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HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED
鴻承環保科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2265)

DISCLOSEABLE TRANSACTION
ACQUISITION OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 26 January 2026, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Equity Interest at a total consideration of RMB71,170,000.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and therefore the financial results of the Target Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but exempt from the requirement of shareholders' approval under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 26 January 2026, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Equity Interest.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised below:

Date

26 January 2026

Parties

(a) The Purchaser, an indirect wholly-owned subsidiary of the Company;

(b) Vendor A; and

(c) Vendor B

Subject matter

The Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Equity Interest, which in aggregate represents 100% of the total equity interest in the Target Company at a total consideration of RMB71,170,000, subject to the terms and conditions of the Sale and Purchase Agreement.

The Target Company is primarily engaged in production and sales of chemical products, including sulphuric acid, amidosulfonic acid and magnesium sulfate. Details of the principal assets of the Target Company are set out in the paragraph headed ''Information of the Target Company'' below.

As at the date of this announcement, the Target Company is held as to 96% by Vendor A and 4% by Vendor B. Upon Completion, the Purchaser will hold 100% of the total equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company, and therefore the financial results of the Target Company will be consolidated into the financial statements of the Group.

Conditions precedent

The Completion is subject to the fulfilment of the following conditions:

(i) The Purchaser, the Vendors, and the Target Company have obtained all necessary consents or approvals (including but not limited to approvals from the Stock Exchange, relevant government departments, or regulatory authorities), and such consents or approvals have not been cancelled or revoked prior to Completion.

(ii) All representations, undertakings, and warranties made by the Vendors in the Sale and Purchase Agreement remain true, accurate, correct, and complete in all respects, and contain no misleading components.

(iii) During the period from 31 December 2025 (the valuation benchmark date) up to the date of Completion, no material adverse change shall have occurred with respect to the financial condition, assets, operations, or business of the Target Company.

Completion

Within three business days after the Sale and Purchase Agreement becomes effective and the Purchaser has completed the payment of the first installment of the consideration, an application for industrial and commercial filing in respect of the transfer of the Equity Interest shall be submitted to the industrial and commercial registration authority, and the relevant registration procedures shall be carried out.

Completion takes place on the date when the Target Company completes the registration of the transfer of the Equity Interest, and the Purchaser becomes the sole shareholder of the Target Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the total consideration for the Acquisition is RMB71,170,000 payable by the Purchaser to the Vendors in the following manner:

— within three business days after the Sale and Purchase Agreement becomes effective, the Purchaser shall pay RMB35,585,000;

— within ten business days after the Vendors complete the registration of the transfer of the Equity Interest, the Purchaser shall pay RMB35,585,000.

The payment of consideration shall be made by the Purchaser to the Vendors' designated bank account by way of bank transfer.

The consideration for the Acquisition is funded by the internal cash resources and/or bank borrowing of the Group.

BASIS OF THE CONSIDERATION

The consideration of the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendors after taking into consideration, amongst others, (a) the audited net asset value as at 31 December 2025 as shown in the audited accounts of the Target Company dated 19 January 2026; (b) the appraised value of the entire equity (excluding the value of the Excluded Assets consequent to the Demerger) of the Target Company as at 31 December 2025 which is the valuation benchmark date as shown in an appraisal report prepared by Shandong Zhongchuang Land and Real Estate Asset Appraisal and Surveying Co., Ltd. (山東中創土地房地產資產評估測繪有限公司), a qualified independent valuer in the PRC (the "**Valuer**"); and (c) after arm's length negotiations among the parties, taking into account the factor of long-term strategic complementarity.

According to the appraisal report issued by the Valuer dated 20 January 2026, the appraised value of the entire equity (excluding the value of the Excluded Assets consequent to the Demerger) in the Target Company as at 31 December 2025 was RMB77,515,900 under asset-based approach.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in June 1998 in the PRC with limited liability, with a registered capital of RMB54,680,000 and is held as to 96% by Vendor A and 4% by Vendor B, respectively, as at the date of this announcement. On 9 January 2026, the Target Company completed a corporate reorganisation, the Demerger, whereby the Excluded Assets were transferred from the Target Company to an entity ultimately owned by the Vendors.

The principal business of the Target Company is the production and sale of chemical products including sulphuric acid, amidosulfonic acid and magnesium sulfate in the PRC. Following the Demerger, the Excluded Assets (which were operational) were transferred from the Target Company to an entity ultimately owned by the Vendors, and the Target Company is currently focusing on the construction of the production facilities for the aforesaid business.

As at the date of this announcement, the principal assets of the Target Company comprise: (i) land use rights of a parcel of industrial land located in Yinhai Chemical Industrial Park, Laizhou city, Shandong province, the PRC, with a total gross site area of approximately 175,155.81 sq.m with the expiry date of June 2072; (ii) properties under construction,

including factory premises, buildings and warehouses with a current building area of approximately 125,064.63 sq.m, and (iii) other infrastructure, production lines and machineries.

Set out below is the financial information of the Target Company (excluding the Excluded Assets and relevant business which has been carved out) for the years ended 31 December 2024 and 31 December 2025 based on the unaudited financial information prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended 31 December 2024	**For the year ended 31 December 2025**
	RMB	*RMB*
	(Unaudited)	(Unaudited)
Loss before taxation	16,250,838.59	18,316,502.24
Loss after taxation	16,250,838.59	18,316,502.24

The audited net asset value of the Target Company as at 31 December 2025 excluding the Excluded Assets was RMB85,533,609.48.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal assets of the Target Company include land use rights of a parcel of industrial land located in Yinhai Chemical Industrial Park, Laizhou city, Shandong province, the PRC. This location is in close proximity to the Group's existing factory, which is situated in the same industrial park. Following the Acquisition, the Group will proceed with the completion of the construction and the necessary administrative procedures. Based on the best estimation of the Directors, the principal assets of the Target Company are expected to serve as a new production facility of the Group which will commence operations by the third quarter of 2026, subject to approvals from relevant authorities. The consolidation of operations within the same industrial park is expected to enhance management efficiency, streamline logistics, and allow for the sharing of resources between the two production sites.

The production volume of the Group's existing factory specialising for production of sulphuric acid derived from the reprocessing of pyritic concentrate reached approximately 219,308 tonnes in 2024 and 224,239 tonnes in 2025, representing utilization rates of 91.4% and 93.4 % of the full capacity, respectively. Upon the full commencement of operations at the Target Company, it is expected to provide an additional production capacity of approximately 200,000 tonnes of sulphuric acid derived from the reprocessing of pyritic

concentrate. This will significantly enhance the Group's overall production capacity, enabling it to capture a larger market share and meet the increasing demand from customers.

The Directors consider that, compared with building a new factory from the ground up, the Acquisition enables the Group to acquire land, infrastructure, and production facilities that are already under construction. This is expected to mitigate the development risks and time costs, thereby facilitating a more timely commencement of production.

Moreover, the principal assets of the Target Company include the production lines for amidosulfonic acid and magnesium sulfate, which are the downstream products of sulfuric acid. Therefore, the Acquisition is expected to accelerate the diversification of the Group's product offerings, generate new revenue streams, and further strengthen its business portfolio.

None of the Directors has any material interest in the Acquisition and no Director is required to abstain from voting on such board resolutions.

The Directors are of the view that the terms of the Acquisition, including the consideration of the Acquisition, are fair and reasonable, on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

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

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal activity is the sales and production of products from the reprocessing of pyrite concentrate.

Each of Vendor A and Vendor B is a merchant and a resident of the PRC, who is primarily engaged in the business of production and sale of chemical products. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Vendors are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all the percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements, but exempt from the requirement of shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

"Acquisition"	the acquisition of the Equity Interest by the Purchaser as contemplated under the Sale and Purchase Agreement
"Board"	the board of Directors
"Company"	HONGCHENG ENVIRONMENTAL TECHNOLOGY COMPANY LIMITED (鴻承環保科技有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2265)
"Completion"	the completion of the Acquisition
"Demerger"	the corporate reorganisation whereby the Excluded Assets and the relevant business attached to the Excluded Assets were transferred from the Target Company to an entity ultimately owned by the Vendors which was completed on 9 January 2026
"Director(s)"	the director(s) of the Company
"Equity Interest"	100% equity interest in the Target Company
"Excluded Assets"	the land use rights assets; certain premises; warehouses; infrastructure and machineries located in Laizhou Haimiaohou Industrial Zone* (萊州市海廟後工業區), Laizhou city, Shandong province, the PRC

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s) or company(ies) who/which is (are) independent of the Company and its connected person(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Parties"	the Vendors and the Purchaser
"PRC"	the People's Republic of China
"Purchaser"	Shandong Jinjia Environment Co., Ltd (山東金嘉環保有限公司), a limited liability company established under the laws of the PRC on 8 June 2020 and an indirect wholly owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement entered into between the Purchaser and the Vendors on 26 January 2026 in respect of the Acquisition
"Shareholders"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Laizhou Jinxing Chemical Co., Ltd.* (萊州金興化工有限責任公司), a company established in the PRC with limited liability, which is held as to 96% by Vendor A and 4% by Vendor B, respectively, as at the date of this announcement
"Vendors"	Vendor A and Vendor B
"Vendor A"	Mr. Sheng Yunti (盛雲體), a merchant and a resident of the PRC
"Vendor B"	Mrs. Sheng Wenfeng (盛文峰), a merchant and a resident of the PRC, who is a daughter of Vendor A

''Yinhai Chemical Industrial Park''	an industrial park of the Yinhai Chemical Industrial Park* (銀海化工產業園) project, a property development project in Laizhou city, Shandong province, the PRC, which was the Laizhou government's plan in integrating various companies engaging in chemical manufacturing, new energy and other related industrial businesses
''sq.m''	square metre(s)
''%''	per cent

* *English or Chinese translation, as the case may be, is for identification only.*

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

Hong Kong, 26 January 2026

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