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

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of ZONQING Environmental Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026 (the "**1H2026**"), together with the comparative figures for the six months ended 30 June 2025 (the "**1H2025**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 — unaudited
*(Expressed in Renminbi ("**RMB**"))*

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**520,251**	761,932
Cost of sales		**(440,707)**	(610,937)
Gross profit		**79,544**	150,995
Other net income		**1,893**	3,751
Selling expenses		**(13,554)**	(14,651)
Administrative expenses		**(29,791)**	(37,433)
Impairment losses on trade and other receivables, contract assets and financial guarantees issued		**(18,896)**	(28,773)
Profit from operations		**19,196**	73,889
Finance costs	*4(a)*	**(23,100)**	(31,688)
Share of losses of associates		**(1,284)**	(1,817)
Share of (losses)/profits of a joint venture		**(4,702)**	99
(Loss)/profit before taxation	*4*	**(9,890)**	40,483
Income tax	*5*	**(1,495)**	(4,151)
(Loss)/profit for the period		**(11,385)**	36,332
Attributable to:			
Equity shareholders of the Company		**(15,364)**	29,333
Non-controlling interests		**3,979**	6,999
(Loss)/profit for the period		**(11,385)**	36,332
(Loss)/earnings per share (RMB cents)			
Basic and diluted	*6*	**(2)**	4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(11,385)**	36,332
Other comprehensive income for the period		
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	**(51)**	(33)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas companies of the Group	**(1,500)**	(707)
Other comprehensive income for the period	**(1,551)**	(740)
Total comprehensive income for the period	**(12,936)**	35,592
Attributable to:		
Equity shareholders of the Company	**(16,915)**	28,593
Non-controlling interests	**3,979**	6,999
Total comprehensive income for the period	**(12,936)**	35,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 — unaudited
(Expressed in RMB)

	Note	**At 30 June 2026** ***RMB'000***	At 31 December 2025 *RMB'000*
Non-current assets			
Property, plant and equipment		**43,797**	38,726
Intangible assets		**10,280**	12,163
Right-of-use assets		**5,650**	7,827
Interest in associates		**65,288**	66,572
Interest in a joint venture		**119,151**	123,853
Other equity investments		**70,392**	70,452
Deferred tax assets		**97,944**	98,069
Non-current portion of trade receivables	*8*	**556**	556
Non-current portion of other receivables		**66,376**	66,376
		479,434	484,594
Current assets			
Inventories and other contract costs		**203,002**	181,255
Contract assets	*7(a)*	**1,122,978**	1,202,743
Trade and bills receivables	*8*	**1,612,994**	1,651,294
Prepayments, deposits and other receivables		**501,759**	543,696
Restricted bank deposits		**6,340**	13,008
Cash and cash equivalents		**231,704**	278,105
		3,678,777	3,870,101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2026 — unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current liabilities			
Trade and bills payables	9	**1,120,412**	1,383,221
Accrued expenses and other payables		**252,091**	263,879
Contract liabilities	7(b)	**1,200,345**	1,096,657
Bank and other loans		**763,370**	759,782
Lease liabilities		**1,929**	2,642
Income tax payable		**13,753**	28,405
		3,351,900	3,534,586
Net current assets		**326,877**	335,515
Total assets less current liabilities		**806,311**	820,109
Non-current liabilities			
Lease liabilities		**1,156**	1,495
Deferred tax liabilities		**4,217**	4,740
		5,373	6,235
NET ASSETS		**800,938**	813,874

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2026 — unaudited
(Expressed in RMB)

	Note	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
CAPITAL AND RESERVES			
Share capital		**230**	230
Reserves		**678,571**	695,486
Total equity attributable to equity shareholders of the Company		**678,801**	695,716
Non-controlling interests		**122,137**	118,158
TOTAL EQUITY		**800,938**	813,874

NOTES

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information 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 2026.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 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 2025 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 2026.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. The Group has applied these amendments to this interim financial information for the current accounting period. These amendments do not have a material impact on this interim information.

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

3 REVENUE AND SEGMENT REPORTING

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

– City renewal services: this segment includes construction engineering services in various fields such as landscaping and municipal projects;

– City operation and maintenance services: this segment includes: (1) provision of maintenance services to landscaping, ecological restoration and municipal projects and public infrastructures; (2) provision of environmental hygiene services including cleaning and hygiene services to public infrastructures;

– Town planning design services: this segment includes investigation, survey, design and consultancy for construction projects; and

– Cultural tourism: this segment includes tickets fees, transportation fees and other services for scenic spots.

(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	
	2026	2025
	RMB'000	*RMB'000*
Disaggregated by major products or service lines		
– Revenue from city renewal services	**335,139**	580,505
– Revenue from city operation and maintenance services	**138,497**	121,635
– Revenue from town planning design services	**34,085**	42,841
– Revenue from cultural tourism	**12,530**	16,951
	520,251	761,932

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

(b) Segment reporting

(i) Segment results

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below.

	Six months ended 30 June 2026				
	City renewal services *RMB'000*	**City operation and maintenance services** *RMB'000*	**Town planning design services** *RMB'000*	**Cultural tourism** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	**–**	**–**	**1,270**	**12,530**	**13,800**
Over time	**335,139**	**138,497**	**32,815**	**–**	**506,451**
Revenue from external customers and reportable segment revenue	**335,139**	**138,497**	**34,085**	**12,530**	**520,251**
Reportable segment gross profit	**47,133**	**28,015**	**4,356**	**40**	**79,544**

	Six months ended 30 June 2025				
	City renewal services *RMB'000*	City operation and maintenance services *RMB'000*	Town planning design services *RMB'000*	Cultural tourism *RMB'000*	Total *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	580,505	121,635	42,841	16,951	761,932
Reportable segment gross profit	117,940	21,476	6,217	5,362	150,995

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated revenue *(Note 3(b)(i))*	**520,251**	761,932
Profit		
Total reportable segment gross profit	**79,544**	150,995
Other net income	**1,893**	3,751
Selling expenses	**(13,554)**	(14,651)
Administrative expenses	**(29,791)**	(37,433)
Impairment losses on trade and other receivables and contract assets	**(18,896)**	(28,773)
Finance costs	**(23,100)**	(31,688)
Share of losses of associates	**(1,284)**	(1,817)
Share of (losses)/profits of a joint venture	**(4,702)**	99
Consolidated (loss)/profit before taxation	**(9,890)**	40,483

(iii) ***Geographic information***

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

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank and other loans and loans from related parties	**22,943**	31,578
Interest on lease liabilities	**157**	110
	23,100	31,688

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**4,070**	4,429
Depreciation of right-of-use assets	**2,498**	2,308
Amortisation of intangible assets	**1,688**	901
Leases charges relating to short-term leases and leases of low-value assets	**9,502**	7,021
Research and development costs	**36,071**	52,264
Cost of inventories	**127,199**	176,987

5 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**1,884**	9,575
Deferred tax		
Origination and reversal of temporary differences	**(389)**	(5,424)
	1,495	4,151

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 2026 (six months ended 30 June 2025: 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 2026 (six months ended 30 June 2025: 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 2026 (six months ended 30 June 2025: 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 2026 (six months ended 30 June 2025: PRC Corporate Income Tax rate of 15%). In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are entitled to additional tax deductible allowance which amounted to 100% of qualified research and development costs for the six months ended 30 June 2026 (six months ended 30 June 2025: 100%).

6 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB15,364,000 (six months ended 30 June 2025: profit of RMB29,333,000), and 825,000,000 ordinary shares in issue during 1H2026.

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2026 and 2025. Hence, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

7 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Contract assets		
– due from ZIHG and its subsidiaries, joint ventures and associates	**44,904**	46,078
– due from a joint venture	**42,402**	42,402
– due from an associate	**46,500**	44,304
– due from a company managed by a key management personnel of ZIHG	**44**	44
– due from third parties	**1,151,759**	1,225,795
	1,285,609	1,358,623
Less: loss allowance	**(162,631)**	(155,880)
	1,122,978	1,202,743
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade receivables" *(Note 8)*	**1,594,859**	1,633,159

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 RMB541,078,000 (31 December 2025: RMB571,808,000), which are expected to be billed after more than one year.

(b) Contract liabilities

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Contract liabilities		
– due to ZIHG and its subsidiaries, joint ventures and associates	**3,397**	5,139
– due to a joint venture	**13,838**	13,838
– due to a company managed by a key management personnel of ZIHG	**1,863**	1,863
– due to third parties	**1,181,247**	1,075,817
	1,200,345	1,096,657

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 three years, according to the contract terms and working progress estimation.

8 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade receivables		
– due from ZIHG and its subsidiaries, joint ventures and associates	**109,255**	101,183
– due from a joint venture	**23,166**	23,166
– due from an associate	**31,101**	35,901
– due from a company managed by a key management personnel of ZIHG	**7,247**	8
– due from third parties	**1,886,748**	1,913,329
	2,057,517	2,073,587
Bills receivable	**109**	14,209
	2,057,626	2,087,796
Less: loss allowance	**(444,076)**	(435,946)
	1,613,550	1,651,850
Reconciliation to the consolidated statement of financial position:		
Non-current	**556**	556
Current	**1,612,994**	1,651,294
	1,613,550	1,651,850

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

Ageing analysis

As of the end of 1H2026, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 1 year	**703,339**	588,885
1 to 2 years	**229,046**	303,617
2 to 3 years	**299,964**	463,499
3 to 4 years	**301,584**	153,851
4 to 5 years	**76,937**	139,076
Over 5 years	**2,680**	2,922
	1,613,550	1,651,850

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

9 TRADE AND BILLS PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables		
– due to ZIHG and its subsidiaries, joint ventures and associates	**21,456**	48,892
– due to companies managed by key management personnel of ZIHG	**29,776**	29,032
– due to third parties	**1,030,913**	1,300,297
Bills payables	**38,267**	5,000
	1,120,412	1,383,221

Ageing analysis

As of the end of 1H2026, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 1 year	**206,918**	484,210
1 to 3 years	**616,721**	784,966
Over 3 years	**296,773**	114,045
	1,120,412	1,383,221

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

10 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to 1H2026

The directors of the Company do not recommend the payment of a dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: HKD Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during 1H2026

No final dividend in respect of the previous financial year has been approved during the six months ended 30 June 2026 (six months ended 30 June 2025: HKD Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During 1H2026, the Group steadily consolidated its existing service businesses while actively expanding its market in city renewal services, city operation and maintenance services, town planning and design services, and cultural tourism. During the period, the Group continued to advance its nationwide development strategy, strengthening its foothold in core markets while deepening its presence in outbound markets, maintaining its momentum, and continuously enhancing its competitiveness in bidding. The Group closely monitored target markets with growth potential and actively participated in various bidding processes. In the first half of the year, a total of 646 bid proposals were submitted, representing an increase of approximately 51% compared to the same period last year. The successful tender rate was approximately 18.73%, similar to that for the same period last year. The total contract value of newly awarded projects amounted to approximately RMB1,573.44 million, representing 2.2 times that for the same period last year. The Group has consistently adhered to prudent project selection criteria with a focus on improving project quality, reflecting its preference for a more proactive, steady, and high-quality bidding strategy.

During 1H2026, the Group won tenders for projects including:

(i) the main contracting for the Yongchun Medical Device Innovation and Smart Manufacturing Base (永春醫療器械科創智造基地) (with a successful bid price of approximately RMB344.01 million);

(ii) the main contracting for Phase II of the Xinsheng Jiayuan (鑫盛嘉園) Residential Complex Project in Changchun Beihu Science and Technology Development Zone (with a successful bid price of approximately RMB296.55 million);

(iii) the design and build main contracting for the interior finishing, electromechanical works and landscaping works of the Eastern, Central, and Western Sections of the "Galaxy Mile" (銀河一英里) underground space in Changchun Southern New City (with a successful bid price of approximately RMB259.24 million); and

(iv) operation and maintenance of the Changchun New Area new-type urbanization construction project (Phase I) PPP Project (Section 1) (with a successful bid price of approximately RMB75.08 million).

During 1H2026, the Group's subsidiaries also achieved multiple industry honours and technical accomplishments. Jinghe Design Group Limited* (境和設計集團有限公司) ("**Jinghe Design Group**") was awarded First-Class Achievement in Landscape Architecture in the 2026 Jilin Province Outstanding Survey and Design Project Evaluation (二零二六年度吉林省優秀勘察設計項目評定) for its main contracting (Section 1) of tourism infrastructure renovation and upgrade works under Phase I construction project for cultural tourism industry integration upgrade in Beihu, Changchun New Area. Zonbong Ecology Environmental Construction Limited* (中邦生態環境有限公司) ("**Zonbong**

Ecology") was awarded the national "Credit Star Certificate (9-Star)" (信用星級證書(9星)), granted jointly by China Association of Construction Enterprise Management and Credit Evaluation Engineering Committee. It was also awarded and honoured as a "2026 Outstanding Construction Enterprise in Jilin Province" (吉林省優秀施工企業) by the Jilin Provincial Construction Association. Changchun Chengjianweihu Group Co., Ltd.* (長春市城建維護集團股份有限公司) ("**Changchun Chengjianweihu**") was awarded the "2025 Outstanding Construction Enterprise in Jilin Province" by the China Association of Construction Enterprise Management. In terms of technological innovation, the Group obtained 12 new utility model patents and 3 software copyrights in the first half of the year.

RISK MANAGEMENT

The Group always believes that effective risk management is key to enhancing operational efficiency and effectiveness. The Group's management actively assists the Board of Directors in systematically identifying and assessing various material risks inherent to its business, covering areas such as investment risk, interest rate risk, and liquidity risk. On this basis, the management participates in the formulation of corresponding risk management and internal control measures and ensures their effective implementation and enforcement in daily operations. In 1H2026, save as disclosed herein, no material weaknesses in internal controls were identified in the Group's financial reporting process, and the overall risk control system operated smoothly and effectively.

On 8 December 2025, Zonbong Ecology, an indirect non-wholly owned subsidiary of the Group, advanced an amount of RMB87.1 million (the "**Advance**") to ZIHG, a connected person of the Company as temporary working capital at an interest rate of 5% per annum, with the Advance period commencing from 8 December 2025 to 28 February 2026. The Advance is unsecured and repayable on demand. ZIHG repaid RMB2.0 million and RMB4.6 million to Zonbong Ecology on 25 December 2025 and 31 December 2025 respectively. The total remaining amount of the Advance and corresponding interests were fully settled by ZIHG to Zonbong Ecology on 30 January 2026. The Company only became aware that the Advance might be regarded as a discloseable transaction and connected transaction under Chapters 14 and 14A of the Listing Rules when preparing its results for the financial year ended 31 December 2025.

Upon the above incident, the Company immediately initiated an internal review procedure and published an announcement regarding the discloseable transaction and connected transaction in relation to the Advance on 30 January 2026. The following internal control deficiencies were noted during internal review:

(1) Incomplete understanding of the Listing Rules by working-level finance staff;

(2) Deficiencies in the communication and escalation procedures within the internal control system and failure to alert the headquarters' finance and compliance departments of material or unusual transactions with connected persons by the finance departments of subsidiaries; and

(3) Retrospective nature of review of transactions due to the timing of the monthly reporting cycle, i.e. month-end closing.

Since then, the Company has made improvements to strengthen its internal controls, including:

(1) Reiteration of (i) compliance requirements under the Listing Rules, (ii) reporting procedures of the Group and (iii) reporting responsibilities of each department through the distribution of a formal memorandum to, among others, the finance, legal, corporate and internal audit departments of the Company and its principal subsidiaries on 28 January 2026;

(2) Enhanced training provided to Directors and members of senior management of the Company, as well as business, finance and management personnel of the Group in relation to compliance with the Listing Rules and reporting procedures of the Group on 20 March 2026. For the rest of 2026, internal training sessions are scheduled to be conducted on a quarterly basis. From 2027 onwards, the Company will provide annual refresher training and additional ad hoc training whenever there are material rule changes;

(3) Dynamic maintenance and updates of a list of connected persons by the Company's compliance department, alongside independent quarterly reviews of the list by the Company's internal audit department, for prompt distribution across the Group to guide daily transactions and fund transfers; and

(4) Implementation of pre-set monetary thresholds benchmarked against the Listing Rules and the latest published audited financial statements of the Group, paired with a system-based alert mechanism that will notify the general manager and financial head of the subsidiary in question, as well as the Group's chief financial officer and compliance department, via system messages when the pre-set monetary thresholds are approached or exceeded during the course of daily transactions. This system will enter a testing phase by the end of August 2026 and will formally launch by the end of September 2026. Prior to that, any transactions involving a party on the connected persons list must be approved by the Company's compliance department before execution, and the finance department of the Company has established weekly, rolling check mechanisms by conducting sample-based and special look-through checks on the fund movements of each subsidiary.

The Company will continuously monitor the internal controls of the Group and ensure their effectiveness in complying with the Listing Rules and other guidelines published by the Stock Exchange, including Practical Tips to Effective Risk Management & Internal Control Systems, pursuant to which the Company has established (i) a clear approval hierarchy and process for fund transfers and applications; and (ii) a regular fund look-through monitoring mechanism for regular reports of key fund movements and of potential compliance matters by the financial management centre and compliance department of the Company to the Board.

For details of implications on corporate governance arising from the Advance, please refer to the section headed "Corporate governance practices" in this announcement.

PROSPECTS

In 1H2026, gross domestic product (GDP) of the PRC reached RMB69.6 trillion, representing a year-on-year increase of 4.7%, with overall stable performance of the domestic economy. Marking the kick-off year for the 15th Five-Year Plan, the government continued to implement macroeconomic policies and vigorously fostered new productive forces. Proactive fiscal policies and structural industrial policies provided solid market support for infrastructure-related sectors such as construction, city renewal, and eco-cultural tourism.

With the gradual formulation and rollout of the relevant plans and supporting policies for the 15th Five-Year Plan, sectors such as city renewal, ecological restoration, and the integrated cultural tourism are poised to seize long-term development opportunities. Industry research indicates that during the 15th Five-Year Plan period, niche markets including the renovation of aging urban residential communities, the upgrading of underground pipe networks (including the construction of smart pipe networks), the redevelopment of urban villages, and the preservation of historical and cultural heritage are expected to generate sustained demand for construction as well as operations and maintenance services, which align closely with the Group's core businesses.

In terms of funding, the 2026 central budget has allocated RMB97 billion specifically for city renewal, with a focus on supporting projects such as the renovation of aging residential communities and the rehabilitation of dilapidated and unsafe urban housing. Through ultra-long-term special treasury bonds, RMB160 billion has been allocated to support the construction and renovation of urban underground pipe networks. A total of RMB800 billion in new policy-based financial instruments is expected to be deployed in the second half of the year, with a focus on city renewal and the "Six Networks", which include water networks, advanced power grids, computing power networks, next-generation communication networks, urban underground pipeline networks, and logistics networks.

Mandatory requirements have been set out for urban landscaping, the development of park green spaces, and urban ecological restoration. The implementation of landscaping projects to benefit the public and enhance efficiency has been clearly mandated. This include the renovation and upgrading of 20,000 hectares of urban park green spaces, the addition of 15,000 new pocket parks, and the construction and renovation of 20,000 kilometers of urban greenways. The revised *Regulations on Urban Greening《城市綠化條例》* promulgated by the State Council, which was finalised in January 2026 and became effective on 20 March 2026, provides a legal basis for the planning, construction, protection, and management of urban greening.

The State Council issued the "15th Five-Year Plan for Expanding Consumption," emphasizing the need to expand the supply of high-quality cultural and tourism consumption and to deepen the integrated development of "cultural tourism + all industries" and "all industries + cultural tourism." In addition, the "15th Five-Year Plan for Building a Tourism Powerhouse" has been released, setting a target of 8.3 billion tourist trips by 2030, which is expected to deliver long-term growth opportunities for the Group's cultural tourism business.

Looking ahead to the second half of 2026, the progress of project development in the infrastructure and city renewal sectors is expected to accelerate as special-purpose bonds and various policy-based financial instruments are gradually implemented. The Group has maintained a robust order backlog for the period, and its business portfolio is highly aligned with national industrial policy priorities.

The Group will continue to uphold its core philosophy of "people-oriented and endeavour-oriented" and fulfil its corporate mission of "Greening China for a Collective Future". It will focus on its core business, actively expanding into outbound markets while deepening its presence in key regional markets. Centering on high-quality and efficient delivery of projects, the management will keep optimising the project screening mechanism, strictly control operational risks, and focus on restoring and improving profitability, striving to enhance asset operational efficiency and shareholder returns.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 31.7% or approximately RMB241.7 million from approximately RMB761.9 million for 1H2025 to approximately RMB520.3 million for 1H2026. The decrease in revenue during 1H2026 was mainly due to the decrease in revenue which was primarily due to two factors: a significant reduction in revenue as key projects successively entered the final stages of completion, and the fact that new orders received during the current period were still in the early implementation phase and had not yet contributed to revenue. New project orders are expected to be implemented continuously.

City renewal services

The Group recorded a decrease in revenue from the city renewal services segment, from approximately RMB580.5 million for 1H2025 to approximately RMB335.1 million for 1H2026, representing a decrease of approximately 42.3% or approximately RMB245.4 million, which was mainly due to two factors: a significant reduction in revenue as key projects successively entered the final stages of completion, and the fact that new orders received during the current period were still in the early implementation phase and had not yet contributed to revenue. New project orders are expected to be implemented continuously.

City operation and maintenance services

The Group recorded an increase in revenue from the city operation and maintenance services segment, from approximately RMB121.6 million for 1H2025 to approximately RMB138.5 million for 1H2026, representing an increase of approximately 13.9% or approximately RMB16.9 million. Such increase in segment revenue was primarily attributable to the Group's ability to capitalise on market opportunities and expand its business scale, driven by national policy initiatives and industry policies aimed at strengthening the operation and maintenance of existing urban facilities, which led to an increase in the number of urban operation and maintenance projects.

Town planning design services

The Group recorded a decrease in revenue from the town planning design services segment, from approximately RMB42.8 million for 1H2025 to approximately RMB34.1 million for 1H2026, representing a decrease of approximately 20.4% or approximately RMB8.8 million, which was mainly attributable to existing projects successively entering their final stage of completion, resulting in a decline in related revenue; at the same time, newly signed orders were still in the early stages of project development with revenue yet to be realised. The combination of these two factors led to a decline in segment revenue.

Cultural tourism

The Group recorded a decrease in revenue from the cultural tourism segment from approximately RMB17.0 million for 1H2025 to approximately RMB12.5 million for 1H2026, representing a decrease of approximately 26.1% or approximately RMB4.4 million which was mainly attributable to external factors such as intensifying competition in the cultural tourism market during 1H2026 and the actual number of visitors to scenic spots during this period declining as compared with the same period last year, putting pressure on segment revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 47.3% or approximately RMB71.5 million from approximately RMB151.0 million for 1H2025 to approximately RMB79.5 million for 1H2026. The decrease in the Group's gross profit was mainly due to the relatively low overall profit margin of the new orders secured during 1H2026; and the decrease in the proportion of high-gross-margin projects as compared with the corresponding period of the previous year.

Other net income

The Group's other net income decreased by approximately 49.5% or approximately RMB1.9 million from approximately RMB3.8 million for 1H2025 to approximately RMB1.9 million for 1H2026. The decrease was mainly attributable to the decrease in government subsidies.

Selling expenses

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

The Group's selling expenses remained stable at approximately RMB14.7 million and approximately RMB13.6 million in 1H2025 and 1H2026, respectively.

Administrative expenses

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

The administrative expenses decreased by approximately 20.4% or approximately RMB7.6 million from approximately RMB37.4 million for 1H2025 to approximately RMB29.8 million for 1H2026, which was mainly due to the Group's optimisation of its organisational structure, strengthening control over expense budgets, and active implementation of cost-cutting and efficiency improvement measures during the period when its performance was under pressure, resulting in reduced administrative expenses.

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 1H2026 was approximately RMB18.9 million (1H2025: approximately RMB28.8 million). The decrease was mainly due to the fact that the credit risk of major partner clients did not deteriorate further, 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 decreased by approximately 27.1% or approximately RMB8.6 million from approximately RMB31.7 million for 1H2025 to approximately RMB23.1 million for 1H2026, which was mainly due to the decreased interest rate of bank borrowings.

Share of losses of associates

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

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

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

During 1H2026, results of associates attributable to the Group decreased by RMB0.5 million from share of loss of approximately RMB1.8 million for 1H2025 to share of loss of approximately RMB1.3 million for 1H2026.

Share of (losses)/profits 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 a 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 1H2026, profits of a joint venture attributable to the Group decreased by approximately 4,800.0% or approximately RMB4.8 million from share of profits of approximately RMB0.1 million for 1H2025 to share of losses of approximately RMB4.7 million for 1H2026. The fluctuation was mainly due to the decrease in revenue of the joint venture.

Income tax

The Group's income tax decreased by approximately RMB2.7 million from approximately RMB4.2 million for 1H2025 to approximately RMB1.5 million for 1H2026, which was mainly due to the decrease of the taxable income of the Group.

Net current assets

The Group's net current assets decreased by approximately 2.6% or approximately RMB8.6 million from approximately RMB335.5 million as at 31 December 2025 to approximately RMB326.9 million as at 30 June 2026, primarily attributable to the decrease in revenue.

Liquidity and financial resources

As at 30 June 2026, the cash and cash equivalents of the Group amounted to approximately RMB231.7 million (31 December 2025: approximately RMB278.1 million). As at 30 June 2026, the Group had borrowings of approximately RMB763.4 million (31 December 2025: approximately RMB759.8 million), which are denominated in Renminbi. Based on the scheduled repayment terms set out in the loan agreements, approximately RMB763.4 million (31 December 2025: approximately RMB759.8 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 2026, there had been no breach of loan covenants relating to bank and other loans of the Group.

Gearing ratio

The gearing ratio (calculated by bank and other loans divided by total equity) increased from 0.93 times as at 31 December 2025 to 0.95 times as at 30 June 2026, the increase was primarily due to the increased bank and other loans for 1H2026.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures in 1H2026.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2026, except for the associates and the joint venture of the Group as mentioned in this announcement, the Group did not hold any significant investments.

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

CONTINGENT LIABILITIES

As at 30 June 2026, 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 2026, the balance of the bank loan is RMB251,000,000 (31 December 2025: RMB253,000,000). 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. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB14,968,000 (31 December 2025: RMB15,087,000).

As at 30 June 2026, 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 2026, the balance of the bank loan is RMB62,000,000 (31 December 2025: RMB91,500,000). The fair value of the financial guarantee provided by the Group was initially estimated to be 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 years ended 31 December 2019 and 2020. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB2,933,000 (31 December 2025: RMB4,699,000).

FINANCIAL GUARANTEES ISSUED

The Group's financial guarantees issued amounted to approximately RMB17.9 million and approximately RMB19.8 million as at 30 June 2026 and 31 December 2025, respectively. The financial guarantees issued as at 30 June 2026 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 2026 and 2033, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

OTHER INFORMATION

Dividend

The Directors do not recommend the payment of an interim dividend for 1H2026 (1H2025: Nil).

Employees and remuneration policies

As at 30 June 2026, the Group had 754 employees. The Group's Remuneration Management Policy and Fringe Benefits System has been formulated to establish a systematic remuneration system, enabling the employees to have full vision and understanding of the Group's human resources management function, human resources management policies and system, composition and accounting of remuneration and fringe benefits etc., so as to ensure and enhance the transparency and fairness. The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's remuneration policy and structure of the Directors, senior management and employees of the Group. The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Yin Jun, Mr. Lee Kwok Tung Louis and Mr. Gao Xiangnong, and Mr. Yin Jun is the chairman of the Remuneration Committee.

Purchase, sale and redemption of listed securities

During 1H2026, 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 1H2026.

Securities transactions by the Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms in accordance to the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout 1H2026.

Events after 1H2026

No significant events have taken place subsequent to 30 June 2026 and up to the date of this announcement.

Corporate governance practices

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

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

During 1H2026, the Company was unable to fully comply with Code Provision D.1.2 for a limited period following the discovery of the Advance in January 2026, which required additional time for investigation, verification and finalisation of the relevant financial information. In place of the regular monthly updates during that period, members of the Board had an additional meeting and received briefings on the status of the investigation and the financial impact as soon as material information became available. These alternative measures enabled the Board to discharge its duties under Rule 3.08 and Chapter 13 of the Listing Rules in a timely manner. The Board considers that the alternative measures achieved the intended objective of the Code Provision. The temporary non-compliance did not have any material adverse impact on the Company's operations or financial position. The Company has since resumed full compliance with Code Provision D.1.2.

Review by audit committee

The audit committee of the Company ("**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Lee Kwok Tung Louis (Chairman), Mr. Gao Xiangnong and Mr. Yin Jun. The unaudited interim results of the Group for the six months ended 30 June 2026 and the interim financial report have been reviewed by the Audit Committee.

Publication of interim results announcement and interim report

This interim results announcement is published on the website of the Company at www.zonqing.net and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2026 will be dispatched to the shareholders of the Company upon their request and will be available on the above websites in due course.

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

Hong Kong, 21 August 2026

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

* *For identification purpose only*

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