treatment services, sales of pyrite concentrate and sales of products from the reprocessing of pyrite concentrate accounted for approximately 96.4% (six months ended 30 June 2024: approximately 95.5%) of our total revenue. The Group also derived revenue from the hazardous waste storage rental services, which accounted for approximately 3.6% (six months ended 30 June 2024: approximately 4.5%) of our total revenue.

For the six months ended 30 June 2025, the Group's total revenue was approximately RMB133.6 million, representing an increase by approximately 27.1% as compared to that of approximately RMB105.1 million for the six months ended 30 June 2024. The increase was mainly due to: (i) the increase in unit price of sulphuric acid which was one of products of the Group derived from the reprocessing of pyrite concentrate and (ii) the increase in revenue from sales of pyrite concentrate due to the increase in unit price of pyrite concentrate driven by increased demand from industries that rely on pyrite concentrate as a key raw material for their production processes, which was partially offset by the decrease in the revenue of gold mine hazardous waste treatment services compared to the same period of the previous year.

Gross profit and gross profit margin

For the six months ended 30 June 2025, the Group's gross profit was approximately RMB79.1 million, representing an increase by approximately 52.4% as compared to gross profit of approximately RMB51.9 million for the six months ended 30 June 2024. The increase in the Group's gross profit outpaced the increase in total revenue due to the increase in gross profit margin for the current period.

The overall gross profit margin increased from approximately 49.4% for the six months ended 30 June 2024 to approximately 59.2% for the six months ended 30 June 2025. Such fluctuation was a combined effect of the following factors: (i) the gross profit margin of sales of pyrite concentrate increased from approximately 53.0% for the six months ended 30 June 2024 to approximately 63.8% for the six months ended 30 June 2025, even though the gross profit margin for gold mine hazardous waste treatment services decreased from approximately 61.4% for the six months ended 30 June 2024 to approximately 53.7% for the six months ended 30 June 2025; (ii) the gross profit margin of the sales of products derived from the reprocessing of pyrite concentrate including sulphuric acid, iron powder and electricity increased from approximately 41.1% for the six months ended 30 June 2024 to approximately 57.2% for the six months ended 30 June 2025; and (iii) the gross profit margin of the hazardous waste storage rental services was approximately 54.1% for the six months ended 30 June 2025, which remained consistent compared with the same period in 2024.

Other income

Other income decreased from approximately RMB2.3 million for the six months ended 30 June 2024 to approximately RMB1.1 million for the six months ended 30 June 2025, representing a decrease of approximately 52.2%. The decrease was mainly due to decrease in the receipt of government grants by approximately RMB1.1 million in the current period and the decrease in agency service income as compared to the same period of the previous year.

Selling expenses

Our selling expenses mainly consist of (i) entertainment expense; and (ii) employee salary and benefit expenses for our sales team. For the six months ended 30 June 2025, the Group's selling expenses was approximately RMB1.6 million which was comparable to the same period in 2024, despite the increase in revenue during the current period.

Administrative expenses

The administrative expenses of the Group mainly represent (i) employee benefit expenses, including salaries and wages and staff welfare for administrative and management staff; (ii) taxes and levies which primarily represented various kinds of government levies or taxes such as real estate tax, urban construction tax, tenure tax and stamp duty; (iii) depreciation and amortisation of right-of-use assets, administrative facilities and technology research and development related facilities; (iv) office expenses and utilities; (v) entertainment expenses; (vi) professional and consultation fee; (vii) transportation and related expenses; (viii) research and development costs; and (ix) other expenses of similar nature.

For the six months ended 30 June 2025, the Group's administrative expenses was approximately RMB33.5 million, representing an increase of approximately 45.0% as compared to the amount of administrative expenses of approximately RMB23.1 million for the six months ended 30 June 2024.

The increase in the Group's administrative expenses was the combined effect of (i) the increase in the employee benefit expenses of approximately RMB3.0 million due to the expansion of product lines and the operation; (ii) the increase in taxes and levies of approximately RMB0.8 million due to the increase in the revenue; (iii) the increase in the depreciation and amortisation of approximately RMB1.3 million; (iv) the increase in the professional and consultation fee of approximately RMB2.7 million; and (v) the increase in raw materials used in the research and development of approximately RMB2.6 million.

Net finance costs

Our net finance costs reflected the sum of interest expenses on bank borrowings, borrowings under finance lease arrangement, lease liabilities, exchange gain or loss and other liabilities after offsetting interest income we received from bank balances. For the six months ended 30 June 2025, the Group's net finance costs was approximately RMB2.3 million, representing a decrease of approximately 34.3% as compared to that of approximately RMB3.5 million for the six months ended 30 June 2024. The decrease in net finance costs was mainly due to the borrowing costs capitalised in property, plant and equipment of approximately RMB1.3 million for the current period, while there were no such capitalization of borrowing costs in the previous period.

Income tax expense

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act and accordingly is exempted from Cayman Islands income tax. Our Company's direct wholly owned subsidiary was incorporated in the British Virgin Islands (the "**BVI**") as a business company with limited liability under the BVI Companies Act 2004 and accordingly is exempted from BVI income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group did not generate any assessable profit in Hong Kong for the six months ended 30 June 2025 and 30 June 2024.

PRC corporate income tax ("CIT")

The tax rate of our subsidiaries established in the PRC is 25%. Shandong Hongcheng Mining (Group) Co., Ltd. (山東鴻承礦業（集團）有限公司), engaging in comprehensive utilisation of resources are also entitled to a reduction of 10% of revenue from sales of pyrite concentrate from the taxable income of the companies in the calculation of CIT.

For the six months ended 30 June 2025, the Group's income tax expense was approximately RMB6.8 million, representing an increase of approximately 25.9% as compared to that of approximately RMB5.4 million for the six months ended 30 June 2024, reflecting effective tax rate (equivalent to income tax expense divided by profit before income tax) of approximately 15.9% and 20.9% for the six months ended 30 June 2025 and 30 June 2024, respectively. The decrease in effective tax rate was mainly due to (i) the sales of pyrite concentrate which were entitled to a reduction of 10% of revenue from the taxable income in the calculation of CIT accounted for larger portion of the total revenue; and (ii) the increase in research and development expenses, which were qualified as an additional deductible in the calculation of CIT.

Capital Expenditures

Our capital expenditure mainly comprised of the acquisition of items of property, plant and equipment, right-of-use assets and intangible assets. During the six months ended 30 June 2025, we incurred capital expenditure of approximately RMB80.0 million (31 December 2024: approximately RMB133.6 million).

Capital Commitments

As at 30 June 2025, the Group had capital commitments of approximately RMB25.1 million (31 December 2024: RMB47.4 million).

Pledge of Assets

As at 30 June 2025, the total net book value of assets pledged to secure the Group's bank borrowings and finance lease borrowings amounted to approximately RMB34.7 million (31 December 2024: approximately RMB25.1 million) for land use rights, approximately RMB72.6 million (31 December 2024: approximately RMB74.2 million) for buildings, approximately RMB61.9 million (31 December 2024: approximately RMB73.7 million) for machineries, approximately RMB114.2 million (31 December 2024: approximately RMB116.4 million) for investment properties and approximately RMB3.7 million (31 December 2024: nil) for construction in progress.

Contingent Liabilities

As at 30 June 2025, we did not have any material contingent liabilities. We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings, to the knowledge of the Board, threatened against the Group and could have a material adverse effect on our business or operations.

Treasury Policy

The Group adopts a prudent approach towards its treasury policies. To manage the liquidity risk, the Group closely monitors its liquidity position to ensure the liquidity structure of the Group's assets, liabilities and commitments and to ensure the fulfillment of its funding requirements for business development.

Foreign Exchange Risk Management

The Group carries out its business operations in the PRC with most of the transactions denominated and settled in RMB save for certain fees payable to professional parties and miscellaneous administrative expenses that are denominated in Hong Kong dollars. Hence the Group does not currently have a hedging policy on foreign exchange risk as the Board does not consider the Group's exposure to foreign exchange fluctuations (primarily in the HKD) to be significant, and that any fluctuation thereof will not have any material impact on the Group's business operations or its financial results. The management will, however, closely monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Liquidity, Finance Resources and Capital Structure

As at 30 June 2025, the Group had net current liabilities of approximately RMB87.9 million (31 December 2024: net current liabilities of approximately RMB56.8 million). As at 30 June 2025, the gearing ratio was approximately 41.6% (31 December 2024: approximately 47.1%). The gearing ratio is calculated by dividing total debt by total equity at the end of the relevant year and multiplying by 100%. Debt is defined as amounts payable that are not incurred in the ordinary course of business and includes bank and other borrowings, lease liabilities and other liabilities relating to warehouse lease arrangements.

As at 30 June 2025, the Group maintained cash and cash equivalents of approximately RMB51.2 million (31 December 2024: approximately RMB65.2 million). The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

During the Reporting Period, the Company had no material change in its capital structure. The capital of the Company comprised only ordinary shares.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "**Future plans and use of proceeds**" in the prospectus of the Company dated 29 October 2021 (the "**Prospectus**"), "**Management Discussion and Analysis**" section of this announcement and the transactions disclosed in the announcement of the Company dated 6 January 2022, the Group does not have any other plans for material investments or capital assets.

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date by way of global offering, upon which 250,000,000 shares were issued, raising total net proceeds (after deducting underwriting commissions and other related listing expenses) of approximately RMB177.3 million (equivalent to approximately HKD217.3 million).

The table below sets forth the allocation and status of utilisation of the net proceeds during the Reporting Period and the expected timeline of the use of the unutilised proceeds:

	Percentage to total amount	**Planned use of net proceeds** *HKD' million*	**Planned use of net proceeds** *RMB' million*	**Net proceeds utilised during the six months ended 30 June 2025** *RMB' million*	**Net proceeds utilised as at 30 June 2025** *RMB' million*	**Net proceeds unutilised as at 30 June 2025** *RMB' million*	**Expected timeline for full utilisation of the unutilised proceeds**
Establish the New Production Facility, comprising two production compartments, with a permitted annual treatment capacity of 600,000 tonnes, and diversification of our product offerings	86.7%	188.4	153.7	1.9	147.6	6.1	Will be fully utilised by 30 June 2026
Strengthen our research and development capabilities to enhance existing products and diversify our product offering	3.9%	8.5	6.9	–	6.9	–	N/A
General working capital purpose	9.4%	20.4	16.7	–	16.7	–	N/A
	100%	217.3	177.3	1.9	171.2	6.1	

During the six months ended 30 June 2025, the net proceeds were utilised in accordance with the purposes as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The unutilised net proceeds have been deposited as short-term deposits in the bank account maintained by the Group.

The expected timeline for utilising the unutilised net proceeds is based on the best estimation of the Directors barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. Further details of the breakdown and description of the proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not hold any significant investments, nor did it have any material acquisitions or disposals of any subsidiaries, associates or joint ventures.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events affecting the Group between 30 June 2025 and the date of this announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had 418 employees. For the six months ended 30 June 2025, the staff cost of the Group was approximately RMB19.7 million.

The remuneration packages for our employees include salary, bonuses and allowances. The Group participate in social insurance schemes operated by the relevant local government authorities and maintain mandatory pension contribution plans, medical insurance, work-related injury insurance, unemployment insurance, housing accumulation funds and maternity insurance for some of our employees. The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong.

The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, market condition, operating efficiency and employee performance. The Group provides sufficient training to our employees depending on their roles.

The emoluments of the Directors are first reviewed by the remuneration committee of the Company and then approved by the Board, with regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

The Company has adopted a share option scheme (the "**Share Option Scheme**") as an incentive to the Directors and eligible employees, details of which are set out in the Prospectus. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and up to the date of this announcement.

During the Reporting Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

As at 30 June 2025, the Company did not hold any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding transactions of securities of the Company by Directors on terms no less exacting than the required standard set out in the Model Code of Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Having made specific enquiry with each of the Directors, the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and complied with the applicable code provisions in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Reporting Period. The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability.

REVIEW OF UNAUDITED FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the accounting principles and policies adopted by the Company and the Group and the unaudited interim results of the Group for the Reporting Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2025 INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sdhcgroup.cn). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be published on the aforementioned websites and despatched to Shareholders (if necessary) in due course.

By order of the Board
HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED
Liu Zeming
Chairman and Executive Director

Hong Kong, 29 August 2025

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.