

# ZONQING Environmental Limited 中庆环境股份有限公司

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

Stock code : 1855

## 2025 INTERIM REPORT



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This Interim Report (“**Report**”) in both English and Chinese version, is available on the Company’s website of [www.zonqing.net](http://www.zonqing.net) (the “**Company Website**”) and the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Haitao (劉海濤)  
(Vice-chairman and Chief Executive Officer)  
Ms. Wang Yan (王彥)

### Non-executive Directors

Mr. Sun Juqing (孫舉慶) (Chairman)  
Ms. Lyu Hongyan (呂鴻雁)  
Mr. Shao Zhanguang (邵占廣)

### Independent Non-executive Directors

Mr. Gao Xiangnong (高向農)  
Mr. Yin Jun (尹軍)  
Mr. Lee Kwok Tung Louis (李國棟)

## COMPANY SECRETARY

Mr. Tsui Hin Chi

## AUTHORISED REPRESENTATIVES

Mr. Liu Haitao  
Mr. Tsui Hin Chi

## AUDIT COMMITTEE

Mr. Lee Kwok Tung Louis (Chairman)  
Mr. Gao Xiangnong  
Mr. Yin Jun

## REMUNERATION COMMITTEE

Mr. Yin Jun (Chairman)  
Mr. Gao Xiangnong  
Mr. Lee Kwok Tung Louis

## NOMINATION COMMITTEE

Mr. Gao Xiangnong (Chairman)  
Mr. Lee Kwok Tung Louis  
Mr. Yin Jun  
Ms. Lyu Hongyan (Appointed on 27 June 2025)

## AUDITOR

KPMG  
Public Interest Entity Auditor registered in accordance with  
Accounting and Financial Reporting Council Ordinance  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

## LEGAL ADVISER

As to Hong Kong law  
Eric Chow & Co. in Association with  
Commerce & Finance Law Offices  
3401, Alexandra House  
18 Chater Road, Central  
Hong Kong

## PRINCIPAL BANKS

(In Alphabetical order)

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

China Everbright Bank Co., Ltd  
Changchun Branch  
No.2677, Jiefang Road  
Changchun City  
Jilin Province, PRC

China Merchants Bank,  
Changchun Branch  
No. 3577 Dongfeng Road  
Changchun City  
Jilin Province, PRC

Industrial Bank Co., Ltd.  
Changchun Branch  
4-5/F, Building #1, Hengxingguojicheng, Nanguan District  
Changchun City  
Jilin Province, PRC

# Corporate Information

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3/F, Zhongqing Building  
No.5888 Fuzhi Road  
Jingyue High-tech Industrial Development Zone  
Changchun City  
Jilin Province, PRC

## STOCK CODE

1855

## COMPANY WEBSITE

[www.zonqing.net](http://www.zonqing.net)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 18, 9/F, Block B  
HI-TECH Industrial Centre  
491-501 Castle Peak Road  
Tsuen Wan, Hong Kong

## REGISTERED OFFICE

71 Fort Street  
PO Box 500, George Town  
Grand Cayman KY1-1106  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited  
71 Fort Street  
PO Box 500, George Town  
Grand Cayman KY1-1106  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F., 148 Electric Road  
North Point  
Hong Kong



# 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.



# Management Discussion and Analysis

## PROSPECTS

In 1H2025, 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.

# Management Discussion and Analysis

## 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 an 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.

# Management Discussion and Analysis

## 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.



# Management Discussion and Analysis

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 Renminbi. 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.

# Management Discussion and Analysis

## 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 report, 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 report 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).

# Management Discussion and Analysis

## 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 report.

## 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.



# Other Information

## INTERESTS AND SHORT POSITIONS OF DIRECTORS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules, are set out as follows:

### (i) Long positions in our shares

Name of Director	Nature of interest	Relevant company	Number of shares held/interested	Approximate percentage of issued share capital
Mr. Sun Juqing	Interest of spouse	Zonqing International Investment Limited (“Zonqing International”)	181,202,166	65.89
Mr. Liu Haitao	Interest in a controlled corporation	Zonbong International Investment Limited (“Zonbong International”)	14,054,104	5.11

Notes:

1. Mr. Sun Juqing is the spouse of Ms. Zhao Hongyu. Ms. Zhao Hongyu is the beneficial owner of 35% shareholding in Zonqing International and is therefore deemed to be interested in the Shares held by Zonqing International for the purposes of the SFO. Accordingly, Mr. Sun is deemed to be interested in the Shares in which Ms. Zhao Hongyu is interested for the purpose of the SFO.
2. Given that Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, Mr. Liu is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.

### (ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Long position/Short position	Number of shares held in the associated corporation	Percentage of shareholding
Mr. Sun Juqing	Zonqing International	Beneficial owner	Long position	62	62%
Mr. Liu Haitao	Zonqing International	Beneficial owner	Long position	5	5%
Mr. Liu Haitao	Zonbong International	Beneficial owner	Long position	6,011	60.11%
Mr. Shao Zhanguang	Zonqing International	Beneficial owner	Long position	5	5%

## Other Information

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the date of this Report.

### DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during 1H2025 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and minor children) to hold any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

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

As at 30 June 2025, the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following Shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name of Shareholders	Nature of interest	Long position/ Short position	Number of shares	Approximate percentage of issued share capital
Zongqing International	Beneficial owner	Long position	181,202,166	65.89%
Ms. Zhao Hongyu	Interest in a controlled corporation	Long position	181,202,166	65.89%
Mr. Sun Juqing	Interest of spouse	Long position	181,202,166	65.89%
Zonbong International	Beneficial owner	Long position	14,054,104	5.11%
Mr. Liu Haitao	Interest in a controlled corporation	Long position	14,054,104	5.11%
Ms. Wang Tiannv	Interest of spouse	Long position	14,054,104	5.11%

Notes:

1. Ms. Zhao Hongyu is the beneficial owner of 35% shareholding in Zongqing International and is therefore deemed to be interested in the Shares held by Zongqing International for the purposes of the SFO.
2. Mr. Sun Juqing is the spouse of Ms. Zhao Hongyu. Accordingly, Mr. Sun Juqing is deemed to be interested in the Shares in which Ms. Zhao Hongyu is interested for the purpose of the SFO.
3. Given that Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, Mr. Liu Haitao is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.
4. Ms. Wang Tiannv is the spouse of Mr. Liu Haitao. Accordingly, Ms. Wang Tiannv is deemed to be interested in the Shares in which Mr. Liu Haitao is interested for the purposes of the SFO.

Saved as disclosed above, as at 30 June 2025, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



# Other Information

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float as required under the Listing Rules during 1H2025.

## COMPETING BUSINESS

During the first half of 2023, the Group acquired 87.5% equity interest in Jilin Modern Zhongqing (the "**Acquisition**"), which together with its subsidiaries are primarily engaged in the provision of environmental hygiene services and construction and maintenance services for public work projects. Following the Acquisition, the Group's business operations now cover the municipal construction sector, on top of the existing landscaping and ecological restoration sector. On the other hand, ZIHG Group, which is controlled by the Ultimate Controlling Shareholders, is primarily engaged in the infrastructure and municipal construction works business and other businesses. Nevertheless, the respective municipal construction business of the Group and the ZIHG Group can be delineated from each other in terms of both geographical locations and the nature of services provided. For more details, please refer to the circular of the Company in relation to the Acquisition dated 9 June 2023.

Furthermore, pursuant to (i) the Deed of Non-competition given by the Ultimate Controlling Shareholders in favor of the Company as disclosed in the Prospectus, and (ii) the non-competition undertaking given by the ZIHG Group in the equity transfer agreement for the Acquisition, ZIHG Group shall not, whether directly or indirectly, engage in business activity that competes or may compete with the existing business of Group (including Jilin Modern Zhongqing and its subsidiaries).

Taking into consideration of the above, the Directors are of the view that the respective businesses of the Group and the ZIHG Group can be delineated and there is no material conflict of interests between the Group on one hand and the ZIHG Group on the other hand.

Save as disclosed in this Report, none of the Directors held any interests in any business that compete directly against the Company or any of its jointly controlled entities and subsidiaries during 1H2025.

## SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

## Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights at general meetings of the Company (on a one vote per share basis) in the share capital of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and/or add resolutions to the agenda of a meeting. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board shall fail to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# Other Information

## Nomination of Directors for Election

Article 113 of the Articles of Association provides that no person, other than a retiring Director, shall, unless recommended by the Board, be eligible for election to the office of the Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such general meeting, there has been a written notice by that person of his willingness to be elected lodged at the Head Office or at the Registration Office as defined in the Articles.

Accordingly, where a Shareholder intends to nominate a person for election as a director of the Company at a general meeting, the following documents shall be validly served at the principal office or at the Hong Kong Share Registrar of the Company, namely: (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness for election; (3) the nominated candidate's information as required be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's willingness to be elected and written consent to the publication of his/her personal information.

## Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 3/F, Zhongqing Building, No.5888 Fuzhi Road, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC

Email: IR@zonqing.net

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme ("**Share Option Scheme**") pursuant to the written resolutions of the Shareholders and Directors passed on 14 December 2020 which took effect upon Listing. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus.

The purpose of the Share Option Scheme is to provide an incentive or reward for any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries, and any suppliers, clients, consultants, agents and advisers, for their contribution or potential contribution to the Company and/or any of its subsidiaries.

Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Listing Rules. No share option has been granted by the Company under the Share Option Scheme since Listing and up to 30 June 2025, hence there are no share option vested, exercised, expired, cancelled or lapsed under the Share Option Scheme since Listing, nor any outstanding share option as at 30 June 2025. There were 27,500,000 shares option available for grant as at both 1 January 2025 and 30 June 2025, as no share options had been granted in the six months ended 30 June 2025.

## 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.

## RELATED PARTIES TRANSACTIONS

The material related party transactions entered into by the Group during 1H2025 are set out in Note 19, including transactions that constitute connected/continuing connected transactions for which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

Save for the contracts described in Notes 8, 9, 11, 12 and 13 in this Report, (a) no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director and his/her connected party had a material interest, whether directly or indirectly, subsisted at the end of 1H2025 or at any time during 1H2025; and (b) there is no contract of significance (i) between the Company or its subsidiaries and Company's Controlling Shareholders or its subsidiaries; and (ii) for the provision of services to the Company or any of its subsidiaries by Company's Controlling Shareholders or its subsidiaries.

## 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. 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 since the Listing Date (as defined in the Prospectus).

## EVENTS AFTER THE REPORTING PERIOD

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

## 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 OF INTERIM FINANCIAL INFORMATION

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 statements have been reviewed by the Audit Committee.

On behalf of the Board

**Mr. Sun Juqing**  
*Chairman*

Hong Kong, 21 August 2025

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025 — unaudited

(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<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	5(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>	5	<b>40,483</b>	47,141
Income tax	6	<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	7	<u><b>4</b></u>	<u>4</u>

The notes on pages 24 to 47 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 15(b).

# 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>

The notes on pages 24 to 47 form part of this interim financial report.





# 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	14(b)	110,617	105,214
Non-current portion of trade receivables	9	545	545
		<b>487,185</b>	<b>483,674</b>
<b>Current assets</b>			
Inventories and other contract costs		46,462	41,258
Contract assets	8(a)	1,149,451	1,132,150
Trade and bills receivables	9	2,282,587	2,301,133
Prepayments, deposits and other receivables		473,775	286,935
Restricted bank deposits	10	27,500	15,600
Cash and cash equivalents	10	47,159	122,779
		<b>4,026,934</b>	<b>3,899,855</b>
<b>Current liabilities</b>			
Trade and bills payables	11	1,285,561	1,578,145
Accrued expenses and other payables	12	380,688	353,986
Contract liabilities	8(b)	1,105,062	726,695
Bank and other loans	13	889,480	882,813
Lease liabilities		2,847	2,746
Income tax payable		23,447	34,111
		<b>3,687,085</b>	<b>3,578,496</b>
<b>Net current assets</b>		<b>339,849</b>	<b>321,359</b>
<b>Total assets less current liabilities</b>		<b>827,034</b>	<b>805,033</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 liabilities</b>			
Bank and other loans	13	—	1,848
Lease liabilities		4,239	4,340
Deferred tax liabilities	14(b)	1,915	1,930
Long-term payables		—	1,723
		<u>6,154</u>	<u>9,841</u>
<b>NET ASSETS</b>		<u><b>820,880</b></u>	<u><b>795,192</b></u>
<b>CAPITAL AND RESERVES</b>	15		
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>	668,974
<b>Non-controlling interests</b>		<u><b>120,148</b></u>	<u>126,218</u>
<b>TOTAL EQUITY</b>		<u><b>820,880</b></u>	<u><b>795,192</b></u>

Approved and authorised for issue by the board of directors on 21 August 2025.

**Liu Haitao**  
Director

**Wang Yan**  
Director

The notes on pages 24 to 47 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Statutory reserve	Fair value reserve	Exchange reserve	Special reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024</b>	230	90,063	272,109	79,322	2,483	5,672	16,644	183,072	649,595	119,874	769,469
<b>Changes in equity for the six months ended 30 June 2024:</b>											
Profit for the period	—	—	—	—	—	—	—	34,259	34,259	9,153	43,412
Other comprehensive income	—	—	—	—	66	438	—	—	504	—	504
Total comprehensive income	—	—	—	—	66	438	—	34,259	34,763	9,153	43,916
Contributions from non-controlling shareholders	—	—	—	—	—	—	—	—	—	200	200
Dividends to shareholders (Note 15(b))	—	(19,747)	—	—	—	—	—	—	(19,747)	—	(19,747)
Appropriation to reserves	—	—	—	—	—	—	77	(77)	—	—	—
	—	(19,747)	—	—	—	—	77	(77)	(19,747)	200	(19,547)
<b>At 30 June 2024</b>	230	70,316	272,109	79,322	2,549	6,110	16,721	217,254	664,611	129,227	793,838



# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Other reserve	Statutory reserve	Fair value reserve	Exchange reserve	Special reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2024	230	70,316	272,109	79,322	2,549	6,110	16,721	217,254	664,611	129,227	793,838
Changes in equity for the six months ended 31 December 2024:											
Profit/(loss) for the period	—	—	—	—	—	—	—	5,713	5,713	(3,037)	2,676
Other comprehensive income	—	—	—	—	(1,616)	266	—	—	(1,350)	28	(1,322)
Total comprehensive income	—	—	—	—	(1,616)	266	—	5,713	4,363	(3,009)	1,354
Appropriation to reserves	—	—	—	7,530	—	—	718	(8,248)	—	—	—
At 31 December 2024	230	70,316	272,109	86,852	933	6,376	17,439	214,719	668,974	126,218	795,192

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 — unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Statutory reserve	Fair value reserve	Exchange reserve	Special reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	230	70,316	272,109	86,852	933	6,376	17,439	214,719	668,974	126,218	795,192
Changes in equity for the six months ended 30 June 2025:											
Profit for the period	—	—	—	—	—	—	—	29,333	29,333	6,999	36,332
Other comprehensive income	—	—	—	—	(33)	(707)	—	—	(740)	—	(740)
Total comprehensive income	—	—	—	—	(33)	(707)	—	29,333	28,593	6,999	35,592
Acquisition of non-controlling interests	—	—	3,165	—	—	—	—	—	3,165	(13,069)	(9,904)
At 30 June 2025	230	70,316	275,274	86,852	900	5,669	17,439	244,052	700,732	120,148	820,880

The notes on pages 24 to 47 form part of this interim financial report.





# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025 — unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2025	2024
Note	RMB'000	RMB'000
<b>Operating activities</b>		
Cash used in operations	38,961	(147,797)
Income tax paid	(20,239)	(34,994)
<b>Net cash generated from/(used in) operating activities</b>	<b>18,722</b>	<b>(182,791)</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of non-current assets	(8,571)	(4,137)
Payments for acquisition of non-controlling interests	(9,904)	—
Net proceeds from disposal of non-current assets	50	324
Payments for advances to related parties	(50,146)	(154,842)
Payments for advances to third parties	(65,110)	(15,009)
Payments for loans granted to a joint venture	(23,058)	(23,493)
Payments for loans granted to an associate	(5,520)	(5,840)
Proceeds from repayment of advances by related parties	50,019	158,919
Proceeds from repayment of advances granted to third parties	72,732	7,009
Interest received	911	703
<b>Net cash used in investing activities</b>	<b>(38,597)</b>	<b>(36,366)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank and other loans	982,610	1,051,220
Proceeds from advances from related parties	443,841	39,502
Repayment of bank and other loans	(977,791)	(1,001,174)
Repayment of advances from related parties	(445,966)	(5,736)
Repayment of advances from third parties	(13,000)	—
Capital element of lease rentals paid	(2,034)	(2,065)
Interest element of lease rentals paid	(110)	(113)
(Increase)/decrease in restricted deposits	(6,900)	8,800
(Increase)/decrease in deposits paid to secure guarantees granted by third parties	(4,397)	2,695
Interest paid	(31,985)	(23,391)
Contributions from non-controlling shareholders	—	200
<b>Net cash (used in)/generated from financing activities</b>	<b>(55,732)</b>	<b>69,938</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(75,607)</b>	<b>(149,219)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>122,779</b>	<b>210,405</b>
Effect of foreign exchange rate changes	(13)	4
<b>Cash and cash equivalents at 30 June</b>	<b>47,159</b>	<b>61,190</b>

The notes on pages 24 to 47 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 1 CORPORATE INFORMATION

ZONQING Environmental Limited (formerly known as ZONBONG Landscape Environmental Limited) (the “**Company**”) was incorporated in the Cayman Islands on 8 March 2019 with limited liability under the Companies Act (as revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 January 2021. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in construction and maintenance services for landscaping, ecological restoration and public work projects, provision of environmental hygiene services and other related projects. The Group is ultimately controlled by Mr. Sun Juqing (“**Mr. Sun**”) and Ms. Zhao Hongyu (the “**Controlling Parties**”).

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with 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 3.

The preparation of an interim financial report 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 report 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.

## 3 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 report for the current accounting period. The amendments do not have a material impact on this interim financial report 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.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 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:

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b)(i).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (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	580,505	121,635	40,035	—	742,175
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>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (i) Segment results (Continued)

	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	613,016	115,586	38,851	—	767,453
Revenue from external customers and reportable segment revenue	613,016	115,586	39,015	8,031	775,648
Reportable segment gross profit	143,449	21,934	3,867	6,111	175,361

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue (Note 4(b)(i))	761,932	775,648
<b>Profit</b>		
Total reportable segment gross profit	150,995	175,361
Other net income	3,751	7,155
Selling expenses	(14,651)	(12,458)
Administrative expenses	(37,433)	(38,017)
Impairment losses on trade and other receivables and contract assets	(28,773)	(60,005)
Finance costs	(31,688)	(24,960)
Share of (losses)/profits of associates	(1,817)	363
Share of profits/(losses) of a joint venture	99	(298)
Consolidated profit before taxation	40,483	47,141



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

#### (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.

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
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
	RMB'000	RMB'000
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	<u>176,987</u>	<u>242,873</u>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Current tax</b>		
Provision for the period	9,575	14,102
<b>Deferred tax (Note 14(a))</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%).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 7 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.

## 8 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 (Note 19(c))	44,769	47,712
– due from a joint venture (Note 19(c))	42,510	42,561
– due from an associate (Note 19(c))	45,788	39,828
– due from a company managed by a key management personnel of ZIHG (Note 19(c))	102	165
– due from third parties	1,195,481	1,168,054
	<b>1,328,650</b>	<b>1,298,320</b>
Less: loss allowance	(179,199)	(166,170)
	<b>1,149,451</b>	<b>1,132,150</b>
<b>Trade receivables from contracts with customers within the scope of IFRS 15, which are included in “Trade receivables” (Note 9)</b>	<b>2,259,378</b>	<b>2,277,707</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 8 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### (a) Contract assets (Continued)

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 (Note 19(c))	14,596	16,020
– due to a joint venture (Note 19(c))	13,761	13,878
– due to a company managed by a key management personnel of ZIHG (Note 19(c))	745	1,514
– due to third parties	1,075,960	695,283
	<b>1,105,062</b>	<b>726,695</b>

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.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 9 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 (Note 19(c))	200,488	204,112
– due from a joint venture (Note 19(c))	23,166	23,166
– due from an associate (Note 19(c))	35,901	37,901
– due from a company managed by a key management personnel of ZIHG (Note 19(c))	10,597	11,100
– due from third parties	2,437,137	2,433,812
	<b>2,707,289</b>	2,710,091
Bills receivable	—	—
	<b>2,707,289</b>	2,710,091
Less: loss allowance	(424,157)	(408,413)
	<b>2,283,132</b>	2,301,678
<b>Reconciliation to the consolidated statement of financial position:</b>		
Non-current	545	545
Current	2,282,587	2,301,133
	<b>2,283,132</b>	2,301,678

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



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 9 TRADE AND BILLS RECEIVABLES (CONTINUED)

### 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 RMB'000	At 31 December 2024 RMB'000
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
	<b>2,283,132</b>	<b>2,301,678</b>

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

## 10 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at bank and on hand	74,659	138,379
Less: restricted bank deposits	(27,500)	(15,600)
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	<b>47,159</b>	<b>122,779</b>

The Group's business operations in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

Restricted bank deposits mainly represent deposits placed to secure the issuance of bills and bank loans by the Group. The restriction on deposits would release after the payment of bills or repayment of loans.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 11 TRADE AND BILLS PAYABLES

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

### 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
	<b>1,285,561</b>	<b>1,578,145</b>

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

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 12 ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Amounts due to ZIHG and its subsidiaries, joint ventures and associates (Note 19(c))	83,553	78,512
Amount due to companies managed by key management personnel of ZIHG (Note 19(c))	132	4,231
Amounts due to third parties (Note (i))	28,473	41,473
Payables for staff related costs	60,758	68,495
Dividends payable	15,978	15,978
Interest payable	6,046	6,453
Payables for purchase of property, plant and equipment	4,450	5,611
Others	34,317	21,853
Financial liabilities measured at amortised cost	233,707	242,606
Financial guarantees issued (Note 18)	32,288	34,600
Payables for miscellaneous taxes	114,693	76,780
	<b>380,688</b>	<b>353,986</b>

Notes:

- (i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.
- (ii) As at 30 June 2025, the amount of financial guarantees issued expected to be recognised as income after more than one year is RMB27,389,000 (31 December 2024: RMB29,701,000). All of the other accrued expenses and other payables are expected to be settled within one year or are repayable on demand.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 13 BANK AND OTHER LOANS

### (a) The Group's bank and other loans comprise:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans:		
Guaranteed by related parties	20,000	74,737
Guaranteed by third parties (Note 13(d))	100,000	123,707
Guaranteed by related parties and third parties (Note 13(d))	460,000	339,294
Guaranteed by related parties and secured by trade receivables and contract assets of the Group (Note 13(c))	—	99,310
Guaranteed by related parties and third parties and secured by trade receivables and contract assets of the Group (Notes 13(c) and 13(d))	138,000	129,367
Secured by trade and bills receivables of the Group (Note 13(c))	40,000	40,000
Secured by bank deposits of the Group (Note 13(c))	21,900	30,000
Unguaranteed and unsecured	52,600	37,300
	<b>832,500</b>	<b>873,715</b>
Other loans:		
Unguaranteed and unsecured loans from third parties	4,750	8,098
Unguaranteed and unsecured loans from ZIHG and its subsidiaries, joint ventures and associates (Note 19(c))	50,410	1,000
Unguaranteed and unsecured loans from ZONBONG International Investment Limited ("Zonbong International") (Note 19(c))	1,820	1,848
	<b>889,480</b>	<b>884,661</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 13 BANK AND OTHER LOANS (CONTINUED)

### (b) The Group's bank and other loans are repayable as follows:

As of the end of the reporting period, the bank and other loans were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year or on demand	889,480	882,813
After 1 year but within 2 years	—	1,848
	<b>889,480</b>	<b>884,661</b>

### (c) Certain of the Group's bank loans are secured by the following assets of the Group:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables and contract assets	23,106	17,473
Bank deposits	21,900	15,000

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 13 BANK AND OTHER LOANS (CONTINUED)

- (d) Certain of the Group's bank loans are guaranteed by third parties, where related parties provide counter-guarantee and/or secured by assets of the Group to these third parties:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Counter-guarantee by related parties	698,000	592,368
Trade and bills receivables and contract assets	400,680	512,088
Guarantee deposits	20,047	15,650

- (e) All of the Group's banking facilities were utilised as of 30 June 2025 and 31 December 2024.
- (f) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become repayable on demand. The Group regularly monitors its compliance with these covenants.

## 14 DEFERRED TAX ASSETS AND LIABILITIES

### (a) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Accrued payables RMB'000	Credit loss allowance RMB'000	Fair value adjustments in connection with the acquisition of subsidiaries RMB'000	Equity method investment income RMB'000	Credit loss allowance on financial guarantees issued RMB'000	Unused tax losses RMB'000	Unrealised gains and losses RMB'000	Withholding tax on distributable profits RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Fair value adjustments in connection with other equity investments RMB'000	Total RMB'000
At 1 January 2024	14,073	78,618	(168)	(10,831)	1,305	2,746	610	(1,800)	(1,373)	265	83,445
(Charged)/credited to profit or loss	(2,020)	11,607	88	5,490	334	4,071	(587)	—	587	—	19,570
Credited to reserve	—	—	—	—	—	—	—	—	—	269	269
At 31 December 2024 and 1 January 2025	12,053	90,225	(80)	(5,341)	1,639	6,817	23	(1,800)	(786)	534	103,284
Credited/(charged) to profit or loss	—	4,316	44	69	(82)	992	93	—	(8)	—	5,424
Charged to reserve	—	—	—	—	—	—	—	—	—	(6)	(6)
At 30 June 2025	12,053	94,541	(36)	(5,272)	1,557	7,809	116	(1,800)	(794)	528	108,702



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 14 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

### (b) Reconciliation of deferred tax assets and liabilities recognised in the consolidated statement of financial position:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Net deferred tax assets	110,617	105,214
Net deferred tax liabilities	(1,915)	(1,930)
	<u>108,702</u>	<u>103,284</u>

## 15 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

	At 30 June 2025 and 31 December 2024	
	Number of shares	HKD'000
Authorised:		
Ordinary shares of HKD0.0003 each	<u>30,000,000,000</u>	<u>10,000</u>
Issued and fully paid ordinary shares:		
At 31 December 2024 and at 30 June 2025	<u>825,000,000</u>	<u>230</u>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) 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).

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Fair value measurement

#### (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Fair value measurement (Continued)

#### (i) Fair value hierarchy (Continued)

	Fair value measurements categorised into Level 3	
	At 30 June 2025	At 31 December 2024
	RMB'000	RMB'000
Recurring fair value measurements		
Assets:		
Other equity investments	<b>68,312</b>	68,351

During the six months ended 30 June 2025 there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: None). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Other equity investments	Market comparable companies (aa)	Discount for lack of marketability: 20.4% (2024: 20.4%)
	Discounted cashflow approach (bb)	Discount rate: 7% and 9.3%(2024: 7% and 9.3%)

(aa) The fair value of the non-listed shares is determined by using enterprise value per book value or value per earnings before interest, taxes, depreciation and amortisation of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB822,000 (2024: RMB823,000).

(bb) The fair value of the non-listed shares is determined by discounting projected cash flow. The valuation takes into account the expected cash flow according to the Public-Private-Partnership agreement. The discount rate used has been adjusted to reflect specific risks relating to respective investees. The fair value measurement is negatively correlated to the discount rate. As at 30 June 2025, it is estimated that with all other variables held constant, a decrease in discount rate by 1% would have increased the Group's other comprehensive income by RMB119,000 (2024: RMB119,000), and an increase in discount rate by 1% would have decreased the Group's other comprehensive income by RMB112,000 (2024: RMB112,000).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Fair value measurement (Continued)

#### (i) Fair value hierarchy (Continued)

Information about Level 3 fair value measurements

(bb) (Continued)

The movements in the other equity investments balance of these Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<b>Unlisted equity securities:</b>		
At 1 January	68,351	70,141
Net unrealised (losses)/profits recognised in other comprehensive income during the period	(39)	78
At 30 June	<u>68,312</u>	<u>70,219</u>

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025 and 31 December 2024.

## 17 COMMITMENTS

Capital commitments outstanding at 30 June 2025 and 31 December 2024 not provided for in the interim financial report were as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Authorised but not contracted for	<u>7,253</u>	<u>15,824</u>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 18 CONTINGENT LIABILITIES

As at 30 June 2025, the Group has issued a guarantee in respect of a bank loan of Ulanhot Tianjiao Tianjun Tourism Development Limited ("**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 Municipal and Landscape Limited ("**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 provided by the Group for long-term bank loans of Tianjun Tourism and Changchun Xianbang will be released upon the maturity and repayment of the bank loans in 2029 and 2033, respectively.

The directors do not believe it probable that Tianjun Tourism and Changchun Xianbang will default on the contract and fail to make payment when due, and the Group will make specified payments to reimburse the beneficiary of the guarantee for a loss the bank incurs.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Salaries and other emoluments	5,854	6,045
Contributions to defined contribution retirement schemes	591	509
	<u>6,445</u>	<u>6,554</u>

### (b) Other transactions with related parties

#### (i) Transactions with ZIHG and its subsidiaries, joint ventures and associates

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Rendering of construction, survey, design, technical consultancy and other services	11,198	27,675
Receiving services	51,317	433
Purchase of goods	3,729	1,712
Lease charges relating to short-term leases and leases of low-value assets	1,255	1,306
Loan received from related parties	543,360	405,020
Loan repaid to related parties	493,950	403,620
Proceeds from advances from related parties	443,841	39,497
Repayment of advances from related parties	441,867	5,736
Payment for advances granted to related parties	50,146	154,842
Proceeds from repayment of advances granted to related parties	50,019	158,919

#### (ii) Transactions with a joint venture

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Income from financial guarantee issued (Note 18)	1,225	1,225
Loans granted to a related party	23,058	23,493



# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Other transactions with related parties (Continued)

#### (iii) Transactions with an associate

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Rendering of construction services	11,678	9,271
Loans granted to a related party	5,520	5,840
Income from financial guarantee issued (Note 18)	1,087	1,087
	<u>18,285</u>	<u>16,198</u>

#### (iv) Transactions with companies managed by key management personnel of ZIHG

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Rendering of other services	848	8,120
Services received	3,129	2,093
Purchase of goods	—	17,365
Proceeds from advances from related parties	—	5
Repayment of advances from related parties	4,099	—
	<u>7,076</u>	<u>27,583</u>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties as at the end of the reporting period

#### (i) Due from or due to ZIHG and its subsidiaries, joint ventures and associates

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade in nature:		
Contract assets (Note 8(a))	44,769	47,712
Trade and bills receivables (Note 9)	200,488	204,112
Trade and bills payables (Note 11)	50,139	22,843
Contract liabilities (Note 8(b))	14,596	16,020
Accrued expenses and other payables (Note 12)	9,732	6,665
Non-trade in nature:		
Prepayments, deposits and other receivables	2,208	2,498
Accrued expenses and other payables (Note 12)		
— Advances from related parties	73,821	71,847
— Dividend payable to a related party	14,322	14,543
Bank and other loans (Note 13(a))	50,410	1,000
Guarantees provided by related parties for the bank loans at the end of the reporting period	618,000	642,708

#### (ii) Due from or due to a joint venture

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade in nature:		
Contract assets (Note 8(a))	42,510	42,561
Trade and bills receivables (Note 9)	23,166	23,166
Contract liabilities (Note 8(b))	13,761	13,878
Non-trade in nature:		
Prepayments, deposits and other receivables	89,147	66,089
Guarantee provided by the Group for the joint venture's bank loan outstanding at the end of the reporting period (Note 18)	270,000	285,000

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties as at the end of the reporting period (Continued)

#### (iii) Due from or due to an associate

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade in nature:		
Contract assets (Note 8(a))	45,788	39,828
Trade and bills receivables (Note 9)	35,901	37,901
Non-trade in nature:		
Prepayments, deposits and other receivables	77,649	72,129
Guarantee provided by the Group for the associate's bank loan outstanding at the end of the reporting period (Note 18)	106,500	116,500

#### (iv) Due from or due to companies managed by key management personnel of ZIHG

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade in nature:		
Contract assets (Note 8(a))	102	165
Trade and bills receivables (Note 9)	10,597	11,100
Contract liabilities (Note 8(b))	745	1,514
Trade and bills payables (Note 11)	32,869	49,570
Accrued expenses and other payables (Note 12)	132	4,231

#### (v) Due to Zonbong International

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-trade in nature:		
Bank and other loans (Note 13(a))	1,820	1,848
Accrued expenses and other payables – Dividend payable	1,111	1,128

All of the advances granted to related parties and advances received from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. All of the loans from related parties and loans to related parties are unsecured and have fixed terms of repayment.

# Definitions and Glossary of Technical Terms

"1H2024"	the six months ended 30 June 2024
"1H2025"	the six months ended 30 June 2025
"Articles of Association" or "Articles"	the second amended and restated memorandum and articles of association of the Company adopted on 17 November 2022 and effective on 18 November 2022
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chief Executive Officer"	the chief executive office of the Company
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this Interim Report, Hong Kong, Macau Special Administration Region and Taiwan
"Company", "the Company" or "We"	ZONQING Environmental Limited (中庆环境股份有限公司) (formerly known as ZONBONG LANDSCAPE Environmental Limited (中邦园林环境股份有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 8 March 2019
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this Report, means the controlling shareholders of the Company, being Zonqing International, Ms. Zhao Hongyu, Mr. Sun Juqing, Ms. Li Ping, Mr. Hou Baoshan, Mr. Liu Haitao, Mr. Shao Zhanguang, Mr. Sun Juzhi, Mr. Shan Dejiang, Mr. Li Peng, Mr. Liu Changli, Mr. Wei Xiaoguang and Mr. Weng Hongzhao
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive director(s) of the Company
"Group" or "the Group"	the Company and its subsidiaries

# Definitions and Glossary of Technical Terms

"HK\$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	the independent non-executive director(s) of the Company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on 6 January 2021
"Listing Date"	6 January 2021, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Non-executive Director(s)"	the non-executive director(s) of the Company
"Prospectus"	the prospectus issued by the Company dated 22 December 2020
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	As of the date of this Report, ordinary shares with a nominal value of HKD0.0003 each in the capital of the Company (formerly prior to the share subdivision, ordinary shares with a nominal value of HKD0.001 each in the capital of the Company)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollar(s)", "USD" or "US\$"	United States dollars, the lawful currency of the United States of America

# Definitions and Glossary of Technical Terms

“Ultimate Controlling Shareholder(s)”

refers to Ms. Zhao Hongyu, Mr. Sun Juqing, Ms. Li Ping, Mr. Hou Baoshan, Mr. Liu Haitao, Mr. Shao Zhanguang, Mr. Sun Juzhi, Mr. Shan Dejiang, Mr. Li Peng, Mr. Liu Changli, Mr. Wei Xiaoguang and Mr. Weng Hongzhao

“ZIHG”

Zhongqing Investment Holding Group Limited Liability Company\* (中慶投資控股(集團)有限責任公司), formerly known as Changchun Mingju Commerce Limited\* (長春市銘聚商貿有限責任公司), a company established under the laws of the PRC on 16 May 2014 and a connected person of the Company

“ZIHG Group”

ZIHG together with its subsidiaries and associates as defined under the Listing Rules

*In this Report, capitalised terms used shall have the same meanings as those defined in the Prospectus, unless the context otherwise requires.*

\* For identification purpose only

